COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

CITY OF DUBUQUE, IOWA

Prepared by:
Department of Finance

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA

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CITY OF DUBUQUE, IOWA

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THE CITY OF DUBUQUE
Masterpiece on the Mississippi

Dubuque ★★★★★ All-America City 2007

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December 21, 2009

Honorable Mayor, City Council Members, and
Citizens of the City of Dubuque

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2009, is hereby submitted as required by various state and federal regulations. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

State code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2009. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors report is included in the Financial Section of this report.

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

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

This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) and Dubuque Initiatives and Subsidiaries as a discretely presented component units. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City of Dubuque appoints a voting majority to the DMASWA governing board and operates the landfill. Dubuque Initiatives is organized to render service to service to the City Council of the City of Dubuque, Iowa on matters of community interest, and in the event of dissolution, any assets or property of the organization are transferred to the City. In 2009, the City of Dubuque guaranteed debt issued by Dubuque Initiatives and Subsidiaries.

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

PROFILE OF THE CITY

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War era shot tower, to an enclosed shopping mall, two casinos, one with a pari-mutuel dog and the Smithsonian affiliated National Mississippi River Museum and Aquarium. The City of Dubuque currently has a land area of 29.94 square miles, and a census 2000 population of 57,686. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

Dubuque has a stable and diversified economic base and is the major tri-state retail center. Dubuque ended the fiscal year with an unemployment rate of approximately 6.2 percent, equal to the state unemployment rate, but lower than the national average of 9.5%. The new IBM Service Center plans to add 1300 IT jobs by December 2010.

The City of Dubuque is empowered to levy a property tax on real property located within the City limits. The City has operated under a council-manager form of government since 1920. Policymaking and legislative authorities are vested in the governing council, which consists of a mayor and a six-member council. The mayor is elected to a four-year term. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. Four of the council members are elected within their respective wards; the mayor and the two remaining council members are elected at large. The governing council is responsible for, among other things, setting policy, passing ordinances,

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

ECONOMIC CONDITION

Development at the Port of Dubuque continues with an $80 million Diamond Jo Casino entertainment expansion completed December 2008 and a $32 million expansion underway by the National Mississippi River Museum and Aquarium. These projects join the already completed developments in the Port of Dubuque including the McGraw-Hill Higher Education office building, the LEED-certified remodeling of the former Adams facility by Durrant; renovation of City-owned Dubuque Star Brewery by a private developer for office, restaurant, and retail use and a new City parking ramp. A $60 million mixed use development is still planned for the port.

Development of the Dubuque Industrial Center West continues with several business expansions, including: Kendall/Hunt Publishing (80,000 square foot distribution center); Art's Way Manufacturing; National Dentex; Giese Manufacturing; Dubuque Screw Products; Hormel Foods (340,000 square foot food processing plant); Medline Industries (67,100 square foot office building); ITC Development; Vanguard Countertops (30,200 square foot fabrication building); and Theisen Supply. Many of these projects were completed in 2008 or 2009.

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

Downtown development continues at a brisk pace with the following projects: $11 million expansion by Cottingham and Butler, which adds 90 new jobs; the renovation of the former Interstate Power Company headquarters, now the home of W.S. Live with over 100 new jobs for the downtown; and a $1.5 million restoration of the historic German Bank building were completed during 2008. A $6.2 million renovation project at the Carnegie Stout Public Library is scheduled to be completed in April 2010.

The most recent major development in the Downtown was the January 2009 announcement that IBM will be utilizing the former Roshek Building as the office for 1,300 new service center jobs. The building was purchased by Dubuque Initiatives and is currently undergoing a $38 million renovation. IBM has already taken possession of the top four floors (6-9) and plans to reach their employment goal by the end of 2010. The City is also planning the construction of another downtown parking ramp to accommodate the influx of new downtown employees.

The IBM project has created a high demand for rental housing, as many of these new employees will be recent college graduates. The City Council approved a Revitalization Strategy for the Warehouse District in August 2007. The strategy defines six primary goals to be achieved in rehabilitating the area. The revitalization is expected to amount to $200 million in investment from private and public sectors over the next ten years. A master plan for the redevelopment of

the district was approved by the Council in February 2009. Planning has begun for the infrastructure and parking needs anticipated by the redevelopment of these large brick structures for mixed use purposes. The City is actively working with developers to expedite the rehabilitation process in order to fill the critical housing need created by IBM. A 24-unit condominium project has begun at 40-42 Main Street.

West end construction includes Horizon Development beginning construction in the fall of 2009 of a 43-unit Senior Assisted Living Residence; Kluck Construction broke ground on two 24-unit market rate apartment buildings; and GTW Pennsylvania, Inc. received approval to build 216 two-bedroom market rate apartments near the Dubuque Industrial Center West. Eagle Rock Construction has also begun construction of a 15-unit townhouse development.

Construction has also begun on three new residential subdivisions. Pebble Cove #1 and #2, located near the southwest corner of the Northwest Arterial, will provide 46 new building lots for single and two-family homes. Three homes are currently underway there. English Ridge subdivision, located east of the intersection of U.S. 20, will create 45 single-family lots. Ten homes are completed or underway in that subdivision. A new subdivision named North Fork Trails is under construction. One two-unit townhouse is currently under way. North Fork Trails will provide 17 building lots for two-family homes and will incorporate sustainable land management and building construction practices on an infill site.

Retail construction includes Walgreens opening a new north end store in August 2009 serving as their third location in Dubuque and Holiday Inn Express opened their facility on the west side of town. Demolition was completed on the former meat packing plant, opening 30 acres for future retail development on the Highway 151/61 corridor. Nearly all of the materials from the former facility have been recycled.

Other major construction projects include the University of Dubuque Chlapaty Recreation and Wellness Center, which opened in the fall of 2008. In September 2008, Loras College also proposed construction of the 32 dwelling unit Oaks Housing project on the north side of the campus.

The operation of an expanded land-base Diamond Jo Casino in December, 2008 had a negative impact on City revenue from the Mystique. However, a plan to address this impact was approved by the City Council as part of the FY 2010 budget process.

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

- **2008 Most Livable Small City in the U.S.**, by the U.S. Conference of Mayors;
- One of the **2009, 2008 & 2007 100 Best Communities for Young People**, by America's Promise Alliance for Youth;
- **2007 All-America City**, by the National Civic League;
- **Ranked 22nd among the "Top 25 Boomtowns" in the nation**, by *Inc.* magazine in May 2007;
- **2006 Iowa Great Place**, by the Iowa Department of Cultural Affairs Citizen Advisory Board;

- **Ranked 18th in nation in 2008's "Best Small Places for Business and Careers"**, by Forbes magazine.
- **2009 Economic Development Administration's "Excellence in Economic Development Award for Excellence in Historic Preservation-led Strategies" for the IBM/Roshek Building Project**
- **2009 Best Business Retention & Expansion Program Award**
- **2009 RelocateAmerica.com Top 100 Places to Live**

MAJOR INITIATIVES

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

The Dubuque Regional Airport acquired 103 acres of land located between the two airport runways as the first step in implementing the airport master plan. The land is required to support the new airline terminal as depicted in the FAA approved Airport Layout Plan. This action has lead to funding the preliminary design and site plan.

The City continues to implement components of the $38 million Drainage Basin Master Plan. The $4 million West 32nd Street Detention Basin Project and $32 million Bee Branch Creek Restoration Project have involved significant property acquisitions and engineering design to date.

Additionally, the City has begun a comprehensive study to provide added capacity for traffic flow and improved connectivity between the western growth areas and the downtown area. Currently the US 20 Corridor serves as the single primary route for east-west travel in the City.

Beginning in 2006, the Dubuque City Council identified Green City Designation as one of its top priorities. Since then, many initiatives have been underway to make Dubuque a more sustainable community. The City is in the process of completing several projects that will help it achieve the Council's goal. These include participation in the Sustainable Design Assessment Team program, preparation of the Unified Development Code, completion of a green resource and energy use profile, and a variety of neighborhood-based green initiatives.

IBM and the City of Dubuque announced in September 2009 a new collaboration aimed at making this community one of the first "smarter" sustainable cities in the U.S. The goal of this collaboration is to develop and pilot a systematic mechanism to give consumers and businesses the information they need to make informed decisions about how they consume resources like electricity, water, natural gas, and oil

For the Future. The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of citizens through neighborhood vitality. The City staff will work to implement the City Council's vision that Dubuque is a "Masterpiece on the Mississippi." A

program of comprehensive service reviews has continued as a vehicle for analyzing City services, identifying opportunities for improvement, and determining areas of possible cost reductions. The goal of the service review program is to ensure that services desired by the citizens are provided in the most cost effective and efficient method possible. The City Council's goals for the next five years and beyond include the following:

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

FINANCIAL INFORMATION

Internal Controls. City management is responsible for establishing and maintaining internal controls to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the City of Dubuque's government is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts, and grants related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2009, provided no instances of material weaknesses in internal control over compliance, or significant violations of applicable laws, regulations, contracts, and grants.

Budgeting Controls. In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual budget process. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by state programs. The government also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts lapse at year-end, however, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMASWA) received cash basis investment earnings of $3,122,467 for the year.

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

Risk Management. The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to $450,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a $419,230 deficit as of June 30, 2009. Provision for three large claims were accrued at fiscal year end with funds to cover payment available in next fiscal year. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled $2,910,972 as of June 30, 2009. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

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

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the 21th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Recognition for Budget Preparation to the City of Dubuque, Iowa, for its annual budget for the fiscal year ended June 30, 2009. In addition, we received the award for the fiscal year ending June 30, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This was the 4th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

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

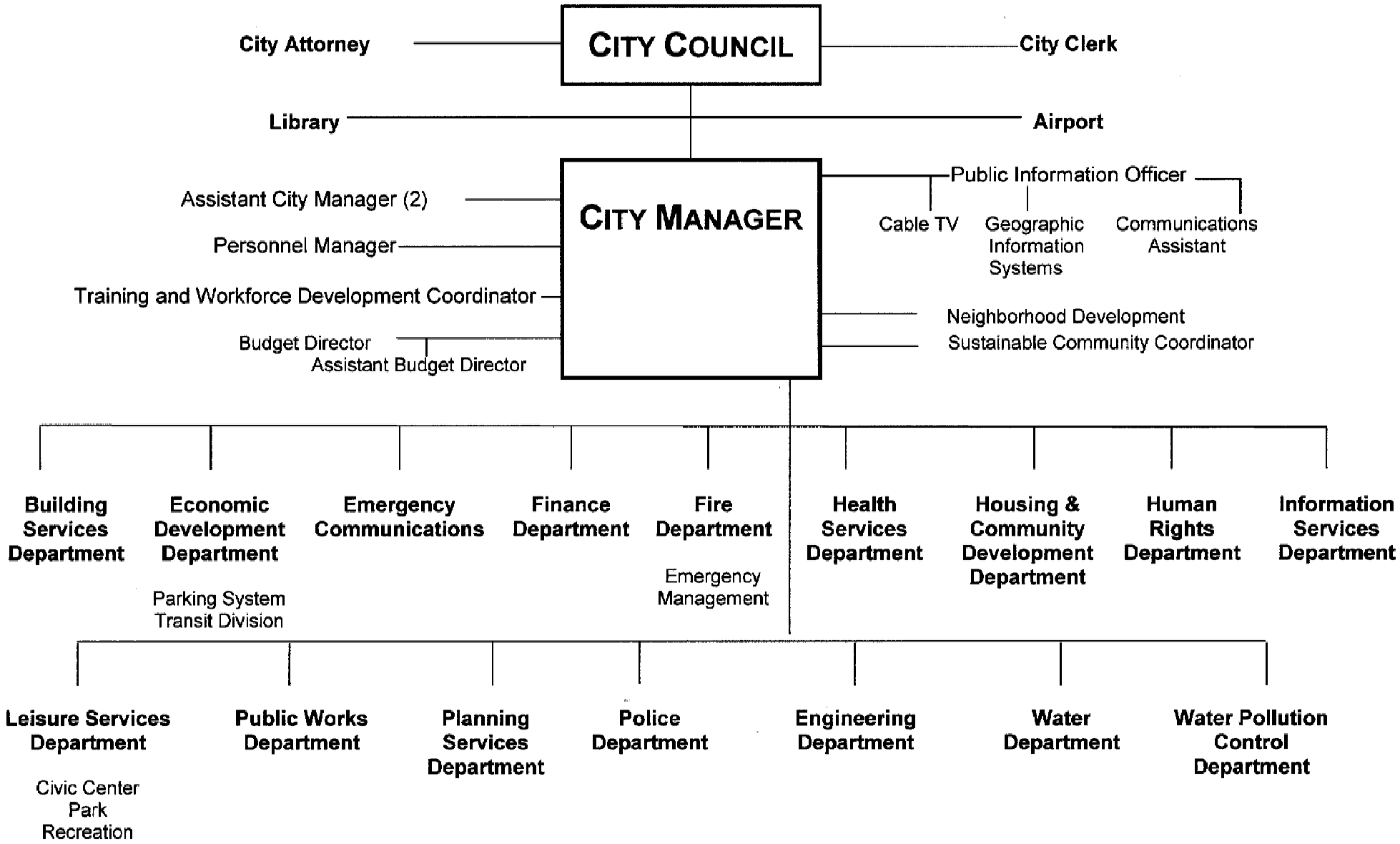
Acknowledgments. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City of Dubuque in a responsible and progressive manner. We also thank the independent certified public accountants, Eide Bailly LLP, whose competent assistance and technical expertise have enabled the production of this report.

Sincerely,

Michael C. Van Milligen
City Manager

Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



4/22/09

CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2009

CITY COUNCIL

Roy D. Buol	Mayor
Richard W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Kevin J. Lynch	Council Member – 1st Ward
Karla A. Braig	Council Member – 2nd Ward
Joyce E. Connors	Council Member – 3rd Ward
Dirk N. Voetberg	Council Member – 4th Ward

COUNCIL APPOINTED OFFICIALS

Michael C. Van Milligen	City Manager
Barry A. Lindahl	City Attorney
Crenna M. Brumwell-Sahm	Assistant City Attorney
James A. O'Brien	Assistant City Attorney
Jeanne F. Schneider	City Clerk

DEPARTMENT MANAGERS

Robert A. Grierson	Airport Manager
Therese H. Goodmann	Assistant City Manager
Cynthia M. Steinhauser	Assistant City Manager
Jenny M. Larson	Budget Director
Richard R. Russell	Building Services Manager
David J. Heiar	Economic Development Director
Kenneth J. TeKippe	Finance Director
E. Daniel Brown	Fire Chief
Mary Rose Corrigan	Health Services Manager
David W. Harris, Jr.	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Randall K. Peck	Personnel Manager
Christine A. Kohlmann	Information Services Manager
Gil D. Spence	Leisure Services Manager
Susan A. Henricks	Library Director
Donald J. Vogt	Public Works Director
Laura B. Carstens	Planning Services Manager
Terrence N. Tobin	Acting Police Chief
Gus N. Psihoyos	Public Works Director
Robert M. Green	Water Department Manager
Jonathan R. Brown	Water Pollution Control Plant Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dubuque
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

President

Executive Director

CITY OF DUBUQUE, IOWA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the management of the City of Dubuque, Iowa. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dubuque Initiatives and Subsidiaries (a discretely presented component unit). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit, were not audited in accordance *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Eide Bailly LLP

Dubuque, Iowa
December 21, 2009

CITY OF DUBUQUE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

This section of the City of Dubuque annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Dubuque exceeded its liabilities at the close of the fiscal year by $454,310,322 (net assets). This was an increase of $236,420 over net assets at June 30, 2008. Unrestricted net assets at June 30, 2009 in the amount of $7,040,410 may be used to meet the City's ongoing obligations to citizens and creditors.
- The expenditures of the general fund exceeded revenues by $3,209,947.
- The ending general fund balance was $19,070,882.
- Within the City's business-type activities, revenues exceeded expenses and transfers by $26,592,682.
- For the year, the expenses and transfers of the City's governmental activities exceeded revenues by $26,356,252.
- The City's debt increased by $11,415,061 due to issuance of new debt exceeding principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by $454,310,322 at the close of the most recent fiscal year.

The largest part of the City's net assets (92.3%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding. Increase in capital assets is due primarily to the capitalization of the Port of Dubuque Parking Ramp in 2009. These capital assets are used to provide services to the citizens and are not available for future spending.

CITY OF DUBUQUE'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 82,013,145	$ 97,492,862	$ 16,750,708	$ 13,705,545	$ 98,763,853	$ 111,198,407
Capital assets	320,588,664	325,611,587	139,030,639	107,186,474	459,619,303	432,798,061
Total assets	402,601,809	423,104,449	155,781,347	120,892,019	558,383,156	543,996,468
Long-term liabilities	54,942,748	50,451,804	20,751,447	12,817,868	75,694,195	63,269,672
Other liabilities	26,913,307	25,550,629	1,465,332	1,102,265	28,378,639	26,652,894
Total liabilities	81,856,055	76,002,433	22,216,779	13,920,133	104,072,834	89,922,566
Net assets:						
Invested in capital assets, net of related debt	298,855,346	296,143,451	120,473,286	95,104,575	419,328,632	391,248,026
Restricted	27,171,123	31,970,724	770,157	554,505	27,941,280	32,525,229
Unrestricted	(5,280,715)	18,987,841	12,321,125	11,312,806	7,040,410	30,300,647
Total net assets	$ 320,745,754	$ 347,102,016	$ 133,564,568	$ 106,971,886	$ 454,310,322	$ 454,073,902

A portion of the City's net assets (6.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (1.5%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2009 and 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and business-type activities. The only deficit balance reported is in the governmental activities unrestricted category.

