

**CITY OF CORALVILLE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009**

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# Officials

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## Elected Officials

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jim L. Fausett	Mayor	January 1, 2010
Thomas Gill	Council Member	January 1, 2010
Henry Herwig	Council Member	January 1, 2010
John Lundell	Council Member	January 1, 2010
Mitch Gross	Council Member	January 1, 2012
John Weihe	Council Member	January 1, 2012

## Appointed Officials

Kelly Hayworth	City Administrator	Indefinite
Thorsten Johnson	City Clerk	Indefinite
Kathryn Scheetz	Deputy City Clerk	Indefinite
Teresa Kaeding	City Finance Officer	Indefinite
Donald L. Diehl	City Attorney	Indefinite
Kevin Olson	Assistant City Attorney	Indefinite

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City of Coralville, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2010 on our consideration of the City of Coralville, Iowa'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 internal control over financial reporting or 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.

To the Honorable Mayor and  
Members of the City Council  
City of Coralville, Iowa  
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Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress for the Retiree Health Plan on Page 4 through 11 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville, Iowa's basic financial statements. We previously audited, in accordance with standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed qualified opinions on the financial statements. Other supplementary information on Pages 49 through 63, and the Schedule of Expenditures of Federal Awards on Pages 68 and 69 required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
March 9, 2010

## **Management's Discussion and Analysis**

As management of the City of Coralville, we offer readers of the City of Coralville's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2009.

### **Financial Highlights**

- The assets of the City of Coralville exceeded its liabilities at June 30, 2009 and 2008, by \$85,168,483 and \$81,737,849, respectively, (net assets). Of this amount, \$20,007,314 and \$11,814,863, respectively, (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$23,759,484, an increase of 56% as compared to the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,626,159, or 46%, of the 2009 total general fund expenditures. At June 30, 2008, unreserved general fund balance was \$5,062,617, or 40%, of the 2008 total general fund expenditures.
- Total governmental long-term debt increased by approximately \$13.3 million during the current fiscal year. The City issued \$41,630,000 of new debt and retired \$28,290,340 of existing debt.
- Total business-type activity debt decreased by approximately \$2.3 million.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Coralville's basic financial statements. The City of Coralville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

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

The Statement of Net Assets presents information on all of the City of Coralville'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 of Coralville is improving or deteriorating.

## Statement of Net Assets

A condensed version of the Statement of Net Assets as of June 30, 2009 and 2008 follows.

### City of Coralville's Net Assets

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 44,966,017	\$ 6,346,969	\$ 51,312,986	\$ 34,408,997	\$ 6,732,829	\$ 41,141,826
Restricted assets	6,185,350	7,637,211	13,822,561	6,365,355	7,825,773	14,191,128
Capital assets	177,661,314	106,111,065	283,772,379	166,763,594	109,594,044	276,357,638
Other noncurrent assets	5,649,290	—	5,649,290	4,390,320	—	4,390,320
<b>Total Assets</b>	<b>\$ 234,461,971</b>	<b>\$ 120,095,245</b>	<b>\$ 354,557,216</b>	<b>\$ 211,928,266</b>	<b>\$ 124,152,646</b>	<b>\$ 336,080,912</b>
Current liabilities	\$ 44,075,859	\$ 3,989,217	\$ 48,065,076	\$ 49,836,397	\$ 4,424,302	\$ 54,260,699
Noncurrent liabilities	161,698,164	59,625,493	221,323,657	138,872,658	61,209,706	200,082,364
<b>Total Liabilities</b>	<b>\$ 205,774,023</b>	<b>\$ 63,614,710</b>	<b>\$ 269,388,733</b>	<b>\$ 188,709,055</b>	<b>\$ 65,634,008</b>	<b>\$ 254,343,063</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 4,606,579	\$ 51,532,677	\$ 56,139,256	\$ 7,662,239	\$ 52,631,537	\$ 60,293,776
Restricted	7,785,961	1,235,952	9,021,913	8,244,743	1,384,467	9,629,210
Unrestricted	16,295,408	3,711,906	20,007,314	7,312,229	4,502,634	11,814,863
<b>Total Net Assets</b>	<b>\$ 28,687,948</b>	<b>\$ 56,480,535</b>	<b>\$ 85,168,483</b>	<b>\$ 23,219,211</b>	<b>\$ 58,518,638</b>	<b>\$ 81,737,849</b>

\$9,021,913 of the City of Coralville's net assets (11%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets totaling \$20,007,314 (20%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Coralville is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

The Statement of Activities presents information showing how the government'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 revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). The government-wide statements include the Statement of Net Assets and the Statement of Activities and can be found on Pages 12 and 13 of this report.