Governmental activities. The Governmental activities decreased in the net assets by $26,356,262 in 2009 due to the transfer of the Port of Dubuque Parking Ramp to Business Type Activities while the related TIF debt remains in government activities. Taxes are the largest source of governmental revenues with property taxes of $23,716,819 in 2009. Other governmental revenues included gaming of $9,627,391, local option sales taxes of $7,649,853, and $10,314,274 of charges for services. Governmental expenses during 2009 totaled $76,889,080. The largest programs were public safety of $22,038,265, public works of $19,079,688, community and economic development of $12,693,140 and culture and recreation of $12,640,716.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	$ 10,314,274	$ 9,643,066	$ 18,809,520	$ 17,176,090	$ 29,123,794	$ 26,819,156
Operating grants and contributions	12,599,967	11,709,123	1,095,946	1,209,636	13,695,913	12,918,759
Capital grants and contributions	4,811,729	8,032,602	3,613,321	2,830,263	8,425,050	10,862,865
General revenues						
Property taxes	23,716,819	22,744,563	-	-	23,716,819	22,744,563
Local option sales tax	7,649,853	8,020,889	-	-	7,649,853	8,020,889
Hotel/motel tax	1,611,954	1,622,455	-	-	1,611,954	1,622,455
Utility franchise fees	1,486,292	1,516,123	-	-	1,486,292	1,516,123
Gaming	9,627,391	15,346,468	-	-	9,627,391	15,346,468
Unrestricted investment earnings	2,215,413	2,741,499	433,148	630,049	2,648,561	3,371,548
Gain on sale of capital assets	407,503	92,525	2,304	11,736	409,807	104,261
Other	918,605	898,241	-	-	918,605	898,241
Total revenues	75,359,800	82,367,554	23,954,239	21,857,774	99,314,039	104,225,328
Expenses:						
Public safety	22,038,265	16,966,210	-	-	22,038,265	16,966,210
Public works	19,079,688	18,847,068	-	-	19,079,688	18,847,068
Health and social services	849,237	800,566	-	-	849,237	800,566
Culture and recreation	12,640,716	10,857,409	-	-	12,640,716	10,857,409
Community and economic development	12,693,140	11,961,584	-	-	12,693,140	11,961,584
General government	6,423,908	5,804,003	-	-	6,423,908	5,804,003
Interest on long-term debt	3,164,126	2,577,417	-	-	3,164,126	2,577,417
Sewage disposal works	-	-	6,326,708	6,141,524	6,326,708	6,141,524
Water utility	-	-	6,100,491	4,814,692	6,100,491	4,814,692
Stormwater utility	-	-	2,138,198	1,706,735	2,138,198	1,706,735
Parking facilities	-	-	2,147,405	2,173,110	2,147,405	2,173,110
America's River Project	-	-	61,927	126,699	61,927	126,699
Refuse collection	-	-	2,788,665	2,724,050	2,788,665	2,724,050
Transit system	-	-	2,625,145	2,703,983	2,625,145	2,703,983
Total expenses	76,889,080	67,814,257	22,188,539	20,390,793	99,077,619	88,205,050
Increase in net assets before transfers	(1,529,280)	14,553,297	1,765,700	1,466,981	236,420	16,020,278
Transfers	(24,826,982)	(2,252,155)	24,826,982	2,252,155	-	-
Increase (decrease) in net assets	(26,356,262)	12,301,142	26,592,682	3,719,136	236,420	16,020,278
Net assets, beginning	347,102,016	334,800,874	106,971,886	103,252,750	454,073,902	438,053,624
Net assets, ending	$ 320,745,754	$ 347,102,016	$ 133,564,568	$ 106,971,886	$ 454,310,322	$ 454,073,902

Business-type activities. Business type activities increased net assets by $26,592,682, primarily due to the Port of Dubuque Parking Ramp transfer, while the City's net assets increased by $236,420 at June 30, 2009.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of $50,381,341 at June 30, 2009. A portion of the fund balance is reserved and not available for new spending because it has already been committed for encumbrances, endowments, and debt service and state statute restricted purposes.

The general fund's fund balance reserve goal is 10% of budgeted annual expenditures. The balance at June 30, 2009 is higher than the goal.

The unreserved fund balance of special revenue employee benefits fund decreased by $91,766 to $25,508. Prior years' cash balance was transferred to general fund in 2009. The unreserved fund balance of special revenue community development decreased by $650,333 to $1,507,745, due to increase in a reserve for encumbrances for capital projects.

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

The combined net assets of the enterprise funds at June 30, 2009 totaled $133,564,568 of which 9.2% ($12,321,125) is unrestricted. The net assets of the internal service funds are $2,810,457, a $607,770 decrease from the 2008 total net assets, due to reduction in the funding level of the Employee Health Insurance Reserve, based on favorable results in claims for past years. The unrestricted net assets of the internal service funds are $2,766,943 (98.4%).

The sewer disposal works had an increase in net assets of $1,780,928 for total net assets of $41,226,185 at June 30, 2009 primarily due to capital contribution. The water utility had a decrease in net assets of $276,595 for total net assets of $24,347,647. The storm water utility had an increase in net assets of $1,734,725 for total net assets of $25,768,366 primarily due to capital contributions. The parking facilities had an increase in net assets of $23,236,226 for total net assets of $38,399,342 due to new Port of Dubuque Parking Ramp. The America's River Project had an increase in net assets of $84,388 for total net assets of $53,441.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2008-2009 cash basis budget. The first amendment was passed in October 2008 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2008 and amends the FY 2009 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in May 2009 to reflect City Council actions since the first budget amendment and amendments to add additional appropriation authority due to increased revenues.

The final budget for total cash basis receipts increased by $26,364,456. The increase was primarily attributable to revenue associated with capital projects and operating carryovers which mainly include grants to intergovernmental funds. The final budget for total expenditures increased $59,159,789 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects and operating carryovers from the prior year and expenditures associated with new grants received.

Actual cash basis revenues were $28,189,068 less than the final amended budget, and cash basis expenditures were $73,664,207 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to $459,619,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in the note 6 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 58,392,908	$ 57,171,699	$ 6,227,014	$ 3,364,857	$ 64,619,922	$ 60,536,556
Buildings	109,118,439	106,145,708	85,114,689	61,828,335	194,233,128	167,974,043
Improvements other than buildings	15,535,320	15,245,857	63,968,022	62,082,852	79,503,342	77,328,709
Machinery and equipment	31,100,111	28,679,138	52,962,217	49,217,914	84,062,328	77,897,052
Infrastructure	188,493,620	187,542,063	-	-	188,493,620	187,542,063
Construction in progress	6,138,618	14,044,930	9,558,839	6,390,937	15,697,457	20,435,867
Accumulated depreciation	(88,190,352)	(83,217,808)	(78,800,142)	(75,698,421)	(166,990,494)	(158,916,229)
	$ 320,588,664	$ 325,611,587	$ 139,030,639	$ 107,186,474	$ 459,619,303	$ 432,798,061

Major expenditures during 2008-2009 were for completion of the Port of Dubuque Parking Ramp, Bee Branch and W 32nd Street storm water projects, Library and Multi-Cultural Center renovations, land acquisition for new airport terminal, improvements at the Dubuque Industrial Center West, Water Pollution Control Plant study and streets, water and sewer projects.

Long-term debt. At year end the City had $71,813,088 of debt outstanding. This is an increase of $11,415,061 from June 30, 2008. New debt issued during the current year included general obligation bonds for $5,755,000 for Library and Multi Cultural Center renovation projects and improvements at the Dubuque Industrial Center West and, $3,885,000 for storm water projects. $1,195,000 revenue bonds were issued for water projects. The City's bond rating for these issues was Aa2. The City also received disbursements from the State Revolving Fund construction loan program of $414,478 for drinking water, $2,189,989 for storm water and $809,362 for sewer projects. The City also received a $400,000 loan from the Dubuque Initiatives for purchase of a parking lot, and $150,000 loan from the Iowa Housing Authority for Affordable Housing.

The City continues to operate well under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is $163,620,641. With $76,181,766 of debt applicable against the capacity, we are utilizing 46.56% of this limit. Additional information on the City's long-term debt can be found in note 7 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 6.2%, a 2.4% increase from the prior year, and equal to the State of Iowa rate, but lower than the 9.5% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (6.9% for total of $1,939,773,000). In fiscal year 2009, the minimum monthly refuse rate increased $0.46 to $10.35, sewer rates increased 9%, water rates increased 9% and the storm water monthly fee increased $0.75 to $4.00 per single family unit (SFU).

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 50 West 13th Street, Dubuque, Iowa 52001-4864.

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA

EXHIBIT 1

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries
ASSETS					
CURRENT ASSETS					
Cash and pooled cash investments	$ 39,198,106	$ 12,209,907	$ 51,408,013	$ 7,079,423	$ 37,215,806
Receivables					
Property tax					
Delinquent	270,044	-	270,044	-	-
Succeeding year	19,095,444	-	19,095,444	-	-
Accounts and other	1,727,713	2,576,561	4,304,274	218,028	327,518
Special assessments	633,997	-	633,997	-	-
Accrued interest	242,126	55,339	297,465	37,240	32,843
Notes	716,545	-	716,545	-	65,273
Intergovernmental	3,814,684	1,031,444	4,846,128	-	-
Internal balances	381,257	(381,257)	-	-	-
Inventories	210,133	488,557	698,690	-	133,347
Prepaid items	27,764	-	27,764	28,749	-
Total Current Assets	66,317,813	15,980,551	82,298,364	7,363,440	37,774,787
NONCURRENT ASSETS					
Temporarily restricted cash and pooled cash investments	5,740,252	770,157	6,510,409	3,675,758	-
Permanently restricted cash and pooled cash investments	69,412	-	69,412	-	-
Notes receivable	9,885,668	-	9,885,668	-	22,375,380
Capital assets					
Land	58,392,908	6,227,014	64,619,922	1,586,092	131,983
Buildings	109,118,439	85,114,689	194,233,128	65,922	11,832,432
Improvements other than buildings	15,535,320	63,968,022	79,503,342	7,468,652	32,816
Machinery and equipment	31,100,111	52,962,217	84,062,328	2,780,821	-
Infrastructure	188,493,620	-	188,493,620	-	-
Construction in progress	6,138,618	9,558,839	15,697,457	-	-
Accumulated depreciation	(88,190,352)	(78,800,142)	(166,990,494)	(7,070,780)	(313,016)
Total Noncurrent Assets	336,283,996	139,800,796	476,084,792	8,506,465	34,059,595
Total Assets	402,601,809	155,781,347	558,383,156	15,869,905	71,834,382

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2009

EXHIBIT 1
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	$ 5,735,973	$ 1,187,967	$ 6,923,940	$ 194,158	$ 5,218,662
Accrued payroll	1,119,046	239,253	1,358,299	28,996	-
Loans payable	16,667	18,911	35,578	-	-
Notes payable	119,988	141,615	261,603	-	228,109
General obligation bonds payable	1,755,950	824,050	2,580,000	-	-
Revenue bonds payable	-	320,000	320,000	-	-
Tax increment financing bonds payable	531,609	-	531,609	-	-
Accrued compensated absences	2,594,380	384,609	2,978,989	133,921	-
Accrued interest payable	280,681	38,112	318,793	-	47,252
Intergovernmental payable	18,800	-	18,800	53,198	-
Unearned revenue					-
Succeeding year property tax	19,095,444	-	19,095,444	-	-
Other	663,363	-	663,363	-	-
Total Current Liabilities	31,931,901	3,154,517	35,086,418	410,273	5,494,023
NONCURRENT LIABILITIES					
Loans payable	133,333	371,979	505,312	-	450,000
Notes payable	1,049,696	3,772,461	4,822,157	-	51,715,321
General obligation bonds payable	24,185,743	13,624,720	37,810,463	-	-
Revenue bonds payable	-	1,114,713	1,114,713	-	-
Landfill closure and postclosure care	-	-	-	3,574,082	-
Tax increment financing bonds payable	23,831,653	-	23,831,653	-	-
Net OPEB liability	723,729	178,389	902,118	18,039	-
Total Noncurrent Liabilities	49,924,154	19,062,262	68,986,416	3,592,121	52,165,321
Total Liabilities	81,856,055	22,216,779	104,072,834	4,002,394	57,659,344
NET ASSETS					
Invested in capital assets, net of related debt	298,855,346	120,473,286	419,328,632	4,830,707	-
Restricted for/by					
Bond ordinance	3,602,755	770,157	4,372,912	-	-
Debt service	3,155	-	3,155	-	-
Employee benefits	25,508	-	25,508	-	-
Community development	12,769,234	-	12,769,234	-	-
Streets	2,108,558	-	2,108,558	-	-
Capital projects	6,729,893	-	6,729,893	-	-
Franchise agreement	359,273	-	359,273	-	-
Endowments					
Expendable	35,550	-	35,550	-	-
Nonexpendable	69,412	-	69,412	-	-
Other	1,467,785	-	1,467,785	-	-
State statute	-	-	-	145,286	-
Minority interest	-	-	-	1,564,375	-
Unrestricted	(5,280,715)	12,321,125	7,040,410	5,327,143	14,175,038
Total Net Assets	$ 320,745,754	$ 133,564,568	$ 454,310,322	$ 11,867,511	$ 14,175,038

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	$ 22,038,265	$ 2,020,625	$ 770,236	$ 48,000
Public works	19,079,688	4,456,364	4,810,803	2,443,170
Health and social services	849,237	114,992	62,663	-
Culture and recreation	12,640,716	2,279,688	210,081	1,301,485
Community and economic development	12,693,140	263,434	6,743,481	1,015,016
General government	6,423,908	1,179,171	2,703	4,058
Interest on long-term debt	3,164,126	-	-	-
Total governmental activities	76,889,080	10,314,274	12,599,967	4,811,729
Business-type activities				
Sewage disposal works	6,326,708	5,904,535	-	2,029,347
Water utility	6,100,491	5,320,642	-	448,135
Stormwater utility	2,138,198	2,291,249	-	949,199
Parking facilities	2,147,405	2,224,185	-	86,640
America's River Project	61,927	-	-	100,000
Refuse collection	2,788,665	2,872,649	-	-
Transit system	2,625,145	196,260	1,095,946	-
Total business-type activities	22,188,539	18,809,520	1,095,946	3,613,321
Total primary government	$ 99,077,619	$ 29,123,794	$ 13,695,913	$ 8,425,050
Component units				
Dubuque Metropolitan Area Solid Waste Agency	$ 3,877,901	$ 2,776,190	$ 8,405	$ -
Dubuque Initiatives and Subsidiaries	279,063	101,951	-	10,044,999
Total component units	$ 4,156,964	$ 2,878,141	$ 8,405	$ 10,044,999

General revenues
- Property taxes
- Local option sales tax
- Hotel/motel tax
- Utility franchise fees
- Gaming
- Unrestricted investment earnings (loss)
- Gain on disposal of capital assets
- Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries
$ (19,199,404)	$ -	$ (19,199,404)	$ -	$ -
(7,369,351)	-	(7,369,351)	-	-
(671,582)	-	(671,582)	-	-
(8,849,462)	-	(8,849,462)	-	-
(4,671,209)	-	(4,671,209)	-	-
(5,237,976)	-	(5,237,976)	-	-
(3,164,126)	-	(3,164,126)	-	-
(49,163,110)	-	(49,163,110)	-	-
-	1,607,174	1,607,174	-	-
-	(331,714)	(331,714)	-	-
-	1,102,250	1,102,250	-	-
-	163,420	163,420	-	-
-	38,073	38,073	-	-
-	83,984	83,984	-	-
-	(1,332,939)	(1,332,939)	-	-
-	1,330,248	1,330,248	-	-
(49,163,110)	1,330,248	(47,832,862)	-	-
-	-	-	(1,093,306)	-
-	-	-	-	9,867,887
-	-	-	(1,093,306)	9,867,887
23,716,819	-	23,716,819	-	-
7,649,853	-	7,649,853	-	-
1,611,954	-	1,611,954	-	-
1,486,292	-	1,486,292	-	-
9,627,391	-	9,627,391	-	-
2,215,413	433,148	2,648,561	311,882	(17,721)
407,503	2,304	409,807	379,534	55,460
918,605	-	918,605	-	-
(24,826,982)	24,826,982	-	-	-
22,806,848	25,262,434	48,069,282	691,416	37,739
(26,356,262)	26,592,682	236,420	(401,890)	9,905,626
347,102,016	106,971,886	454,073,902	12,269,401	4,269,412
$ 320,745,754	$ 133,564,568	$ 454,310,322	$ 11,867,511	$ 14,175,038

CITY OF DUBUQUE, IOWA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

		Special Revenue		Capital Projects		Other	
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	Total
ASSETS							
Cash and pooled cash investments	$ 18,674,087	$ -	$ 1,449,411	$ 1,494,169	$ 5,912,027	$ 7,585,757	$ 35,115,451
Receivables							
Property tax							
Delinquent	237,504	30,191	-	-	-	2,349	270,044
Succeeding year	16,847,899	1,753,390	-	-	-	494,155	19,095,444
Accounts and other	1,515,477	-	-	-	-	47,856	1,563,333
Special assessments	-	-	-	-	-	633,997	633,997
Accrued interest	112,617	-	38,543	7,200	813	67,130	226,303
Notes	-	-	10,600,406	-	-	1,807	10,602,213
Intergovernmental	1,437,374	-	235,862	1,442,046	-	699,402	3,814,684
Due from other funds	174,424	-	-	-	-	-	174,424
Inventories	164,868	-	-	-	-	-	164,868
Advances to other funds	208,804	-	-	-	-	-	208,804
Prepaid items	17,392	-	10,372	-	-	-	27,764
Restricted cash and pooled cash investments	-	-	-	-	2,082,794	3,726,870	5,809,664
Total Assets	$ 39,390,446	$ 1,783,581	$ 12,334,594	$ 2,943,415	$ 7,995,634	$ 13,259,323	$ 77,706,993
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 1,782,673	$ -	$ 284,659	$ 291,520	$ 1,506,186	$ 374,187	$ 4,239,225
Accrued payroll	945,425	-	28,182	-	-	102,078	1,075,685
Intergovernmental payable	-	-	-	-	-	18,800	18,800
Deferred revenue							
Succeeding year property tax	16,847,899	1,753,390	-	-	-	494,155	19,095,444
Other	743,567	4,683	-	1,042,786	-	1,105,462	2,896,498
Total Liabilities	20,319,564	1,758,073	312,841	1,334,306	1,506,186	2,094,682	27,325,652
FUND BALANCES							
Reserved for/by							
Encumbrances	4,655,897	-	629,451	673,206	3,792,710	976,616	10,727,880
Long-term notes receivable	-	-	9,884,557	-	-	1,111	9,885,668
Advances	208,804	-	-	-	-	-	208,804
Bond ordinance	-	-	-	-	-	3,602,755	3,602,755
Debt service	-	-	-	-	-	3,155	3,155
Franchise agreement	-	-	-	-	-	1,332	1,332
Endowments	-	-	-	-	-	69,412	69,412
Unreserved							
Designated for							
Future equipment and capital maintenance	3,213,079	-	-	-	-	-	3,213,079
Future cash flow	5,378,882	-	-	-	-	-	5,378,882
Undesignated reported in							
General fund	5,614,220	-	-	-	-	-	5,614,220
Special revenue funds	-	25,508	1,507,745	-	-	4,448,137	5,981,390
Capital projects funds	-	-	-	935,903	2,696,738	2,026,573	5,659,214
Permanent funds	-	-	-	-	-	35,550	35,550
Total Fund Balances	19,070,882	25,508	12,021,753	1,609,109	6,489,448	11,164,641	50,381,341
Total Liabilities and Fund Balances	$ 39,390,446	$ 1,783,581	$ 12,334,594	$ 2,943,415	$ 7,995,634	$ 13,259,323	$ 77,706,993

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 3-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances - governmental funds		$ 50,381,341
Amounts reported for the governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 408,676,982	
Accumulated depreciation	(88,132,732)	
		320,544,250
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. Those revenues consist of:		
Property tax	34,712	
Special assessments	459,950	
Other	1,738,473	
		2,233,135
Internal service funds are used by the City's management to charge the costs of equipment maintenance and self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		2,810,457
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General obligation bonds	(25,941,693)	
Tax increment financing bonds	(24,363,262)	
Notes payable	(1,169,684)	
Loans payable	(150,000)	
Accrued interest	(280,681)	
Compensated absences	(2,594,380)	
Net OPEB liability	(723,729)	
		(55,223,429)
Net assets of governmental activities		$ 320,745,754

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

		Special Revenue		Capital Projects		Other	
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	Total
REVENUES							
Taxes	$ 23,437,414	$ 2,087,512	$ -	$ 2,294,955	$ -	$ 6,634,265	$ 34,454,146
Special assessments	-	-	-	-	-	250,372	250,372
Licenses and permits	1,088,386	-	-	-	-	-	1,088,386
Intergovernmental	2,246,598	-	2,874,751	623,102	2,120	10,050,251	15,796,822
Charges for services	7,858,819	-	-	-	-	170,370	8,029,189
Fines and forfeits	199,839	-	-	-	-	-	199,839
Investment earnings	1,097,085	-	138,772	34,434	424,043	512,048	2,206,382
Contributions	1,148,144	-	-	95,734	-	125,881	1,369,759
Gaming	9,627,391	-	-	-	-	-	9,627,391
Miscellaneous	782,663	-	78,320	2,000	-	737,696	1,600,679
Total Revenues	47,486,339	2,087,512	3,091,843	3,050,225	426,163	18,480,883	74,622,965
EXPENDITURES							
Current							
Public safety	21,179,647	-	-	-	-	155,545	21,335,192
Public works	8,560,609	-	207,201	-	-	5,493,741	14,261,551
Health and social services	704,573	-	83,724	-	-	27,576	815,873
Culture and recreation	11,993,234	-	126,228	-	-	108,044	12,227,506
Community and economic development	3,007,747	-	3,286,041	-	-	5,659,491	11,953,279
General government	5,200,416	324	-	-	-	636,099	5,836,839
Debt service	50,060	-	-	-	-	5,214,784	5,264,844
Capital projects	-	-	-	3,698,236	16,957,112	3,618,772	24,274,120
Total Expenditures	50,696,286	324	3,703,194	3,698,236	16,957,112	20,914,052	95,969,204
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,209,947)	2,087,188	(611,351)	(648,011)	(16,530,949)	(2,433,169)	(21,346,239)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	2,584,600	-	-	-	3,320,400	-	5,905,000
Discount on bonds	(24,137)	-	-	-	(24,379)	-	(48,516)
Transfers in	2,895,024	-	177,860	507,983	1,092,333	2,777,952	7,451,152
Transfers out	(3,430,630)	(2,178,954)	-	(184,423)	(460,037)	(2,830,184)	(9,084,228)
Sale of capital assets	574,131	-	-	-	19,825	-	593,956
Total Other Financing Sources (Uses)	2,598,988	(2,178,954)	177,860	323,560	3,948,142	(52,232)	4,817,364
NET CHANGE IN FUND BALANCES	(610,959)	(91,766)	(433,491)	(324,451)	(12,582,807)	(2,485,401)	(16,528,875)
FUND BALANCES, BEGINNING	19,681,841	117,274	12,455,244	1,933,560	19,072,255	13,650,042	66,910,216
FUND BALANCES, ENDING	$ 19,070,882	$ 25,508	$ 12,021,753	$ 1,609,109	$ 6,489,448	$ 11,164,641	$ 50,381,341

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 4-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds		$ (16,528,875)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital assets expended in governmental funds	$ 27,441,063	
Transfers of capital assets from enterprise funds	47,315	
Transfers of capital assets to enterprise funds	(23,241,221)	
Depreciation expense	(7,513,211)	
		(3,266,054)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of the asset being disposed.		(1,749,163)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by these amounts this year:		
Property tax	4,118	
Special assessments	165,369	
Other	159,843	
		329,330
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt proceeds	(5,905,000)	
Discounts on bonds issued	48,516	
Debt repayments	2,169,678	
		(3,686,806)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:		
Increase in accrued interest	(42,786)	
Amortization of bond discount	(26,174)	
Increase in compensated absences	(54,235)	
Increase in net OPEB liability	(723,729)	
Total additional expenses		(846,924)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		(607,770)
Change in net assets of governmental activities		$ (26,356,262)

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	$ 5,085,162	$ 2,087,935	$ 3,615,563	$ 498,052
Receivables				
Accounts	1,043,834	819,605	308,059	62,335
Accrued interest	22,229	9,540	13,140	6,500
Intergovernmental	-	-	106,150	-
Inventories	-	465,003	-	-
Total Current Assets	6,151,225	3,382,083	4,042,912	566,887
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	129,642	-	640,515
Capital assets				
Land	167,855	37,449	4,597,638	1,388,072
Buildings	31,590,936	8,214,651	-	43,421,538
Improvements other than buildings	32,563,154	520,295	28,493,047	2,391,526
Machinery and equipment	9,978,592	35,578,672	925,265	1,196,772
Construction in progress	1,741,487	87,257	7,717,890	12,205
Accumulated depreciation	(38,116,841)	(19,504,674)	(8,319,446)	(7,780,838)
Net Capital Assets	37,925,183	24,933,650	33,414,394	40,629,275
Total Noncurrent Assets	37,925,183	25,063,292	33,414,394	41,269,790
Total Assets	44,076,408	28,445,375	37,457,306	41,836,677

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities-Internal Service Funds
$ 54,365	$ 868,830	$ 12,209,907	$ 4,082,655
-	342,728	2,576,561	164,380
-	3,930	55,339	15,823
-	925,294	1,031,444	-
-	23,554	488,557	45,265
54,365	2,164,336	16,361,808	4,308,123
-	-	770,157	-
-	36,000	6,227,014	-
-	1,887,564	85,114,689	-
-	-	63,968,022	-
-	5,282,916	52,962,217	102,034
-	-	9,558,839	-
-	(5,078,343)	(78,800,142)	(57,620)
-	2,128,137	139,030,639	44,414
-	2,128,137	139,800,796	44,414
54,365	4,292,473	156,162,604	4,352,537

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 740,626	$ 199,047	$ 153,516	$ 39,341
Accrued payroll	55,741	58,841	4,625	20,939
Loans payable - current	-	-	-	18,911
General obligation bonds payable	105,000	160,000	415,000	144,050
Revenue bonds payable	-	70,000	-	250,000
Capital loan notes payable	34,332	29,997	77,286	-
Accrued compensated absences	102,176	113,706	4,380	21,652
Accrued interest payable	2,815	9,075	24,243	1,979
Due to other funds	-	-	-	-
Advances from other funds	-	208,804	-	-
Total Current Liabilities	1,040,690	849,470	679,050	496,872
NONCURRENT LIABILITIES				
Loans payable	-	-	-	371,979
General obligation bonds payable (net of discount of $108,114 and deferred amount on refunding of $98,116)	845,868	1,284,349	8,942,054	2,552,449
Revenue bonds payable	-	1,114,713	-	-
Capital loan notes payable	914,558	799,087	2,058,816	-
Net OPEB liability	49,107	50,109	9,020	16,035
Total Noncurrent Liabilities	1,809,533	3,248,258	11,009,890	2,940,463
Total Liabilities	2,850,223	4,097,728	11,688,940	3,437,335
NET ASSETS				
Invested in capital assets, net of related debt	36,328,822	21,997,748	22,726,693	37,291,886
Restricted by bond ordinance	-	129,642	-	640,515
Unrestricted	4,897,363	2,220,257	3,041,673	466,941
Total Net Assets	$ 41,226,185	$ 24,347,647	$ 25,768,366	$ 38,399,342

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities-Internal Service Funds
$ 924	$ 54,513	$ 1,187,967	$ 1,496,748
-	99,107	239,253	43,361
-	-	18,911	-
-	-	824,050	-
-	-	320,000	-
-	-	141,615	-
-	142,695	384,609	-
-	-	38,112	-
-	172,453	172,453	1,971
-	-	208,804	-
924	468,768	3,535,774	1,542,080
-	-	371,979	-
-	-	13,624,720	-
-	-	1,114,713	-
-	-	3,772,461	-
-	54,118	178,389	-
-	54,118	19,062,262	-
924	522,886	22,598,036	1,542,080
-	2,128,137	120,473,286	44,414
-	-	770,157	-
53,441	1,641,450	12,321,125	2,766,043
$ 53,441	$ 3,769,587	$ 133,564,568	$ 2,810,457

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	$ 5,826,348	$ 5,300,597	$ 2,273,874	$ 2,172,761
Other	78,187	20,045	17,375	51,424
Total Operating Revenues	5,904,535	5,320,642	2,291,249	2,224,185
OPERATING EXPENSES				
Employee expense	2,212,548	2,241,602	187,442	692,046
Utilities	594,169	568,800	63	116,482
Repairs and maintenance	325,312	161,531	-	64,619
Supplies and services	1,876,597	2,144,898	1,203,242	497,369
Insurance	84,547	78,830	-	41,969
Depreciation	1,195,979	766,974	378,154	583,127
Total Operating Expenses	6,289,152	5,962,635	1,768,901	1,995,612
OPERATING INCOME (LOSS)	(384,617)	(641,993)	522,348	228,573
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	949	-
Investment earnings	179,016	70,343	109,332	46,180
Contributions	5,019	1,825	145,569	86,640
Interest expense	(37,556)	(137,856)	(369,297)	(151,793)
Gain on disposal of assets	2,126	128	-	-
Net Nonoperating Revenues (Expenses)	148,605	(65,560)	(113,447)	(18,973)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(236,012)	(707,553)	408,901	209,600
CAPITAL CONTRIBUTIONS	2,024,328	446,310	802,681	23,241,221
TRANSFERS IN	2,980	-	523,143	7,000
TRANSFERS OUT	(10,368)	(15,352)	-	(221,595)
CHANGE IN NET ASSETS	1,780,928	(276,595)	1,734,725	23,236,226
NET ASSETS (DEFICIT), BEGINNING	39,445,257	24,624,242	24,033,641	15,163,116
NET ASSETS, ENDING	$ 41,226,185	$ 24,347,647	$ 25,768,366	$ 38,399,342

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
$ -	$ 3,053,890	$ 18,627,470	$ 9,125,443
-	15,019	182,050	307,269
-	3,068,909	18,809,520	9,432,712
4,774	2,973,181	8,311,593	2,055,982
-	74,346	1,353,860	24,042
-	734,122	1,285,584	21,371
57,153	1,147,553	6,926,812	7,524,140
-	74,917	280,263	559,019
-	409,691	3,333,925	7,706
61,927	5,413,810	21,492,037	10,192,260
(61,927)	(2,344,901)	(2,682,517)	(759,548)
100,000	1,095,946	1,196,895	-
-	28,277	433,148	149,483
-	-	239,053	-
-	-	(696,502)	-
-	50	2,304	2,295
100,000	1,124,273	1,174,898	151,778
38,073	(1,220,628)	(1,507,619)	(607,770)
-	-	26,514,540	-
46,315	1,253,638	1,833,076	-
-	-	(247,315)	-
84,388	33,010	26,592,682	(607,770)
(30,947)	3,736,577	106,971,886	3,418,227
$ 53,441	$ 3,769,587	$ 133,564,568	$ 2,810,457

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 5,862,946	$ 5,265,212	$ 2,193,396	$ 2,171,931
Cash payments to suppliers for goods and services	(2,367,505)	(2,971,040)	(1,364,322)	(701,433)
Cash payments to employees for services	(2,145,942)	(2,179,398)	(173,823)	(674,022)
Other operating receipts	78,187	20,045	17,375	51,424
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,427,686	134,819	672,626	847,900
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	2,980	-	523,143	7,000
Transfers to other funds	(10,368)	-	-	(221,595)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(45,579)	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(7,388)	(45,579)	523,143	(214,595)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	2,126	128	-	-
Acquisition and construction of capital assets	(2,200,592)	(819)	(5,721,795)	(635,218)
Proceeds from issuance of debt	809,362	1,598,993	6,038,576	453,750
Payment of debt	(100,000)	(194,000)	(443,000)	(477,860)
Interest paid	(37,183)	(133,454)	(359,408)	(151,432)
Contributions	5,019	1,825	40,368	86,640
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,521,268)	1,272,673	(445,259)	(724,120)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	184,376	67,354	111,095	48,452
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,406	1,429,267	861,605	(42,363)
CASH AND CASH EQUIVALENTS, BEGINNING	5,001,756	788,310	2,753,958	1,180,930
CASH AND CASH EQUIVALENTS, ENDING	$ 5,085,162	$ 2,217,577	$ 3,615,563	$ 1,138,567

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities-Internal Service Funds
$ -	$ 3,014,619	$ 18,508,104	$ 9,081,755
(57,153)	(2,034,035)	(9,495,488)	(8,286,913)
(4,774)	(2,871,602)	(8,049,561)	(2,055,175)
-	15,019	182,050	307,269
(61,927)	(1,875,999)	1,145,105	(953,064)
46,315	1,253,638	1,833,076	-
-	-	(231,963)	-
-	-	-	1,971
-	(308,259)	(353,838)	-
-	1,146,836	1,146,836	-
46,315	2,092,215	2,394,111	1,971
-	50	2,304	2,295
(30,023)	(121,223)	(8,709,670)	-
-	-	8,900,681	-
-	-	(1,214,860)	-
-	-	(681,477)	-
-	-	133,852	-
100,000	-	100,000	-
69,977	(121,173)	(1,469,170)	2,295
-	28,634	439,911	159,205
54,365	123,677	2,509,957	(789,593)
-	745,153	10,470,107	4,872,248
$ 54,365	$ 868,830	$ 12,980,064	$ 4,082,655

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ (384,617)	$ (641,993)	$ 522,348	$ 228,573
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	1,195,979	766,974	378,154	583,127
Change in assets and liabilities				
(Increase) decrease in receivables	36,598	(35,385)	(80,478)	5,587
(Increase) decrease in inventories and prepaid items	5,339	(19,082)	-	-
Increase (decrease) in accounts payable	507,781	2,101	(161,017)	19,006
Increase in accrued liabilities	17,499	12,095	4,599	1,989
Decrease in unearned revenue	-	-	-	(6,417)
Increase in net OPEB liability	49,107	50,109	9,020	16,035
Total Adjustments	1,812,303	776,812	150,278	619,327
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,427,686	$ 134,819	$ 672,626	$ 847,900
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds and outside sources	$ 2,024,328	$ 446,310	$ 802,681	$ 23,241,221
Contributions of capital assets to Governmental Activities	$ 10,368	$ 15,352	$ -	$ 21,595

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities-Internal Service Funds
$ (61,927)	$ (2,344,901)	$ (2,682,517)	$ (759,548)
-	409,691	3,333,925	7,706
-	(39,271)	(112,949)	(43,688)
-	(6,179)	(19,922)	12,373
-	3,082	370,953	(170,714)
-	47,461	83,643	807
-	-	(6,417)	-
-	54,118	178,389	-
-	468,902	3,827,622	(193,516)
$ (61,927)	$ (1,875,999)	$ 1,145,105	$ (953,064)
$ -	$ -	$ 26,514,540	$ -
$ -	$ -	$ 47,315	$ -

CITY OF DUBUQUE, IOWA

EXHIBIT 8

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009

	Agency Funds
ASSETS	
Cash and pooled cash investments	$ 1,123,790
Accounts receivable	5,559
Accrued interest	3,238
Total Assets	$ 1,132,587
LIABILITIES	
Due to other agency	$ 1,132,587

See notes to financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

Jointly Governed Organizations

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

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

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Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

The *Sewage Disposal Works Fund* is used to account for the operations of the City's sewage disposal works and services.