Both of the government-wide financial statements distinguish functions of the City of Coralville that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Coralville include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. The business-type activities of the City of Coralville include the hotel and conference center, water, sewer, solid waste, transit, hotel parking and golf activities.

## Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2009 and 2008 follows:

### City of Coralville's Governmental and Business-Type Activities

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenue						
Charges for services	\$ 2,970,997	\$ 22,659,321	\$ 25,630,318	\$ 2,396,644	\$ 20,003,925	\$ 22,400,569
Operating grants and contributions	4,073,538	592,307	4,665,845	3,148,818	574,940	3,723,758
Capital grants and contributions	1,451,416	—	1,451,416	1,771,767	—	1,771,767
Other General Revenue						
Property taxes	25,233,096	—	25,233,096	22,595,145	—	22,595,145
Other taxes	2,514,931	—	2,514,931	2,343,060	—	2,343,060
Other	607,604	315,563	923,167	964,090	327,584	1,291,674
Total Revenue	<u>36,851,582</u>	<u>23,567,191</u>	<u>60,418,773</u>	<u>33,219,524</u>	<u>20,906,449</u>	<u>54,125,973</u>
Expenses						
Public safety	4,375,776	—	4,375,776	4,468,606	—	4,468,606
Public works	1,959,674	—	1,959,674	1,766,088	—	1,766,088
Health and social services	156,322	—	156,322	86,859	—	86,859
Culture and recreation	5,696,912	—	5,696,912	4,583,108	—	4,583,108
Community and economic development	7,646,231	—	7,646,231	3,730,534	—	3,730,534
General government	2,033,776	—	2,033,776	1,856,267	—	1,856,267
Depreciation - unallocated	11,393	—	11,393	11,393	—	11,393
Interest on long-term debt	8,285,504	—	8,285,504	8,101,941	—	8,101,941
Hotel and conference center	—	17,727,245	17,727,245	—	15,700,403	15,700,403
Water	—	1,660,411	1,660,411	—	1,632,719	1,632,719
Sewer	—	2,169,196	2,169,196	—	2,181,174	2,181,174
Golf	—	2,554,932	2,554,932	—	2,334,102	2,334,102
Solid waste	—	723,021	723,021	—	642,588	642,588
Transit	—	1,563,509	1,563,509	—	1,464,127	1,464,127
Hotel parking	—	667,412	667,412	—	647,340	647,340
Total Expenses	<u>30,165,588</u>	<u>27,065,726</u>	<u>57,231,314</u>	<u>24,604,796</u>	<u>24,602,453</u>	<u>49,207,249</u>
Increase (Decrease) in Net Assets						
Before Transfers	6,685,994	(3,498,535)	3,187,459	8,614,728	(3,696,004)	4,918,724
Transfers	<u>(1,460,432)</u>	<u>1,460,432</u>	<u>—</u>	<u>(92,207)</u>	<u>92,207</u>	<u>—</u>
Increase (Decrease) in Net Assets	5,225,562	(2,038,103)	3,187,459	8,522,521	(3,603,797)	4,918,724
Beginning net assets (restated)	<u>23,462,386</u>	<u>58,518,638</u>	<u>81,981,024</u>	<u>14,696,690</u>	<u>62,122,435</u>	<u>76,819,125</u>
<b>Ending Net Assets</b>	<b><u>\$ 28,687,948</u></b>	<b><u>\$ 56,480,535</u></b>	<b><u>\$ 85,168,483</u></b>	<b><u>\$ 23,219,211</u></b>	<b><u>\$ 58,518,638</u></b>	<b><u>\$ 81,737,849</u></b>

## **Governmental Activities**

Total governmental activities' revenue was \$36,851,582 and \$33,219,524 for the years ended June 30, 2009 and 2008, respectively. The largest single revenue source for the City was property and other taxes of \$27,748,027 and \$24,938,205 recorded for the years ended June 30, 2009 and 2008, respectively, which includes property taxes paid in the Tax Increment Financing Areas of the City. The increase is a result of 9.71% increase in the assessed value of property and an 8.46% increase in the taxable value of property. The remaining revenue of the City comes from a Hotel/Motel tax, charges for services, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

## **Business-Type Activities**

As expected, charges for services is the primary revenue source for business-type activities.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Coralville maintains over 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balance for the General Fund, Tax Increment Financing Fund and General Obligation Bonds Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of approximately \$23,800,000. Approximately \$15,800,000 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$6,857,859) and 2) for a variety of other restricted purposes which is primarily for capital projects.

The General Fund is the chief operating fund of the City of Coralville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,626,159, while total fund balance reached \$7,213,426. Unreserved fund balance represents 92% of total General Fund balance. The General Fund revenue increased approximately \$1,900,000, or 16% over fiscal year 2008, while expenditures increased approximately \$1,800,000, or 14%, over the prior year. Key factors in this increase included an increase in property and other city taxes and increases in federal and state grant revenue, offset by normal increases in compensation and other costs including continued flood recovery activities.

### **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 enterprise funds to account for its hotel and conference center, water, sewer, solid waste, transit, and golf course activities.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the hotel and conference center, water fund, sewer fund and golf fund, as these are considered major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

Charges for sales and service increased approximately \$2,660,000, or 13%, over the prior year, while operating expenses increased approximately \$2,500,000, or 12%. Proprietary funds reported total decrease in net assets of \$2,038,103 compared to a decrease of \$3,603,797 in the prior year. The decrease was mainly attributable to large transfers in from governmental funds in 2008 and increases in 2009 depreciation and interest expense.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of those funds are not available to support the City of Coralville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Financial Statements**

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

### **Other Information**

The combining statements referred to earlier in connection with nonmajor governmental, nonmajor enterprise funds, and agency funds are presented immediately following the notes to the financial statements.

## Budgetary Highlights

The City had two budget amendments during the fiscal year. This amendment was done primarily to recognize expected bond issuance proceeds and related construction project expenditures and other normal budgetary changes.

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2009 budget.

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Governmental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property taxes	\$ 10,198,131	\$ 10,198,128	\$ 10,130,782	\$ —	\$ 10,130,782	\$ (67,346)
Tax increment financing	14,458,577	14,458,577	14,314,329	—	14,314,329	(144,248)
Other city taxes	2,458,402	2,458,402	2,342,315	—	2,342,315	(116,087)
Licenses and permits	607,750	607,750	615,218	—	615,218	7,468
Use of money and property	497,000	347,000	823,384	301,833	1,125,217	778,217
Intergovernmental	2,991,083	5,741,083	5,079,276	651,687	5,730,963	(10,120)
Charges for services	13,877,410	26,386,410	1,411,723	23,037,439	24,449,162	(1,937,248)
Special assessments	463,052	783,052	788,694	—	788,694	5,642
Miscellaneous	629,215	729,215	1,276,152	4,792	1,280,944	551,729
<b>Total Receipts</b>	<b>46,180,620</b>	<b>61,709,617</b>	<b>36,781,873</b>	<b>23,995,751</b>	<b>60,777,624</b>	<b>(931,993)</b>
<b>Disbursements</b>						
Public safety	4,124,819	4,417,794	4,384,421	—	4,384,421	(33,373)
Public works	1,953,825	2,105,825	1,736,202	—	1,736,202	(369,623)
Health and social services	107,475	107,475	84,509	—	84,509	(22,966)
Culture and recreation	4,748,352	4,748,352	4,606,486	—	4,606,486	(141,866)
Community and economic development	455,517	9,355,517	9,841,915	—	9,841,915	486,398
General government	2,440,978	2,776,528	2,804,970	—	2,804,970	28,442
Debt service	20,392,621	30,592,621	38,908,816	—	38,908,816	8,316,195
Capital projects	10,838,000	11,338,000	9,096,735	—	9,096,735	(2,241,265)
Business-type activities	10,476,014	23,654,326	—	23,790,815	23,790,815	136,489
<b>Total Disbursements</b>	<b>55,537,601</b>	<b>89,096,438</b>	<b>71,464,054</b>	<b>23,790,815</b>	<b>95,254,869</b>	<b>6,158,431</b>
<b>Receipts Over (Under)</b>						
<b>Disbursements</b>	<b>(9,356,981)</b>	<b>(27,386,821)</b>	<b>(34,682,181)</b>	<b>204,936</b>	<b>(34,477,245)</b>	<b>(7,090,424)</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources	29,092,907	71,396,682	52,702,594	2,234,835	54,937,429	(16,459,253)
Other financing uses	(20,217,907)	(20,217,907)	(8,608,659)	(3,308,275)	(11,916,934)	8,300,973
<b>Total Other Financing Sources (Uses)</b>	<b>8,875,000</b>	<b>51,178,775</b>	<b>44,093,935</b>	<b>(1,073,440)</b>	<b>43,020,495</b>	<b>(8,158,280)</b>
<b>Receipts and Other Financing Sources Over (Under)</b>						
<b>Disbursements and Other Financing Uses</b>	<b>(481,981)</b>	<b>23,791,954</b>	<b>9,411,754</b>	<b>(868,504)</b>	<b>8,543,250</b>	<b>\$ (15,248,704)</b>
Balance - Beginning of Year	26,551,417	26,551,417	10,686,589	10,523,332	21,209,921	
<b>Balance - End of Year</b>	<b>\$ 26,069,436</b>	<b>\$ 50,343,371</b>	<b>\$ 20,098,343</b>	<b>\$ 9,654,828</b>	<b>\$ 29,753,171</b>	