The *Water Utility Fund* is used to account for the operations of the City's water facilities and services.

The *Stormwater Utility Fund* is used to account for the operations of the City's stormwater services.

The *Parking Facilities Fund* is used to account for the operations of the City-owned parking ramps and other parking facilities.

The *America's River Project* is used to account for the construction of all projects covered by the Vision Iowa Grant, including all matching funds.

Additionally, the City reports the internal service fund type. Internal service funds are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others and cannot be used to support City activities. Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports Agency Funds to account for assets held by the City as an agent under the cable franchise agreement and for the Dubuque Racing Association.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

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

Assets, Liabilities, and Equity

Deposits and Investments

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

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

Receivables and Payables

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

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

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Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2009, and unpaid taxes. The succeeding year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2009, and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

Inventories and Prepaid Items

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

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund prepaids are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

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

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

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

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets and in the proprietary funds statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than $100,000 for infrastructure assets, $20,000 for building assets, and $10,000 for the remaining assets, and an estimated useful life of more than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. All of the City's infrastructure has been recorded, including infrastructure acquired prior to June 30, 1980.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

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

Long-Term Obligations

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

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

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Equity

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

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any function.

Other Significant Accounting Policies

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

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net asset amounts as of June 30, 2009:

Internal Service	
General Service	$ 18,074
Stores/Printing	$ 5,056
Workers' Compensation Reserve	$ 419,230

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

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was $11,562 for the City and $450 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was $31,250,357, and the bank balance was $33,224,946. The City's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was $10,754,731, and the bank balance was $11,026,563. The Agency's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

Investments. As of June 30, 2009, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

	Investment Maturities (In Years)				
Investment Type	Less than 1	1 to 5	6 to 10	More than 10	Total
Mutual Funds –					
U.S. Treasury	$ 2,065,957	$ -	$ -	$ -	$ 2,065,957
U.S. Treasury Securities	205,617	2,217,713	223,869	-	2,647,199
Municipal Bonds	-	808,844	-	-	808,844
Federal Agency Obligations	1,664,320	8,743,265	2,884,450	8,978,258	22,270,293
Corporate Stock	57,412	-	-	-	57,412
	$ 3,993,306	$ 11,769,822	$ 3,108,319	$ 8,978,258	$ 27,849,705

The City and the Dubuque Metropolitan Solid Waste Agency are authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council or Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Corporate stock was donated in 1957 to the City to establish the Ella Lyons Peony Trail Permanent Trust Fund.

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

Credit Risk. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. The City's investments in municipal bonds were rated A or better.

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

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

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

Due to legal and budgetary reasons, the general fund is assigned a portion of the investments earnings associated with other funds. These funds are the employee benefits, community development, tort liability, road use tax, cable TV, general construction, transit system, general service, garage service, and stores/printing funds.

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2009.

A reconciliation of cash and investments as shown on the government-wide statement of net assets for the primary government and statement of fiduciary assets and liabilities follows:

Cash on hand	$ 11,562
Carrying amount of deposits	31,250,357
Carrying amount of investments	27,849,705
Total	$ 59,111,624
Government-wide	
Cash and pooled cash investments	$ 51,408,013
Cash and pooled cash investments – temporarily restricted	6,510,409
Cash and pooled cash investments – permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	1,123,790
Total	$ 59,111,624

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

Cash on hand	$ 450
Carrying amount of deposits	10,754,731
Total	$ 10,755,181
Cash and pooled cash investments	$ 7,079,423
Cash and pooled cash investments – temporarily restricted	3,675,758
Total	$ 10,755,181

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Dubuque Initiatives and Subsidiaries. At June 30, 2009, Dubuque Initiatives and Subsidiaries had the following cash and investments:

Deposits	$ 35,560,562
Repurchase agreement	529,112
Beneficial interest in assets held by others	828,215
Investment in partnership	297,917
Total	$ 37,215,806

NOTE 4 – NOTES RECEIVABLE

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

Grand River Development, LLC, 5.50%, unsecured, matures May 2017	$ 326,787
Lower Main Development, 4.00%, unsecured, matures August 2018	130,602
City of Dubuque, 5.00%, unsecured, matures July 2023	390,889
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	6,500,000
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	9,797,991
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	5,294,384
Total notes receivable	22,440,653
Less: current maturities	(65,273)
Noncurrent portion	$ 22,375,380

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2009, include amounts due to/from other funds and advances due to/from other funds. Due to/from other funds balances represent amounts due to the general fund from the nonmajor enterprise funds ($172,453) and the internal service funds ($1,971) for deficit pooled cash balances. Advances to/from other fund balance of $208,804 represent amounts due to the general fund from the water utility fund for a construction loan.

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Interfund transfers for the year ended June 30, 2009, consisted of the following:

	Transfer from						
	General	Employee Benefits	Street Construction	General Construction	Nonmajor Governmental Funds	Parking Facilities	Total
Transfer to							
General	$ -	$ 2,178,954	$ 104,490	$ 300,000	$ 311,580	$ -	$ 2,895,024
Community development	-	-	-	-	177,860	-	177,860
Street construction	90,000	-	-	-	417,983	-	507,983
General construction	123,625	-	8,751	-	959,957	-	1,092,333
Nonmajor governmental	1,482,066	-	71,182	160,037	864,667	200,000	2,777,952
Sewage disposal works	-	-	-	-	2,980	-	2,980
Stormwater utility	427,986	-	-	-	95,157	-	523,143
Parking facilities	7,000	-	-	-	-	-	7,000
America's River Project	46,315	-	-	-	-	-	46,315
Nonmajor enterprise	1,253,638	-	-	-	-	-	1,253,638
	$ 3,430,630	$ 2,178,954	$ 184,423	$ 460,037	$ 2,830,184	$ 200,000	9,284,228
						Transfer to governmental activities capital assets from enterprise funds	47,315
							$ 9,331,543

In the fund financial statements, total transfers out of $9,284,228 are greater than total transfers in of $9,331,543 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to a phone system with a book value of $47,315 were transferred to governmental activities capital assets. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, Sewage Disposal Works, Water Utility, and Parking Facilities did report transfers out for the capital resources given.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) fund capital projects.

Transfers from governmental activities to the business-type activities on the statement of activities includes the transfer of the Port of Dubuque Parking Facility in the amount of $23,241,221. This transaction is reported as a capital contribution in the Parking Facilities Proprietary Fund.

(continued on next page)

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 57,171,699	$ -	$ -	$ 1,221,209	$ -	$ 58,392,908
Construction in progress	14,044,930	-	(23,241,221)	25,724,525	(10,389,616)	6,138,618
Total capital assets, not being depreciated	71,216,629	-	(23,241,221)	26,945,734	(10,389,616)	64,531,526
Capital assets, being depreciated:						
Buildings	106,145,708	-	-	3,053,731	(81,000)	109,118,439
Improvements other than buildings	15,245,857	-	-	300,683	(11,220)	15,535,320
Machinery and equipment	28,679,138	47,315	-	3,680,160	(1,306,502)	31,100,111
Infrastructure	187,542,063	-	-	3,850,371	(2,898,814)	188,493,620
Total capital assets, being depreciated	337,612,766	47,315	-	10,884,945	(4,297,536)	344,247,490
Less accumulated depreciation for:						
Buildings	(22,162,212)	-	-	(1,790,360)	19,800	(23,932,772)
Improvements other than buildings	(5,041,462)	-	-	(499,238)	-	(5,540,700)
Machinery and equipment	(11,907,357)	-	-	(2,430,272)	1,051,469	(13,286,160)
Infrastructure	(44,106,777)	-	-	(2,801,047)	1,477,104	(45,430,720)
Total accumulated depreciation	(83,217,808)	-	-	(7,520,917)	2,548,373	(88,190,352)
Total capital assets, being depreciated, net	254,394,958	47,315	-	3,364,028	(1,749,163)	256,057,138
Governmental activities capital assets, net	$ 325,611,587	$ 47,315	$ (23,241,221)	$ 30,309,762	$ (12,138,779)	$ 320,588,664

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 3,364,857	$ -	$ -	$ 2,862,157	$ -	$ 6,227,014
Construction in progress	6,390,936	-	(47,315)	8,566,269	(5,351,051)	9,558,839
Total capital assets, not being depreciated	9,755,793	-	(47,315)	11,428,426	(5,351,051)	15,785,853

(continued on next page)

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, being depreciated:						
Buildings	$ 61,828,334	$ 23,241,221	$ -	$ 45,134	$ -	$ 85,114,689
Improvements other than buildings	62,082,854	-	-	1,885,168	-	63,968,022
Machinery and equipment	49,217,913	-	-	3,981,623	(237,319)	52,962,217
Total capital assets, being depreciated	173,129,101	23,241,221	-	5,911,925	(237,319)	202,044,928
Less accumulated depreciation for:						
Buildings	(37,904,904)	-	-	(999,934)	-	(38,904,838)
Improvements other than buildings	(16,934,701)	-	-	(1,155,029)	-	(18,089,730)
Machinery and equipment	(20,858,819)	-	-	(1,178,959)	232,204	(21,805,574)
Total accumulated depreciation	(75,698,424)	-	-	(3,333,922)	232,204	(78,800,142)
Total capital assets, being depreciated, net	97,430,677	23,241,221	-	2,578,003	(5,115)	123,244,786
Business-type activities capital assets, net	$ 107,186,470	$ 23,241,221	$ (47,315)	$ 14,006,429	$ (5,356,166)	$ 139,030,639

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

Governmental activities:	
Public safety	$ 861,736
Public works	4,691,292
Health and social services	7,068
Culture and recreation	1,682,186
Community and economic development	40,023
General government	230,906
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	7,706
Total depreciation expense – governmental activities	$ 7,520,917
Business-type activities:	
Sewage disposal works	$ 1,195,979
Water utility	766,974
Stormwater utility	378,154
Parking facilities	583,127
Refuse collection	94,503
Transit system	315,188
Total depreciation expense – business-type activities	$ 3,333,925

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Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Dubuque Metropolitan Area Solid Waste Agency:				
Capital assets, not being depreciated:				
Land	$ 1,586,092	$ -	$ -	$ 1,586,092
Capital assets, being depreciated:				
Buildings	65,922	-	-	65,922
Improvements other than buildings	7,468,652	-	-	7,468,652
Machinery and equipment	2,361,686	1,408,111	(988,976)	2,780,821
Total capital assets, being depreciated	9,896,260	1,408,111	(988,976)	10,315,395
Less accumulated depreciation for:				
Buildings	(45,787)	(719)	-	(46,506)
Improvements other than buildings	(5,569,875)	(435,385)	-	(6,005,260)
Machinery and equipment	(1,470,263)	(307,012)	758,261	(1,019,014)
Total accumulated depreciation	(7,085,925)	(743,116)	758,261	(7,070,780)
Total capital assets, being depreciated, net	2,810,335	664,995	(230,715)	3,244,615)
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	$ 4,396,427	$ 664,995	$ (230,715)	$ 4,830,707

Depreciation expense of $743,116 was charged to the Dubuque Metropolitan Area Solid Waste Agency. Gain on disposal of capital assets includes $380,800 in insurance proceeds. The book value of assets disposed receiving insurance proceeds was $130,073, resulting in a net gain of $250,727.

NOTE 7 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was $38,945,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2009, are as follows:

In a prior year, the City defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2009, $3,345,000 of bonds outstanding are considered defeased. These bonds will remain outstanding until they are called on June 1, 2010.

(continued on next page)

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	12/27/01	06/01/05-06/01/21	4.13-4.90%	$ 9,500,000	$ 7,325,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.20-4.95	2,860,000	2,080,000
Corporate purpose	03/26/02	06/01/03-06/01/21	4.10-5.00	1,000,000	735,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.50-4.30	3,105,000	1,445,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	2,110,000	1,595,000
Corporate purpose	04/18/05	06/01/06-06/01/24	3.30-5.00	9,015,000	7,430,000
Corporate purpose	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,595,000
Corporate purpose	04/03/06	06/01/07-06/01/21	3.65-4.20	910,000	775,000
Refunding	04/03/06	06/01/10-06/01/20	3.65-4.10	3,525,000	3,525,000
Corporate purpose and refunding	12/01/07	06/01/10-06/01/17	3.75	2,965,000	2,965,000
Corporate purpose	12/01/07	06/01/09-06/01/17	3.40-3.65	1,055,000	955,000
Corporate purpose	11/04/08	06/01/09-06/01/28	3.75-4.80	3,885,000	3,785,000
Corporate purpose	11/04/08	06/01/09-06/01/23	3.75-4.25	3,290,000	3,160,000
Corporate purpose (taxable)	11/04/08	06/30/09-06/30/18	5.25-5.50	2,465,000	2,365,000
				$ 48,585,000	$ 40,735,000

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	$ 1,755,950	$ 1,151,143	$ 824,050	$ 596,722
2011	1,831,604	1,079,460	858,396	567,452
2012	1,889,468	1,003,239	890,532	536,304
2013	1,948,723	923,289	911,277	503,396
2014	2,213,723	839,876	951,277	468,959
2015-2019	11,751,277	2,623,186	5,143,723	1,756,548
2020-2024	4,689,255	362,713	3,780,745	750,394
2025-2028	-	-	1,295,000	139,360
Total	$ 26,080,000	$ 7,982,906	$ 14,655,000	$ 5,319,135

Tax Increment Financing Bonds. The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The original amount of tax increment financing bonds issued in prior years was $27,593,538. Tax increment financing bonds outstanding at June 30, 2009, are as follows:

(continued on next page)

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Advanced Data-Comm	03/18/99	12/31/01-06/30/11	6.0%	$ 900,000	$ 166,218
Cartegraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	63,466
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	1,260,336
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	96,656
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.5	23,025,000	23,025,000
				$ 27,593,538	$ 24,611,676

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

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2010	$ 531,609	$ 1,853,225
2011	812,174	1,805,199
2012	778,939	1,742,354
2013	346,617	1,686,616
2014	372,973	1,660,510
2015-2019	2,234,364	7,849,543
2020-2024	3,185,000	6,881,625
2025-2029	4,565,000	5,496,000
2030-2034	6,555,000	3,506,250
2035-2037	5,230,000	803,250
Total	$ 24,611,676	$ 33,284,572

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2009, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Parking facilities	03/01/98	05/01/98-05/01/10	4.70-4.75%	$ 2,515,000	$ 250,000
Water utility	11/04/08	06/01/10-06/01/23	3.00-5.00	1,195,000	1,195,000
				$ 3,710,000	$ 1,445,000

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Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2010	$ 320,000	$ 63,583
2011	70,000	49,608
2012	70,000	47,333
2013	75,000	44,883
2014	75,000	42,070
2015-2019	425,000	160,045
2020-2023	410,000	51,953
	$ 1,445,000	$ 459,475

Notes Payable. Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2009, are as follows:

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Adams Company	02/13/04	06/01/05-06/01/15	4.07%	$ 500,000	$ 272,727
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	140,866
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	810,323	756,091
				$ 1,492,323	$ 1,169,684

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

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2010	$ 119,988	$ 83,187
2011	128,256	75,044
2012	133,792	66,374
2013	141,183	55,284
2014	149,191	45,425
2015-2019	497,274	84,189
Total	$ 1,169,684	$ 409,503

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Capital Loan Notes. Capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds.

Planning	Date Authorized	Maturity Dates	Interest Rates	Amount Authorized	Amount Outstanding End of Year
Northfork Catfish Creek Project	12/28/06	12/01/09-06/01/29	3.25%	$ 1,889,521	$ 615,354
Northfork Catfish Creek Project	12/18/06	12/01/09-06/01/29	3.25	253,850	236,907
Water Pollution Control Plant Design	03/11/09	12/01/09-06/01/29	3.25	3,200,000	711,983
Clean Water	01/14/09	06/01/09-06/01/29	3.25	2,000,000	1,520,748
Drinking Water	10/18/07	06/01/08-06/01/29	3.25	1,037,000	829,084
				$ 8,380,371	$ 3,914,076

Annual Debt Service Requirements to maturity for capital loan notes are as follows:

Fiscal Year Ending June 30	Business-Type Activities Principal	Business-Type Activities Interest
2010	$ 141,615	$ 126,066
2011	146,255	121,426
2012	151,047	116,634
2013	155,996	111,685
2014	161,107	106,574
2015-2019	888,259	450,149
2020-2024	1,043,627	294,781
2025-2029	1,226,170	112,237
Total	$ 3,914,076	$ 1,439,552

At June 30, 2009, the City of Dubuque had $4,354,294 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds in fiscal year 2011.

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

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Parking Lot Purchase	07/08/08	01/01/09-07/01/23	5%	$ 400,000	$ 390,889
Housing Rehab Project	03/13/09	03/16/10-10/01/17	3	500,000	150,000
				$ 900,000	$ 540,889

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

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2010	$ 16,667	$ 6,423	$ 18,911	$ 19,311
2011	16,667	4,000	19,869	18,354
2012	16,667	3,500	20,874	17,348
2013	16,667	3,000	21,931	16,291
2014	16,667	2,500	23,041	15,181
2015-2019	66,665	5,000	133,939	57,180
2020-2024	-	-	152,324	19,668
Total	$ 150,000	$ 24,423	$ 390,889	$ 163,333

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 21,860,000	$ 5,755,000	$ (1,535,000)	$ 26,080,000	$ 1,755,950
Less:					
Unamortized discounts	(42,164)	(48,516)	11,891	(78,789)	-
Deferred amount on refunding	(64,929)	-	5,411	(59,518)	-
Total general obligation bonds	21,752,907	5,706,484	(1,517,698)	25,941,693	1,755,950
Tax increment financing bonds	25,136,402	-	(524,726)	24,611,676	531,609
Less:					
Unamortized discounts	(257,286)	-	8,872	(248,414)	-
Total tax increment financing bonds	24,879,116	-	(515,854)	24,363,262	531,609
Notes payable	1,279,636	-	(109,952)	1,169,684	119,988
Loans payable	-	150,000	-	150,000	16,667
Compensated absences	2,540,145	2,605,493	(2,551,258)	2,594,380	2,594,380
	$ 50,451,804	$ 8,461,977	$ (4,694,762)	$ 54,219,019	$ 5,018,594

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	$ 11,570,000	$ 3,885,000	$ (800,000)	$ 14,655,000	$ 824,050
Less:					
Unamortized discounts	(78,593)	(36,393)	6,872	(108,114)	-
Deferred amount on refunding	(107,036)	-	8,920	(98,116)	-
Total general obligation bonds	11,384,371	3,848,607	(784,208)	14,448,770	824,050
Revenue bonds	490,000	1,195,000	(240,000)	1,445,000	320,000
Unamortized discounts	-	(10,755)	468	(10,287)	-
Total revenue bonds	490,000	1,184,245	(239,532)	1,434,713	320,000

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities: (continued)					
Capital loan notes	$ 611,997	$ 3,414,079	$ (112,000)	$ 3,914,076	$ 141,615
Loans payable	-	400,000	(9,110)	390,890	18,911
Compensated absences	331,500	384,609	(331,500)	384,609	384,609
	$ 12,817,868	$ 9,231,540	$ (1,476,350)	$ 20,573,058	$ 1,689,185

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

Dubuque Initiatives and Subsidiaries. At June 30, 2009, Dubuque Initiatives and Subsidiaries had the following notes payable:

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

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Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QA2 Loan), fixed interest rate of 4.47%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	$ 5,897,192
Note payable to ICD VIII, LLC (QLICI QB1 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	3,902,808
Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QB2 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	4,002,808
	51,943,430
Less: Current maturities	228,109
Noncurrent liability	$ 51,715,321

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

2010	$ 228,109
2011	10,088,801
2012	10,959,341
2013	326,812
2014	346,451
Thereafter	29,993,916
	$ 51,943,430

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

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

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

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NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance purchased from independent third parties and participates in a local government risk pool. The City assumes liability for any deductibles and claims in excess of coverage limitations.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop-loss amount of $85,000, and an aggregate stop-loss of $6,075,095 for 2009. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of $450,000, and an aggregate-stop loss consistent with statutory limits for 2009. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

All funds of the City participate in both programs and make payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The claims liability of $814,119 in the Health Insurance Reserve Fund and $622,009 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities for the fiscal years ended June 30, 2009 and 2008, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2007	$ 714,546	$ 418,380
Claims and changes in estimates during fiscal year 2008	5,012,424	969,483
Claim payments	(4,897,943)	(613,251)
Liabilities at June 30, 2008	829,027	774,612
Claims and changes in estimates during fiscal year 2009	5,428,409	867,815
Claim payments	(5,443,317)	(1,020,418)
Liabilities at June 30, 2009	$ 814,119	$ 622,009

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The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 622 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions. The City has property insurance coverage in addition to the Pool.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2009, were $590,712.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2009.

Litigation

The City's corporation counsel reported that as of June 30, 2009, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

Environmental Protection Agency

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

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2009. The City has additional commitments for signed construction contracts of $12,021,259 as of June 30, 2009. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Debt Guarantee

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

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

To be eligible for the health insurance coverage, retirees must be at least 55 years old, have completed 4 years of service, and be vested with either the Iowa Public Employee's Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). In addition to the health eligibility coverage requirements, one must have belonged to a bargaining group to be eligible for life insurance benefits. There are 482 active and 28 retired members in the plan.

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	$ 945,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	945,000
Contributions made	(24,843)
Increase in net OPEB obligation	920,157
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 920,157

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the City paid $233,080 for retiree claims. Plan members eligible for benefits contributed $208,237 or 100% of the premium costs. The net resulted in City contributions of $24,843.

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2009	$ 945,000	2.6%	$ 920,157

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $9,117,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $9,117,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $30,012,086 and the ratio of the UAAL to covered payroll was 30.4%. As of June 30, 2009, there were no trust fund assets.

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

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

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

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

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

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NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

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

Plan members are required to contribute 9.35% of earnable compensation and the City is required to contribute 18.75% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2009, 2008, and 2007, were $2,077,554, $2,632,282, and $2,730,207, respectively, which met the required minimum contribution for each year.

IPERS

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

Plan members are required to contribute 4.10% of their annual covered salary, and the City is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were $1,314,106, $1,200,182, and $1,071,260, respectively, equal to the required contributions for each year.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE

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

Although closure and postclosure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The $3,574,082 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, and 4, the use of 90% of the estimated capacity of cells 5 and 6, and the use of 55% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of $678,358 as the remaining capacity is filled.

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These amounts are based on what it would cost to perform all closure and postclosure care in 2009. The Agency expects to close cells 4, 5, and 6 in 2011, and cells 7 and 8 in 2014. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2058. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2009, funds have been restricted for closure and postclosure costs in the amount of $3,530,472.

NOTE 13 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total $10,144,771. The carrying amount of the assets at June 30, 2009 is $7,438,738, with $142,423 of depreciation expense during the year ended June 30, 2008. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2009, the DRA lease generated $8,175,147 in lease revenue.

NOTE 14 – SUBSEQUENT EVENTS

On October 5, 2009, the City authorized $2,935,000 General Obligation Bonds Taxable Series 2009A (Qualified Build America Bonds Direct Pay) to support cost of the acquisition of sewer pipeline inspection equipment; the inspection and certification of the flood control levee system; the construction and installation of stormwater management facilities, including the Bee Branch Creek Restoration Project, and the reconstruction of storm sewers; the acquisition and replacement of street lights; the acquisition and installation of fiber optic conduit in connection with street improvements and water main extensions; the repair and improvement of the Dubuque Regional Airport, including hanger heater and terminal boiler replacements, runway and hanger painting, hanger repairs and replacements and parking area paving; the acquisition and replacement of Fire Department ladder and pumper trucks and ambulances; and water utility improvements including the construction and installation of water main extensions, ADA improvements, back-up power supply and water consumption studies and engineering. The interest rate on the bonds range from 1.9% to 5.6%, with a maturity date of June 1, 2029. The City is eligible to receive a federal subsidy through a refundable tax credit paid to the City by the Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest. The funds to repay the bonds will be generated from fees, taxes, and debt service levy.

On October 5, 2009, the City authorized $11,175,000 General Obligation Urban Renewal Bonds Taxable Series 2009B (Qualified Build America Bonds Direct Pay) to provide funds to pay costs to construct a multi-story parking ramp and the construction of street, sewer, sidewalk, trail, and other public infrastructure improvements within Dubuque Industrial Center West. The interest rate on the bonds range from 1.5% to 5.5%, with a maturity date of June 1, 2029. The City is eligible to receive a federal subsidy through a refundable tax credit paid to the City by the Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest. The funds to repay the bonds will be generated from parking revenue and with tax increment revenues of the Greater Dubuque Downtown Urban Renewal District and Dubuque Industrial Center West District.

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On October 5, 2009, the City authorized $8,885,000 General Obligation Refunding Bonds Series 2009C. The interest rate on the bonds range from 2.0% to 4.0%, with a maturity date of June 1, 2021. Bonds are issued to provide funds to current refund, $7,325,000 of outstanding General Obligation Bonds, Series 2001 and $2,080,000 of outstanding General Obligation Bonds Series 2002.

The City will be borrowing up to $6 million in General Obligation Urban Renewal Bonds to pay costs associated with planning, undertaking, and carrying out of urban renewal project activities including those costs associated with the construction of street, stormwater, sanitary sewer, water, fiber optic, parking and other public improvements in the Historic Millwork District and funding of grants, loans, and other financial assistance to private developers to assist in rehabilitation of existing buildings and construction of housing development projects in the Millwork District. The funds to repay the bonds will be from the tax increment revenues generated within the Greater Downtown Urban Renewal District.

The City has drawn $1,169,922 through November 2009, against the existing State Revolving Fund (SRF) loans for Planning and Design, and Construction for water, stormwater, and sewer projects.

The City plans to borrow up to $8 million as a construction loan from the Drinking Water State Revolving Fund (SRF) through the Iowa Finance Authority and receive an additional $1 million forgivable SRF loan under the American Recovery and Reinvestment Act (ARRA) to fund the City wide Water Meter Change Out Project. Construction loans provide a 3% interest rate, with .25% annual service fee, and a 1% origination fee.

The City plans to use the Clean Water State Revolving Fund (SRF) through the Iowa Finance Authority for significant upgrades to the Water Pollution Control Plant. The loans include construction and planning and design with Intended Use Plan (IUP) for approximately $65 million filed. Construction loans provide a 3% interest rate, with .25% annual service fee, and a 1% origination fee. Planning and Design Loans have no interest for three years, no initiation fees, and no servicing fees.

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
SCHEDULE OF RECEIPTS, EXPENDITURES, AND CHANGES IN BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

		Budgeted Amounts		Final to Actual
	Actual	Original	Final	Variance
RECEIPTS				
Property tax	$ 17,376,558	$ 17,959,420	$ 17,959,420	$ (582,862)
Tax increment financing	4,942,358	4,963,583	4,963,583	(21,225)
Other City tax	11,184,470	13,814,149	13,814,149	(2,629,679)
Licenses and permits	3,273,944	1,340,904	1,340,904	1,933,040
Use of money and property	14,412,871	12,985,806	12,994,756	1,418,115
Intergovernmental	16,893,400	19,888,363	41,310,226	(24,416,826)
Charges for fees and service	20,015,746	25,613,824	25,622,181	(5,606,435)
Special assessments	141,860	325,000	1,463,510	(1,321,650)
Miscellaneous	12,444,072	5,618,842	9,405,618	3,038,454
Total Receipts	100,685,279	102,509,891	128,874,347	(28,189,068)
EXPENDITURES				
Public safety	20,865,760	21,203,436	21,487,882	622,122
Public works	11,405,265	10,861,567	11,913,985	508,720
Health and social services	870,728	819,572	930,946	60,218
Culture and recreation	8,483,260	8,562,808	8,640,948	157,688
Community and economic development	10,071,244	9,340,356	10,121,144	49,900
General government	5,673,727	5,876,609	6,468,254	794,527
Debt service	5,269,125	5,266,656	5,499,589	230,464
Capital projects	38,575,015	40,019,989	80,211,712	41,636,697
Business-type activities	27,164,635	40,932,184	56,768,506	29,603,871
Total Expenditures	128,378,759	142,883,177	202,042,966	73,664,207
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(27,693,480)	(40,373,286)	(73,168,619)	45,475,139
OTHER FINANCING SOURCES, NET	15,259,901	25,714,147	33,999,410	(18,739,509)
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(12,433,579)	(14,659,139)	(39,169,209)	26,735,630
BALANCE, BEGINNING	64,954,283	64,954,283	64,954,283	-
BALANCE, ENDING	$ 52,520,704	$ 50,295,144	$ 25,785,074	$ 26,735,630

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

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

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

The budget for the fiscal year ended June 30, 2009, was amended two times during the year to allow the City to increase function expenditures by $59,159,789, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

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

	Budgetary Basis	Accrual Adjustments	Modified Accrual/ Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/revenues	$ 100,685,279	$ (5,381,394)	$ 95,303,885	$ 74,622,965	$ 20,680,920	$ 95,303,885
Expenditures/expenses	128,378,759	(10,221,016)	118,157,743	95,969,204	22,188,539	118,157,743
Deficiency of receipts/ revenues under expenditures/expenses	(27,693,480)	4,839,622	(22,853,858)	(21,346,239)	(1,507,619)	(22,853,858)
Other financing sources, net	15,259,901	17,657,764	32,917,665	4,817,364	28,100,301	32,917,665
Net	(12,433,579)	22,497,386	10,063,807	(16,528,875)	26,592,682	10,063,807
Balance, beginning	64,954,283	108,927,819	173,882,102	66,910,216	106,971,886	173,882,102
Balance, ending	$ 52,520,704	$ 131,425,205	$ 183,945,909	$ 50,381,341	$ 133,564,568	$ 183,945,909

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2009

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

Airport Construction Fund – This fund is used to account for the resources and costs related to airport capital improvements.

Sales Tax Construction Fund – This fund is used to account for the resources and costs related to capital improvements financed through the local option sales tax.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

Ella Lyons Peony Trail Trust Fund – This fund is used for dividends and maintenance cost related to the City Peony Trail, per trust agreement.

Library Gifts Trust Fund – This fund is used to account for testamentary gifts to the City library.

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	$ 1,940,037	$ 747,633	$ -
Receivables			
Property tax			
Delinquent	-	-	2,349
Succeeding year	-	-	416,013
Accounts and other	-	973	-
Special assessments	-	-	-
Accrued interest	-	1,950	-
Notes	-	1,807	-
Intergovernmental	390,817	38,831	-
Restricted cash and pooled cash investments	-	17,966	-
Total Assets	$ 2,330,854	$ 809,160	$ 418,362
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 149,470	$ 24,452	$ -
Accrued payroll	72,826	18,427	-
Intergovernmental payable	-	18,800	-
Deferred revenue			
Succeeding year property tax	-	-	416,013
Other	-	-	732
Total Liabilities	222,296	61,679	416,745
FUND BALANCES			
Reserved for/by			
Encumbrances	347,608	21,007	-
Long-term notes receivable	-	1,111	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	1,760,950	725,363	1,617
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	2,108,558	747,481	1,617
Total Liabilities and Fund Balances	$ 2,330,854	$ 809,160	$ 418,362

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
$ 3,565	$ 1,312,179	$ 964,334	$ 113,151	$ 3,155
-	-	-	-	-
-	-	-	-	78,142
-	-	15,884	30,999	-
633,997	-	-	-	-
608	51,812	1,664	586	-
-	-	-	-	-
-	-	-	-	-
-	3,602,755	1,332	-	-
$ 638,170	$ 4,966,746	$ 983,214	$ 144,736	$ 81,297
$ -	$ 11,422	$ 2,915	$ 138	$ -
-	-	10,825	-	-
-	-	-	-	-
-	-	-	-	78,142
459,950	-	610,201	30,999	-
459,950	11,422	623,941	31,137	78,142
-	38,625	3,413	84	-
-	-	-	-	-
-	3,602,755	-	-	-
-	-	-	-	3,155
-	-	1,332	-	-
-	-	-	-	-
178,220	1,313,944	354,528	113,515	-
-	-	-	-	-
-	-	-	-	-
178,220	4,955,324	359,273	113,599	3,155
$ 638,170	$ 4,966,746	$ 983,214	$ 144,736	$ 81,297

(continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Capital Projects	
	Airport Construction	Sales Tax Construction
ASSETS		
Cash and pooled cash investments	$ 721,142	$ 1,780,561
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts and other	-	-
Special assessments	-	-
Accrued interest	2,241	8,072
Notes	-	-
Intergovernmental	3,580	266,174
Restricted cash and pooled cash investments	-	-
Total Assets	$ 726,963	$ 2,054,807
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 50,256	$ 135,482
Accrued payroll	-	-
Intergovernmental payable	-	-
Deferred revenue		
Succeeding year property tax	-	-
Other	3,580	-
Total Liabilities	53,836	135,482
FUND BALANCES		
Reserved for/by		
Encumbrances	83,779	482,100
Long-term notes receivable	-	-
Bond ordinance	-	-
Debt service	-	-
Franchise agreement	-	-
Endowments	-	-
Unreserved, undesignated reported in		
Special revenue funds	-	-
Capital projects funds	589,348	1,437,225
Permanent funds	-	-
Total Fund Balances	673,127	1,919,325
Total Liabilities and Fund Balances	$ 726,963	$ 2,054,807

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
$ -	$ -	$ 7,585,757
-	-	2,349
-	-	494,155
-	-	47,856
-	-	633,997
113	84	67,130
-	-	1,807
-	-	699,402
84,960	19,857	3,726,870
$ 85,073	$ 19,941	$ 13,259,323
$ -	$ 52	$ 374,187
-	-	102,078
-	-	18,800
-	-	494,155
-	-	1,105,462
-	52	2,094,682
-	-	976,616
-	-	1,111
-	-	3,602,755
-	-	3,155
-	-	1,332
57,412	12,000	69,412
-	-	4,448,137
-	-	2,026,573
27,661	7,889	35,550
85,073	19,889	11,164,641
$ 85,073	$ 19,941	$ 13,259,323

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Road Use Tax	Section VIII Housing
REVENUES		
Taxes	$ -	$ -
Special assessments	-	-
Intergovernmental	4,783,768	4,142,053
Charges for services	-	-
Investment earnings	-	25,680
Contributions	-	-
Miscellaneous	34,935	35,270
Total Revenues	4,818,703	4,203,003
EXPENDITURES		
Governmental activities		
Current		
Public safety	-	82,602
Public works	5,493,741	-
Health and social services	-	-
Culture and recreation	-	-
Community and economic development	-	4,501,435
General government	12,085	-
Debt service	-	-
Capital projects	-	-
Total Expenditures	5,505,826	4,584,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(687,123)	(381,034)
OTHER FINANCING SOURCES (USES)		
Transfers in	618,255	-
Transfers out	(253,154)	-
Total Other Financing Sources (Uses)	365,101	-
NET CHANGE IN FUND BALANCES	(322,022)	(381,034)
FUND BALANCES, BEGINNING	2,430,580	1,128,515
FUND BALANCES, ENDING	$ 2,108,558	$ 747,481

Special Revenue					
Tort Liability	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
$ 161,934	$ -	$ 4,942,360	$ -	$ -	$ -
-	250,372	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	36,085	353,025	21,717	4,540	-
-	-	-	-	125,881	-
-	6,836	-	660,655	-	-
161,934	293,293	5,295,385	682,372	130,421	-
-	-	-	72,943	-	-
-	-	-	-	-	-
-	-	-	27,576	-	-
-	-	-	-	104,557	-
-	-	1,158,056	-	-	-
-	-	-	624,014	-	-
-	-	4,139,870	-	-	1,074,914
-	-	-	-	-	-
-	-	5,297,926	724,533	104,557	1,074,914
161,934	293,293	(2,541)	(42,161)	25,864	(1,074,914)
-	-	360,037	-	-	1,074,914
(183,137)	(148,696)	(1,707,334)	-	(28,082)	-
(183,137)	(148,696)	(1,347,297)	-	(28,082)	1,074,914
(21,203)	144,597	(1,349,838)	(42,161)	(2,218)	-
22,820	33,623	6,305,162	401,434	115,817	3,155
$ 1,617	$ 178,220	$ 4,955,324	$ 359,273	$ 113,599	$ 3,155

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Capital Projects	
	Airport Construction	Sales Tax Construction
REVENUES		
Taxes	$ -	$ 1,529,971
Special assessments	-	-
Intergovernmental	1,124,430	-
Charges for services	170,370	-
Investment earnings	19,303	65,268
Contributions	-	-
Miscellaneous	-	-
Total Revenues	1,314,103	1,595,239
EXPENDITURES		
Governmental activities		
Current		
Public safety	-	-
Public works	-	-
Health and social services	-	-
Culture and recreation	-	-
Community and economic development	-	-
General government	-	-
Debt service	-	-
Capital projects	1,437,011	2,181,761
Total Expenditures	1,437,011	2,181,761
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(122,908)	(586,522)
OTHER FINANCING SOURCES (USES)		
Transfers in	200,624	524,122
Transfers out	-	(509,781)
Total Other Financing Sources (Uses)	200,624	14,341
NET CHANGE IN FUND BALANCES	77,716	(572,181)
FUND BALANCES, BEGINNING	595,411	2,491,506
FUND BALANCES, ENDING	$ 673,127	$ 1,919,325

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
$ -	$ -	$ 6,634,265
-	-	250,372
-	-	10,050,251
-	-	170,370
(14,296)	726	512,048
-	-	125,881
-	-	737,696
(14,296)	726	18,480,883
-	-	155,545
-	-	5,493,741
-	-	27,576
901	2,586	108,044
-	-	5,659,491
-	-	636,099
-	-	5,214,784
-	-	3,618,772
901	2,586	20,914,052
(15,197)	(1,860)	(2,433,169)
-	-	2,777,952
-	-	(2,830,184)
-	-	(52,232)
(15,197)	(1,860)	(2,485,401)
100,270	21,749	13,650,042
$ 85,073	$ 19,889	$ 11,164,641

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Refuse Collection Fund – This fund is used to account for the operations of the City's refuse collection services.

Transit System Fund – This fund is used to account for the operations of the City's bus and other transit services.

CITY OF DUBUQUE, IOWA

EXHIBIT B-1

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2009

	Refuse Collection	Transit System	Total Other Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ 868,830	$ -	$ 868,830
Receivables			
Accounts	329,546	13,182	342,728
Accrued interest	3,930	-	3,930
Intergovernmental	-	925,294	925,294
Inventories	-	23,554	23,554
Total Current Assets	1,202,306	962,030	2,164,336
NONCURRENT ASSETS			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,887,564	1,887,564
Machinery and equipment	1,676,568	3,606,348	5,282,916
Accumulated depreciation	(1,490,555)	(3,587,788)	(5,078,343)
Net Capital Assets	186,013	1,942,124	2,128,137
Total Assets	1,388,319	2,904,154	4,292,473
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	6,380	48,133	54,513
Accrued payroll	49,983	49,124	99,107
Accrued compensated absences	136,037	6,658	142,695
Due to other funds	-	172,453	172,453
Total Current Liabilities	192,400	276,368	468,768
NONCURRENT LIABILITIES			
Net OPEB liability	42,092	12,026	54,118
Total Liabilities	234,492	288,394	522,886
NET ASSETS			
Invested in capital assets, net of related debt	186,013	1,942,124	2,128,137
Unrestricted	967,814	673,636	1,641,450
Total Net Assets	$ 1,153,827	$ 2,615,760	$ 3,769,587

CITY OF DUBUQUE, IOWA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	$ 2,871,395	$ 182,495	$ 3,053,890
Other	1,254	13,765	15,019
Total Operating Revenues	2,872,649	196,260	3,068,909
OPERATING EXPENSES			
Employee expense	1,760,984	1,212,197	2,973,181
Utilities	15,452	58,894	74,346
Repairs and maintenance	312,707	421,415	734,122
Supplies and services	577,093	570,460	1,147,553
Insurance	27,926	46,991	74,917
Depreciation	94,503	315,188	409,691
Total Operating Expenses	2,788,665	2,625,145	5,413,810
OPERATING INCOME (LOSS)	83,984	(2,428,885)	(2,344,901)
NONOPERATING REVENUES			
Intergovernmental	-	1,095,946	1,095,946
Investment earnings	28,277	-	28,277
Gain on disposal of assets	50	-	50
Net Nonoperating Revenues	28,327	1,095,946	1,124,273
INCOME (LOSS) BEFORE TRANSFERS	112,311	(1,332,939)	(1,220,628)
TRANSFERS IN	-	1,253,638	1,253,638
CHANGE IN NET ASSETS	112,311	(79,301)	33,010
NET ASSETS, BEGINNING	1,041,516	2,695,061	3,736,577
NET ASSETS, ENDING	$ 1,153,827	$ 2,615,760	$ 3,769,587

CITY OF DUBUQUE, IOWA

EXHIBIT B-3

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Refuse Collection	Transit System	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,838,872	$ 175,747	$ 3,014,619
Cash payments to suppliers for goods and services	(964,620)	(1,069,415)	(2,034,035)
Cash payments to employees for services	(1,659,290)	(1,212,312)	(2,871,602)
Other operating receipts	1,254	13,765	15,019
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	216,216	(2,092,215)	(1,875,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,253,638	1,253,638
Payment of interfund balances	-	(308,259)	(308,259)
Intergovernmental grant proceeds	-	1,146,836	1,146,836
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	2,092,215	2,092,215
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	50	-	50
Acquisition and construction of capital assets	(121,223)	-	(121,223)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(121,173)	-	(121,173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	28,634	-	28,634
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,677	-	123,677
CASH AND CASH EQUIVALENTS, BEGINNING	745,153	-	745,153
CASH AND CASH EQUIVALENTS, ENDING	$ 868,830	$ -	$ 868,830

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT B-3
(continued)

	Refuse Collection	Transit System	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	$ 83,984	$ (2,428,885)	$ (2,344,901)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	94,503	315,188	409,691
Change in assets and liabilities			
Increase in receivables	(32,523)	(6,748)	(39,271)
Increase in inventories	-	(6,179)	(6,179)
Increase (decrease) in accounts payable	(31,442)	34,524	3,082
Increase (decrease) in accrued liabilities	59,602	(12,141)	47,461
Increase in net OPEB liability	42,092	12,026	54,118
Total Adjustments	132,232	336,670	468,902
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 216,216	$ (2,092,215)	$ (1,875,999)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ -	$ 334,988	$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	43,361	1,904
Total Current Assets	-	378,349	1,904
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	102,034	-
Accumulated depreciation	-	(57,620)	-
Net Capital Assets	-	44,414	-
Total Assets	-	422,763	1,904
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	55,315	5,305
Accrued payroll	17,758	25,603	-
Due to other funds	316	-	1,655
Total Liabilities	18,074	80,918	6,960
NET ASSETS			
Invested in capital assets, net of related debt	-	44,414	-
Unrestricted	(18,074)	297,431	(5,056)
Total Net Assets (Deficit)	$ (18,074)	$ 341,845	$ (5,056)

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 3,545,902	$ 201,765	$ 4,082,655
164,380	-	164,380
14,809	1,014	15,823
-	-	45,265
3,725,091	202,779	4,308,123
-	-	102,034
-	-	(57,620)
-	-	44,414
3,725,091	202,779	4,352,537
814,119	622,009	1,496,748
-	-	43,361
-	-	1,971
814,119	622,009	1,542,080
-	-	44,414
2,910,972	(419,230)	2,766,043
$ 2,910,972	$ (419,230)	$ 2,810,457

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	$ 1,365,401	$ 1,824,707	$ 103,600
Other	-	-	-
Total Operating Revenues	1,365,401	1,824,707	103,600
OPERATING EXPENSES			
Employee expense	1,352,986	702,996	-
Utilities	-	24,042	-
Repairs and maintenance	-	21,371	-
Supplies and services	6,159	920,186	119,342
Insurance	11,925	13,202	-
Depreciation	-	7,706	-
Total Operating Expenses	1,371,070	1,689,503	119,342
OPERATING INCOME (LOSS)	(5,669)	135,204	(15,742)
NONOPERATING REVENUES			
Investment earnings	-	-	-
Gain on disposal of assets	-	2,295	-
Total Nonoperating Revenues	-	2,295	-
CHANGE IN NET ASSETS	(5,669)	137,499	(15,742)
NET ASSETS (DEFICIT), BEGINNING	(12,405)	204,346	10,686
NET ASSETS (DEFICIT), ENDING	$ (18,074)	$ 341,845	$ (5,056)

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 5,246,860	$ 584,875	$ 9,125,443
282,753	24,516	307,269
5,529,613	609,391	9,432,712
-	-	2,055,982
-	-	24,042
-	-	21,371
5,578,069	900,384	7,524,140
508,753	25,139	559,019
-	-	7,706
6,086,822	925,523	10,192,260
(557,209)	(316,132)	(759,548)
133,439	16,044	149,483
-	-	2,295
133,439	16,044	151,778
(423,770)	(300,088)	(607,770)
3,334,742	(119,142)	3,418,227
$ 2,910,972	$ (419,230)	$ 2,810,457

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 1,365,401	$ 1,824,707	$ 103,600
Cash payments to suppliers for goods and services	(18,084)	(975,358)	(113,615)
Cash payments to employees for services	(1,354,365)	(700,810)	-
Other operating receipts	-	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(7,048)	148,539	(10,015)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from interfund balances	316	-	1,655
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	2,295	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,732)	150,834	(8,360)
CASH AND CASH EQUIVALENTS, BEGINNING	6,732	184,154	8,360
CASH AND CASH EQUIVALENTS, ENDING	$ -	$ 334,988	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	$ (5,669)	$ 135,204	$ (15,742)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	7,706	-
Change in assets and liabilities			
Increase in receivables	-	-	-
Decrease in inventories	-	11,856	517
Increase (decrease) in accounts payable	-	(8,413)	5,210
Increase (decrease) in accrued liabilities	(1,379)	2,186	-
Total Adjustments	(1,379)	13,335	5,727
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (7,048)	$ 148,539	$ (10,015)

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 5,203,172	$ 584,875	$ 9,081,755
(6,101,730)	(1,078,126)	(8,286,913)
-	-	(2,055,175)
282,753	24,516	307,269
(615,805)	(468,735)	(953,064)
-	-	1,971
-	-	2,295
140,458	18,747	159,205
(475,347)	(449,988)	(789,593)
4,021,249	651,753	4,872,248
$ 3,545,902	$ 201,765	$ 4,082,655
$ (557,209)	$ (316,132)	$ (759,548)
-	-	7,706
(43,688)	-	(43,688)
-	-	12,373
(14,908)	(152,603)	(170,714)
-	-	807
(58,596)	(152,603)	(193,516)
$ (615,805)	$ (468,735)	$ (953,064)

AGENCY FUNDS

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

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

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

CITY OF DUBUQUE, IOWA

EXHIBIT D-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	$ 314,385	$ 244,918	$ 226,430	$ 332,873
Accounts receivable	7,235	5,559	7,235	5,559
Accrued interest	-	5,530	5,530	-
Total Assets	$ 321,620	$ 256,007	$ 239,195	$ 338,432
LIABILITIES				
Due to other agency	$ 321,620	$ 256,007	$ 239,195	$ 338,432
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	$ 645,545	$ 145,372	$ -	$ 790,917
Accrued interest	3,445	25,165	25,372	3,238
Total Assets	$ 648,990	$ 170,537	$ 25,372	$ 794,155
LIABILITIES				
Due to other agency	$ 648,990	$ 170,537	$ 25,372	$ 794,155
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	$ 959,930	$ 390,290	$ 226,430	$ 1,123,790
Accounts receivable	7,235	5,559	7,235	5,559
Accrued interest	3,445	30,695	30,902	3,238
Total Assets	$ 970,610	$ 426,544	$ 264,567	$ 1,132,587
LIABILITIES				
Due to other agency	$ 970,610	$ 426,544	$ 264,567	$ 1,132,587

CITY OF DUBUQUE, IOWA

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

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 83

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 88

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 92

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 100

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DUBUQUE, IOWA
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 212,767,403	$ 231,863,231	$ 249,881,646	$ 267,762,059
Restricted	29,306,124	31,931,803	24,180,874	21,693,357
Unrestricted	11,528,644	11,322,661	11,236,870	15,132,486
Total governmental activities net assets	$ 253,602,171	$ 275,117,695	$ 285,299,390	$ 304,587,902
Business-type activities				
Invested in capital assets, net of related debt	$ 98,706,116	$ 92,301,043	$ 93,036,089	$ 88,802,536
Restricted	553,677	554,005	554,205	554,294
Unrestricted	6,308,801	10,502,939	12,854,730	13,258,072
Total business-type activities net assets	$ 105,568,594	$ 103,357,987	$ 106,445,024	$ 102,614,902
Primary government				
Invested in capital assets, net of related debt	$ 311,473,519	$ 324,164,274	$ 342,917,735	$ 356,564,595
Restricted	29,859,801	32,485,808	24,735,079	22,247,651
Unrestricted	17,837,445	21,825,600	24,091,600	28,390,558
Total primary government net assets	$ 359,170,765	$ 378,475,682	$ 391,744,414	$ 407,202,804

2007	2008	2009
$ 288,978,975	$ 296,143,451	$ 298,855,346
23,900,328	31,970,724	27,171,123
21,921,571	18,987,841	(5,280,715)
$ 334,800,874	$ 347,102,016	$ 320,745,754
$ 91,483,532	$ 95,104,575	$ 120,473,286
554,318	554,505	770,157
11,214,900	11,312,806	12,321,125
$ 103,252,750	$ 106,971,886	$ 133,564,568
$ 380,462,507	$ 391,248,026	$ 419,328,632
24,454,646	32,525,229	27,941,280
33,136,471	30,300,647	7,040,410
$ 438,053,624	$ 454,073,902	$ 454,310,322

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

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

2007	2008	2009
$ 20,326,724	$ 16,966,210	$ 22,038,265
16,505,560	18,847,068	19,079,688
759,367	800,566	849,237
9,837,299	10,857,409	12,640,716
11,965,805	11,961,584	12,693,140
4,940,154	5,804,003	6,423,908
1,400,748	2,577,417	3,164,126
65,735,657	67,814,257	76,889,080
5,814,076	6,141,524	6,326,708
4,780,063	4,814,692	6,100,491
1,198,675	1,706,735	2,138,198
1,611,447	2,173,110	2,147,405
434,667	126,699	61,927
2,496,018	2,724,050	2,788,665
2,760,459	2,703,983	2,625,145
19,095,405	20,390,793	22,188,539
$ 84,831,062	$ 88,205,050	$ 99,077,619
$ 1,857,324	$ 2,088,723	$ 2,020,625
4,839,781	4,061,883	4,456,364
2,251,562	2,109,571	2,279,688
1,074,550	1,382,889	1,557,597
11,641,904	11,709,123	12,599,967
23,741,282	8,032,602	4,811,729
45,406,403	29,384,791	27,725,970
5,259,432	5,484,079	5,904,535
4,743,896	4,875,530	5,320,642
1,227,243	1,766,334	2,291,249
1,977,757	2,141,607	2,224,185
3,099	2,140	-
2,642,251	2,710,583	2,872,649
237,088	195,817	196,260
1,167,344	1,209,636	1,095,946
1,670,874	2,830,263	3,613,321
18,928,984	21,215,989	23,518,787
$ 64,335,387	$ 50,600,780	$ 51,244,757

(continued)

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

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

2007	2008	2009
$ (20,329,254)	$ (38,429,466)	$ (49,163,110)
(166,421)	825,196	1,330,248
$ (20,495,675)	$ (37,604,270)	$ (47,832,862)
$ 21,656,908	$ 22,744,563	$ 23,716,819
7,817,403	8,020,889	7,649,853
1,569,743	1,622,455	1,611,954
1,492,920	1,516,123	1,486,292
15,556,551	15,346,468	9,627,391
1,870,403	2,741,499	2,215,413
-	92,525	407,503
586,931	898,241	918,605
(7,633)	(2,252,155)	(24,826,982)
50,543,226	50,730,608	22,806,848
-	-	-
796,636	630,049	433,148
-	11,736	2,304
7,633	2,252,155	24,826,982
804,269	2,893,940	25,262,434
$ 51,347,495	$ 53,624,548	$ 48,069,282
$ 30,213,972	$ 12,301,142	$ (26,356,262)
637,848	3,719,136	26,592,682
$ 30,851,820	$ 16,020,278	$ 236,420

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

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

TABLE 3

2007	2008	2009
$ 4,455,303	$ 1,699,825	$ 4,864,701
17,827,631	17,982,016	14,206,181
$ 22,282,934	$ 19,681,841	$ 19,070,882
$ 13,942,519	$ 31,887,038	$ 19,634,305
7,586,898	7,431,931	5,981,390
-	-	-
4,195,354	7,875,448	5,659,214
115,825	33,958	35,550
$ 25,840,596	$ 47,228,375	$ 31,310,459

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

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

TABLE 4

2007	2008	2009
$ 32,526,525	$ 33,898,692	$ 34,454,146
586,459	177,585	250,372
1,052,896	1,153,429	1,088,386
16,744,703	14,256,523	15,796,822
7,351,191	7,833,151	8,029,189
158,360	188,603	199,839
1,913,420	2,731,953	2,206,382
1,168,463	6,134,002	1,369,759
15,556,551	15,346,468	9,627,391
1,149,546	1,269,376	1,600,679
78,208,114	82,989,782	74,622,965
20,743,196	21,542,661	21,335,192
12,506,378	16,331,107	14,261,551
783,209	797,644	815,873
10,244,244	10,277,787	12,227,506
11,695,902	11,847,512	11,953,279
4,441,043	6,310,939	5,836,839
1,663,339	1,762,375	2,169,678
1,412,012	2,406,431	3,095,166
8,227,257	15,351,848	24,274,120
71,716,580	86,628,304	95,969,204
6,491,534	(3,638,522)	(21,346,239)
743,591	23,083,696	5,905,000
-	2,965,000	-
-	(266,158)	(48,516)
-	(2,875,000)	-
10,394,726	14,801,589	7,451,152
(11,789,548)	(18,185,109)	(9,084,228)
2,811,483	2,901,190	593,956
2,160,252	22,425,208	4,817,364
$ 8,651,786	$ 18,786,686	$ (16,528,875)
5.01%	6.55%	7.68%

CITY OF DUBUQUE, IOWA

TABLE 5

TAXABLE AND ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

		Real Property		Exemptions	Total			
Levy Year	Fiscal Year	Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value	Ratio of Total Taxable Value to Total Assessed Value	Total Direct Tax Rate
1998	2000	$ 1,389,352	$ 1,990,428	$ 10,018	$ 1,379,334	$ 1,990,428	69.30	10.71601
1999	2001	1,377,518	2,014,897	10,194	1,367,324	2,014,897	67.86	11.06712
2000	2002	1,429,025	2,050,019	10,097	1,418,928	2,050,019	69.22	10.76080
2001	2003	1,540,206	2,317,926	10,141	1,530,065	2,317,926	66.01	10.21200
2002	2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317	66.51	10.27303
2003	2005	1,666,033	2,575,400	9,599	1,656,434	2,575,400	64.32	10.07200
2004	2006	1,710,334	2,679,078	9,862	1,700,472	2,679,078	63.47	9.69910
2005	2007	1,780,354	2,804,568	9,122	1,771,232	2,804,568	63.16	9.98030
2006	2008	1,823,304	2,870,178	8,939	1,814,365	2,870,178	63.21	10.31690
2007	2009	1,949,071	3,171,681	9,298	1,939,773	3,171,681	61.16	9.96904

CITY OF DUBUQUE, IOWA

TABLE 6

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(TAX RATES PER $1,000 ASSESSED VALUE)

Levy Year	Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
1998	2000	$ 10.71601	$ 11.53111	$ 0.56187	$ 0.55128	$ 5.54016	$ 28.90043	37.08 %
1999	2001	11.06712	12.17096	0.50467	0.56995	5.60750	29.92020	36.99
2000	2002	10.76080	13.50444	0.54806	0.57072	5.73669	31.12071	34.58
2001	2003	10.21200	13.73882	0.55492	0.57507	5.60064	30.68145	33.28
2002	2004	10.27303	13.84768	0.61686	0.57791	5.59515	30.91063	33.23
2003	2005	10.07200	14.27491	0.57269	0.59804	6.08923	31.60687	31.87
2004	2006	9.69910	15.09695	0.60226	0.60517	6.08416	32.08764	30.23
2005	2007	9.98033	15.92538	0.60802	0.61127	6.17924	33.30424	29.97
2006	2008	10.31690	16.40925	0.63160	0.61270	6.42691	34.39736	29.99
2007	2009	9.96904	16.89000	0.95250	0.55713	6.41459	34.78326	28.66

Source: Dubuque County Auditor's Office.

CITY OF DUBUQUE, IOWA

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(IN THOUSANDS OF DOLLARS)

	2009			2000		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Kennedy Mall	$ 26,372	1	.83 %	$ 19,990	3	1.00 %
Medical Associates Realty LP	19,157	2	.60	9,955	5	.50
Otto A LLC	17,500	3	.55			
Nordstrom, Inc.	16,884	4	.53	12,854	4	.65
The McGraw Hill Companies Inc.	11,437	5	.36	7,366	9	.37
Walter Development LLC	11,288	6	.36			
Platinum Holdings LLC	11,179	7	.35			
Minglewood Limited Partnership	9,948	8	.31			
Asbury Dubuque LLC	9,896	9	.31			
Lexington Dubuque LLC	9,844	10	.31			
American Trust & Savings Bank				7,278	10	.37
Plaza 20 Inc.				7,861	8	.39
Interstate Power Company				53,944	1	2.71
Peoples Natural Gas				20,395	2	1.02
A.Y. McDonald Manufacturing Co.				8,150	7	.41
U.S. West Communications				9,199	6	.46
	$ 143,505		**4.51%**	**$ 156,992**		**7.88%**

Effective 2001, utility companies (Alliant Energy/Interstate Power and Aquila Natural Gas) pay excise tax on revenue to the state rather than property taxes.

Source: Dubuque County Auditor's Office.

CITY OF DUBUQUE, IOWA

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2000	16,497	16,380	99.3	115	16,495	100.0	138	0.8
2001	17,163	16,662	97.1	120	16,782	97.8	150	0.9
2002	17,147	16,941	98.8	127	17,068	99.5	238	1.4
2003	15,328	15,215	99.3	216	15,431	100.7	130	0.8
2004	16,208	15,937	98.3	11	15,948	98.4	207	1.3
2005	16,408	16,383	99.8	20	16,403	100.0	196	1.2
2006	16,229	16,146	99.5	2	16,148	99.5	182	1.1
2007	17,216	17,193	99.9	4	17,197	99.9	174	1.0
2008	18,211	18,160	99.7	3	18,163	99.7	215	1.2
2009	18,992	18,670	98.3	5	18,675	98.3	262	1.4

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

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

	Governmental Activities				Business-Type Activities			
Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Loans Payable	General Obligation Bonds	Capital Loan Notes	Revenue Bonds	Loans Payable
2000	$ 4,522,500	$ 4,378,669	$ -	$ -	$ 3,572,500	$ -	$ 2,055,000	$ -
2001	3,405,000	5,963,585	-	-	9,005,000	-	1,890,000	-
2002	20,945,000	5,873,155	-	-	3,105,000	-	1,720,000	-
2003	19,865,000	4,943,169	-	-	5,140,000	-	1,540,000	-
2004	19,010,000	3,820,394	655,000	-	6,660,000	-	1,350,000	-
2005	24,960,000	3,450,820	622,211	-	8,090,000	-	1,150,000	-
2006	24,165,750	3,040,304	590,439	-	11,619,250	-	940,000	-
2007	22,990,000	2,594,831	1,279,885	-	11,090,000	-	720,000	-
2008	21,860,000	25,136,402	1,279,636	-	11,570,000	611,977	490,000	-
2009	26,080,000	24,611,676	1,169,684	150,000	14,655,000	3,914,076	1,445,000	390,890

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Population and personal income data can be found in Table 17.
* Personal Income unavailable at report date.

Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 14,528,669	1.00%	257
20,263,585	1.34%	351
31,643,155	2.05%	549
31,488,169	1.98%	546
31,495,394	1.85%	546
38,273,031	2.16%	663
40,355,743	2.17%	700
38,674,716	2.01%	670
60,948,015	3.06%	1,057
72,416,326	*	1,255

CITY OF DUBUQUE, IOWA

TABLE 10

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

Fiscal Year	General Obligation Bonds (1)	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
2000	$ 4,523	$ 1,379,334	0.33%	$ 1,990,428	0.23%	80
2001	3,405	1,367,324	0.25%	2,014,897	0.17%	59
2002	20,945	1,418,928	1.48%	2,050,019	1.02%	363
2003	19,865	1,530,057	1.30%	2,317,926	0.86%	344
2004	19,010	1,563,082	1.22%	2,350,317	0.81%	330
2005	24,960	1,656,434	1.51%	2,575,400	0.97%	433
2006	24,166	1,700,472	1.42%	2,679,078	0.90%	419
2007	22,990	1,771,232	1.30%	2,804,568	0.82%	399
2008	21,860	1,814,365	1.20%	2,870,178	0.76%	379
2009	26,080	1,939,773	1.34%	3,171,681	0.82%	452

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

CITY OF DUBUQUE, IOWA

TABLE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

Jurisdiction	Net General Obligation Bonded Debt Outstanding		Percentage Applicable to City	Amount Applicable to Government
Direct, City of Dubuque, Iowa	$ 26,080,000	(1)	100.00%	$ 26,080,000
Overlapping:				
Dubuque County	1,380,000		59.89	826,482
Dubuque Public School District	-		-	-
Northeast Iowa Community College	1,080,000		23.81	257,148
Total Overlapping	2,460,000			1,083,630
Total	$ 28,540,000			$ 27,163,630

Source: Dubuque County Auditor and Northeast Iowa Community College.
(1) Excludes general obligation bonds reported in enterprise funds.

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

CITY OF DUBUQUE, IOWA

TABLE 12

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debit limit	$ 99,521	$ 100,745	$ 102,359	$ 115,896	$ 117,516	$ 133,149	$ 138,789	$ 145,401	$ 148,824	$ 163,621
Total net debt applicable to limit	10,511	18,687	30,250	30,271	30,185	37,177	39,443	38,060	60,485	76,182
Legal debit margin	$ 89,010	$ 82,058	$ 72,109	$ 85,625	$ 87,331	$ 95,972	$ 99,346	$ 107,341	$ 88,339	$ 87,439
Total net debt applicable to the debt limit as a percentage of debt limit	10.56%	18.55%	29.55%	26.12%	25.69%	27.92%	28.42%	26.18%	40.64%	46.56%

Legal Debt Margin Calculation for Fiscal Year 2009

Estimated actual value	$ 3,272,412,813
Debt limit - 5% of total actual valuation	$ 163,620,641
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	76,181,766
Legal debt margin	$ 87,438,875

CITY OF DUBUQUE, IOWA

TABLE 13

REVENUE BOND COVERAGE
PARKING BONDS
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

PARKING BONDS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (3)
2000	1,278	582	696	165	93	258	2.70
2001	1,552	717	835	170	86	256	3.26
2002	1,452	737	715	180	79	259	2.76
2003	1,484	847	637	190	71	261	2.44
2004	1,659	971	688	200	63	263	2.62
2005	1,934	960	974	210	54	264	3.69
2006	1,933	977	956	220	44	264	3.62
2007	2,113	1,014	1,099	230	34	264	4.16
2008	2,224	1,495	729	240	23	263	2.77
2009	2,270	1,412	858	250	12	262	3.27

WATER UTILITY BONDS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (3)
2009	5,391	5,196	195	-	30	30	6.50

(1) Total revenues (including interest).
(2) Total operating expenses exclusive of depreciation.
(3) Coverage is computed by dividing net revenue available for debt service by debt service.

CITY OF DUBUQUE, IOWA

TABLE 14

WATER AND SEWER RECEIPT HISTORY
LAST TEN FISCAL YEARS

Fiscal Year	Water Receipts	Sewer Receipts
2000	$ 4,055,270	$ 4,834,413
2001	4,135,930	4,387,111
2002	4,233,908	4,319,655
2003	4,154,899	4,252,098
2004	4,350,338	4,466,035
2005	4,340,789	4,478,205
2006	4,798,408	4,920,376
2007	4,856,353	5,276,454
2008	5,020,001	5,481,074
2009	5,358,419	5,821,251

Source: Cash basis receipt ledgers.

CITY OF DUBUQUE, IOWA

TABLE 15

WATER METERS BY RATE CLASS
LAST FOUR FISCAL YEARS *

Fiscal Year	Residential	Commercial	Industrial	Government	Total
2006	19,813	1,820	73	35	21,741
2007	19,914	1,839	74	38	21,865
2008	19,970	1,878	70	45	21,963
2009	20,058	1,895	72	48	22,073

*Prior six years information not available.

CITY OF DUBUQUE, IOWA

TABLE 16

LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2009

Customer	Water Receipts	Rank	Percentage of Total Water Receipts	Sewer Receipts	Rank	Percentage of Total Sewer Receipts
Rousselot Inc.	$ 207,857	1	3.88 %	$ 313,616	1	5.39 %
Swiss Valley Farms	68,055	2	1.27	160,956	2	2.76
Mercy Medical Center	56,268	3	1.05	87,748	4	1.51
Loras College	47,312	4	0.88	53,531	6	0.92
Dubuque Community Schools	46,462	5	0.87	53,277	7	0.92
University of Dubuque	43,062	6	0.80			
City of Dubuque Sewer Treatment	35,805	7	0.67			
Alliant Power Company	35,059	8	0.65			
Inland Protein Corporation	33,141	9	0.62	127,933	3	2.20
Clarke College	32,478	10	0.61			
Western Dubuque Biodiesel				77,428	5	1.33
Finley Hospital				48,720	8	0.84
Tablemound Mobile Home Park				46,145	9	0.79
Premier Linen & Dry Cleaning				45,690	10	0.78
Total Receipts	$ 5,358,419			$ 5,821,251		

CITY OF DUBUQUE, IOWA

TABLE 17

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population	Personal Income	Per Capital Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
2000	56,467	$ 2,293,137,000	$ 25,691	34	9,697	2.7
2001	57,686	2,345,539,000	26,309	34	9,680	4.0
2002	57,686	2,421,441,000	26,760	37	9,906	3.9
2003	57,686	2,491,982,000	27,631	37	10,122	4.0
2004	57,686	2,695,504,000	29,549	37	10,428	4.4
2005	57,686	2,807,625,000	30,650	37	10,547	4.5
2006	57,686	2,983,000,000	32,290	37	10,733	3.5
2007	57,686	3,074,666,000	33,290	37	10,727	3.7
2008	57,686	3,206,000,000	34,571	38	10,614	3.8
2009	57,686	*	*	37	10,697	6.2

Sources:

(1) U.S. Department of Commerce, Bureau of Economic Analysis.
(2) Bureau of Census: 2000 Census.
(3) Dubuque Community School District.
(4) Iowa Department of Employment Services as of June 30.

* Unavailable at report date.

CITY OF DUBUQUE, IOWA

TABLE 18

PRINCIPAL EMPLOYERS
CURRENT YEAR AND YEAR 2000

	2009			2000		
Employer	**# of Employees**	**Rank**	**Percentage of Total City Employment (1)**	**# of Employees**	**Rank**	**Percentage of Total City Employment (1)**
Dubuque Community Schools	1,955	1	3.76 %	1,500	2	3.10 %
John Deere (2)	1,465	2	2.82	2,250	1	4.64
IBM (3)	1,300	3	2.50			
Mercy Medical Center	952	4	1.83	1,500	2	3.10
Finley Hospital	900	5	1.73	850	8	1.75
Medical Associates	826	6	1.59	950	6	1.96
Eagle Window & Door	750	7	1.44	450	10	.93
City of Dubuque	657	8	1.26			
Prudential Retirement	590	9	1.13			
Dubuque Racing Association	525	10	1.01			
Farmland Foods				1,300	4	2.68
Times Mirror (Formerly Wm C. Brown)				1,000	5	2.06
Interstate Power Company				930	7	1.92
Flexsteel (4)				825	9	1.70
	9,920			**11,555**		

Source: Greater Dubuque Development Corp.

(1) Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.
(2) Located just outside City Limits.
(3) Anticipated employment. Actual number not available at this time.
(4) Flexsteel had numerous layoffs in 2007.

CITY OF DUBUQUE, IOWA

TABLE 19

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS

	Full-Time Equivalent Employees as of June 30									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Public Safety										
Emergency Communications	9.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00	13.00
Fire	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Police	95.00	95.00	96.00	97.00	97.00	97.00	99.00	100.00	101.00	108.67
Building Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Public Works										
Public Works	81.00	81.00	83.00	86.02	87.30	88.55	87.00	87.00	87.00	88.00
Engineering	22.00	24.00	24.00	24.00	24.00	24.00	25.00	25.00	25.00	26.00
Health & Social Services										
Health Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
Human Rights	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Culture and Recreation										
Civic Center	9.15	9.15	9.15	9.15	9.15	9.15	1.15	0.15	0.15	0.15
Library	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Park	20.92	20.92	21.92	21.92	21.92	21.92	21.92	21.92	21.92	21.92
Recreation	8.93	8.93	8.93	8.93	8.93	8.93	8.93	7.93	7.93	7.93
Community & Economic Development										
Community / Economic Dev	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Housing Services	18.00	18.00	20.00	20.25	20.00	21.00	21.00	20.25	18.00	22.00
Planning Services	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00
General Government										
Airport	13.00	13.00	13.00	14.00	13.00	13.00	13.00	13.23	12.00	12.00
Cable TV	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Manager's Office	9.00	9.00	9.00	11.00	10.00	10.00	11.00	11.00	11.00	13.50
Finance	16.00	16.00	16.00	16.00	15.00	14.00	14.00	14.00	14.00	14.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.62	3.00	3.00	4.00
Information Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Business Type										
Water	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Water Pollution Control	19.00	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Parking	8.00	9.00	11.00	11.50	10.50	10.50	8.00	8.00	7.00	7.50
Transit	12.00	12.00	7.50	8.00	7.00	7.00	8.55	8.00	7.00	7.00
Total	**511.00**	**516.00**	**518.50**	**523.77**	**519.80**	**521.05**	**518.17**	**516.48**	**512.00**	**532.67**

Source: City Budget Records.

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

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Public Safety					
Police					
Physical arrests[1]	2,807	2,564	-	4,000	4,550
Traffic violations[2]	-	-	2,462	2,126	2,427
Parking violations[3]	-	-	-	51,162	49,985
Fire					
Number of calls answered	3,158	3,736	4,774	3,974	4,181
Inspections conducted	829	805	841	524	408
Sewer					
Sewage system					
Daily average treatment in gallons	10,200,000	9,000,000	9,000,000	8,000,000	8,000,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Water systems					
Daily average consumption in gallons	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)					
Tonnage	14,279	13,979	13,594	10,435	10,330

Sources: Various City Departments.

[1] Statistics not available for fiscal year 2002.

[2] Statistics begin in fiscal year 2002.

[3] Statistics begin in fiscal year 2003.

TABLE 20

Fiscal Year				
2005	**2006**	**2007**	**2008**	**2009**
4,795	4,790	5,078	5,090	6,325
2,171	2,111	1,986	6,881	8,801
51,004	46,575	42,530	40,741	36,457
4,300	4,176	4,454	4,699	4,480
1,135	409	360	624	443
8,500,000	8,500,000	8,000,000	10,310,000	7,981,000
13,500,000	13,500,000	13,500,000	13,500,000	21,131,000
7,720,000	7,360,000	7,647,685	5,793,309	7,845,000
18,000,000	18,000,000	18,000,000	17,000,000	18,000,000
10,428	10,573	10,807	11,798	10,774

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire					
Stations	6	6	6	6	6
Aerial trucks	3	3	3	3	3
Public works					
Streets					
Miles (1)	*	*	*	273	290
Street lights (1)	*	1,191	1,195	1,500	1,591
Health and social services					
Hospital	2	2	2	2	2
Number of patient beds	478	478	478	584	560
Cultural and recreation					
Library	1	1	1	1	1
Golf	1	1	1	1	1
Parks	38	38	39	42	42
Acreage	833	833	834	850	850
Recreation					
Civic center	1	1	1	1	1
Swimming pools	2	2	2	2	2
Softball fields	7	7	7	7	7
Baseball fields	1	1	1	1	1
Tennis courts	20	20	20	20	20
Sewer					
Sewage system					
Miles of sanitary sewer (1)	*	*	*	*	*
Miles of storm sewers (1)	*	*	*	*	*
Number of treatment plants	1	1	1	1	1
Number of service connectors	20,550	20,550	20,200	20,800	21,000
Water systems					
Miles of water mains	301	302	305	305	310
Number of service connectors	21,130	21,000	20,550	21,032	21,206
Number of city owned fire hydrants	2,635	2,685	2,712	2,713	2,736

Sources: Various City Departments.

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

Fiscal Year				
2005	**2006**	**2007**	**2008**	**2009**
1	1	1	1	1
19	19	19	19	19
6	6	6	6	6
3	3	3	3	3
290	295	307	317	320
1,631	1,755	1,802	1,855	1,877
2	2	2	2	2
421	421	405	405	405
1	1	1	1	1
1	1	1	1	1
44	44	47	47	47
855	845	898	898	898
1	1	1	1	1
2	2	2	2	2
7	7	8	7	7
1	1	1	1	1
20	19	19	20	20
*	263	286	290	295
*	116	120	122	143
1	1	1	1	1
21,000	21,443	21,568	21,633	21,347
312	313	315	316	317
21,016	21,257	21,210	21,243	21,347
2,770	2,780	2,798	2,812	2,831

CITY OF DUBUQUE, IOWA

EideBailly
CPAs & BUSINESS ADVISORS

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted certain matters that we reported to management of the City of Dubuque, Iowa, in a separate letter dated December 21, 2009.

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

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

Eide Bailly LLP

Dubuque, Iowa
December 21, 2009

EideBailly
CPAs & BUSINESS ADVISORS

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

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

Compliance

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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

Eide Bailly LLP

Dubuque, Iowa
December 21, 2009

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Department of Commerce			
Direct Program			
Economic Development Support for Planning Organizations	11.302	05-87-04598	$ 75,000
Department of Housing and Urban Development			
Direct Program			
Community Development Block Grants/ Entitlement Grants	14.218	B-06-MC-19-0004	230,095
Community Development Block Grants/ Entitlement Grants	14.218	B-07-MC-19-0004	1,715,191
Community Development Block Grants/ Entitlement Grants	14.218	B-08-MC-19-0004	283,946
Shelter Plus Care	14.238	IA26C601021	17,571
Pass-Through Program From			
Iowa Department of Economic Development			
HOME Investment Partnerships Program	14.239	06-HM-198-29	350,000
HOME Investment Partnerships Program	14.239	02-HM-134-20	187,500
Direct Program			
Fair Housing Assistance Program State and Local	14.401	FF207K087006	30,500
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	IA087MR0005	41,126
Section 8 Housing Choice Vouchers	14.871	KC-9004V	4,092,035
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0375-07	751,980
Total Department of Housing and Urban Development			7,699,944
Department of the Interior			
Pass-Through Program from Iowa Department of Natural Resources			
Sportfishing and Boating Safety Act	15.622	FY-07-BIG	26,510
Department of Justice			
Pass-Through Program From			
Iowa Department of Justice			
Crime Victim Assistance Division			
Violence Against Women Formula Grants	16.588	VW-09-24C	1,831
Direct Program			
Bulletproof Vest Partnership Program	16.607	2006BUBX050	68
Bulletproof Vest Partnership Program	16.607	2007BUBX050	1,917
Bulletproof Vest Partnership Program	16.607	2008BUBX050	9,510

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Department of Justice (continued)			
Pass-Through Program From			
Dubuque County, Iowa, Sheriff			
Public Safety Partnership and Community Policing Grants	16.710	08 JAG/C06-A16	$ 2,197
Helping Services for Northeast Iowa, Inc.			
Enforcing Underage Drinking Laws Program	16.727	20-JD06-F07	2,961
Enforcing Underage Drinking Laws Program	16.727	2007-AHFX0042	2,000
Direct Program			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0214	9,607
Total Department of Justice			30,091
Department of Transportation			
Direct Program			
Airport Improvement Program	20.106	3-19-0028-45	1,128,010
Airport Improvement Prograrm	20.106	3-19-0028-44	5,452
Pass-Through Program From			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-2100(634)- -70-31	79,326
Highway Planning and Construction	20.205	STP-A-946-0(1)- -86-31	314,372
Highway Planning and Construction	20.205	ER-2100-(636)- -58-31	217
Highway Planning and Construction	20.205	2T-00-IA-012-002	148,726
Highway Planning and Construction	20.205	EPD-2100(638)- -7Y-31	31,741
Direct Program			
Federal Transit-Formula Grants	20.507	IA-90-X349	880,883
Pass-Through Program From			
Iowa Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-210-07	30,983
Direct Program			
State and Community Highway Safety	20.600	PAP 08-03, TASK 06	8,874
Occupant Protection	20.602	PAP 09-03, TASK 6	16,486
Total Department of Transportation			2,645,070
Environmental Protection Agency			
Pass-Through Program From			
Iowa Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-39	51,345
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-09-49	215,250
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-39	180

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Environmental Protection Agency (continued)			
Pass-Through Program From (continued)			
Iowa Finance Authority (continued)			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS 192341-01	$ 1,066
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-41	5,128
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-31-08-DWSRF-002	28,471
Total Environmental Protection Agency			301,440
Department of Health and Human Services			
Pass-Through Program From			
Dubuque County, Iowa Health Department			
Public Health Emergency Preparedness	93.069	3107	3,241
Public Health Emergency Preparedness	93.069	3109	10,362
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5888LP05	12,120
Total Department of Health and Human Services			25,723
Corporation for National and Community Service			
Pass-Through Program From			
Iowa Commission on Volunteers			
AmeriCorps	94.006	08-AC-13	137,319
AmeriCorps	94.006	07-AF-13	39,762
Total Corporation for National and Community Service			177,081
Department of Homeland Security			
Pass-Through Program From			
Iowa Department of Public Defense			
Disaster Grants – Public Assistance	97.036	FEMA DR-1763-DR-IA	58,269
Total			$ 11,039,128

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF DUBUQUE, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/ Entitlement Grants	14.218	$ 128,360

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/ Entitlement Grants
14.239	HOME Investment Partnerships Program
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing
20.106	Airport Improvement Program
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs	$331,174
Auditee qualified as low-risk auditee	No

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES

II-A-09 Preparation of Financial Statements

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

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

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

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

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

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

Response – The American Institute of Certified Public Accountants implemented new auditing standards in 2007. There have been no changes in City procedures. A cost benefit analysis reflects that the City continue with the current contractual agreement that the CPA firm prepare our financial statements. The current five year audit contractual agreement expires with year ending June 30, 2010, audit and City will review the issue prior to any new agreement. The City implemented procedures to prepare adjusting journal entries.

Conclusion – Response accepted.

II-B-09 Material Audit Adjustments

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

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

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

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

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

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

Response – Finance staff will review audit findings with City Grant Committee during the next quarterly meeting. Will implement procedures to improve information provided to Finance including redesign of the grant checklist to capture grant limitations and/or requirements, and to better communicate any specifications in the grant. Finance will implement more review over financials including capital assets and depreciation, accounts payable, and federal awards.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget – Function disbursements during the year ended June 30, 2009, did not exceed the amount budgeted.

III-B-09 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

III-C-09 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-09 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	$ 1,494
Cheryl Pregler, employee, spouse is owner of Pregler Photography	Services	350
Stacie Scott, employee, spouse is owner of Scott Elite Concrete	Construction	210
Tim Furlong, employee, owner of Premier Entertainment Group	Services	350

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

III-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

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

III-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

The Council went into closed session on June 8, 2009. However, the minutes record did not document the specific exemption for the closed session required by Chapter 21 of the Code of Iowa, commonly known as the open-meetings law.

Recommendation – The City should comply with Chapter 21 of the Code of Iowa.

Response – An amended agenda listed the closed session under Pending Litigation – Chapter 21.5(1) of the Code of Iowa. The reason was accidentally omitted from the council minutes. In the future the City will comply with the Code of Iowa requirements.

Conclusion – Response accepted.

III-G-09 Deposits and Investments – In fiscal year 2009, the City revised its investment policy to include municipal bonds as an approved investment option. Subsequent to the revision, the City invested in municipal bonds. However, municipal bonds are not allowed under Chapter 12C of the Code of Iowa.

Recommendation – The City should revise its investment policy to exclude municipal bonds as an approved investment option. All municipal bonds held should be sold and reinvested in accordance with Chapter 12C of the Code of Iowa.

Response – Finance informed the Investment Oversight Advisory Commission (IOAC) and four investment managers that municipal bonds cannot be part of our investment portfolio under Chapter 12C of the Code of Iowa and our Investment Policy will be amended. In September 2009, all municipal bonds were sold and proceeds invested in accordance with Chapter 12C. The City did not realize any loss from the sale of the municipal bonds held by one manager.

Conclusion – Response accepted.

III-H-09 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

III-I-09 Solid Waste Fees Retainage – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

EideBailly
CPAs & BUSINESS ADVISORS

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Dubuque are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2009. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Management's estimate of the cost of contributed infrastructure from developers is based on estimated unit cost on City funded projects. We evaluated the key factors and assumptions used to develop the contributed infrastructure costs in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of incurred but not reported health and workers' compensation liabilities are based on third-party administrator's calculations and estimates. We evaluated the key factors and assumptions used to develop incurred but not reported liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements detected as a result of audit procedures were in the areas of capital assets and the Schedule of Expenditures of Federal Awards.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2009.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Comments

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

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

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

Sincerely,

EIDE BAILLY LLP
CPAs & Business Advisors

Eide Bailly LLP

Dubuque, Iowa
December 21, 2009

CITY OF DUBUQUE

YEAR ENDED JUNE 30, 2009
OTHER COMMENTS

Conversion of Accounting Records

The City maintains its records using the cash basis of accounting. However, in order to comply with accounting principles generally accepted in the United States of America, the comprehensive annual financial report (CAFR) must be prepared using the modified accrual/accrual basis of accounting. Eide Bailly LLP currently posts all adjustments at year-end which are necessary to convert the City's cash-basis amounts to the amounts used in the CAFR.

At this time, the City is preparing the workpapers needed to convert the accounting records to the modified accrual/accrual basis at year-end. In 2009, the City has also started to prepare the journal entries to adjust the cash-basis amounts to the modified accrual/accrual basis of accounting. Eide Bailly LLP posts the journal entries and prepares the financial statements. Although it may require increased staffing levels, we encourage the Finance Department to continue in their advancement of converting to the modified accrual/accrual basis and preparation of the financial statements required in the CAFR.

Governmental Accounting Standards Board (GASB)

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

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

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

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