The fiscal year 2009 budget amendment resulted in an overall increase in total appropriations. The timing of improvements in the capital projects funds and debt refunding issues increased the fiscal year 2009 expenditures significantly.

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2009, the City's investment in capital assets is reflected in the following table. The investment includes land; buildings and improvements; machinery and equipment; and roads, highways, and bridges (also referred to as infrastructure assets) placed in service in 2009 or under construction at June 30, 2009.

#### Capital Assets at Fiscal Year End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 63,822,653	\$ 57,268,721	\$ 3,545,093	\$ 3,545,093	\$ 67,367,746	\$ 60,813,814
Land improvements	18,376,081	18,789,690	—	—	18,376,081	18,789,690
Buildings and improvements	16,789,870	17,031,830	88,928,137	91,577,206	105,718,007	108,609,036
Infrastructure	64,259,359	62,499,396	—	—	64,259,359	62,499,396
Machinery and equipment	6,901,243	6,767,084	13,279,856	14,240,887	20,181,099	21,007,971
Construction-in-progress	7,512,108	4,376,873	357,979	230,858	7,870,087	4,607,731
<b>Total</b>	<b>\$ 177,661,314</b>	<b>\$ 166,733,594</b>	<b>\$ 106,111,065</b>	<b>\$ 109,594,044</b>	<b>\$ 283,772,379</b>	<b>\$ 276,327,638</b>

### Long-Term Debt

Certain general obligation bond debt service is subject to annual appropriation by the City Council. In accordance with the Code of Iowa, only that portion subject to the annual appropriation is included in the computation of the statutory debt limit.

The following summarizes maturities of principal and interest on bonded debt outstanding at June 30, 2009:

Year Ending June 30,	Governmental Activities				Business-Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2010	\$ 7,410,000	\$ 4,704,053	\$ 3,820,000	\$ 3,297,978	\$ 891,000	\$ 175,019	\$ 12,121,000	\$ 8,177,050
2011	23,200,000	4,140,462	3,790,000	3,116,796	907,000	142,527	27,897,000	7,399,785
2012	6,920,000	3,188,604	3,390,000	2,939,434	933,000	133,441	11,243,000	6,261,479
2013	7,335,000	2,900,488	3,550,000	2,780,666	885,000	111,500	11,770,000	5,792,654
2014	7,575,000	2,616,766	3,515,000	2,612,711	685,000	92,189	11,775,000	5,321,666
2015-2019	37,200,000	8,050,696	16,235,000	10,382,859	1,430,000	251,430	54,865,000	18,684,985
2020-2024	12,485,000	2,485,014	2,505,000	7,999,822	628,000	41,280	15,618,000	10,526,116
2025-2029	3,550,000	563,554	4,120,000	7,216,063	—	—	7,670,000	7,779,617
2030-2034	—	—	4,420,000	6,252,167	—	—	4,420,000	6,252,167
2035-2039	—	—	9,060,000	4,071,250	—	—	9,060,000	4,071,250
2040-2044	—	—	6,640,000	2,163,750	—	—	6,640,000	2,163,750
2045-2049	—	—	4,585,000	469,750	—	—	4,585,000	469,750
	105,675,000	28,649,637	65,630,000	53,303,246	6,359,000	947,386	177,664,000	82,900,269
Net unamortized bond premium (discount)	108,401	—	411,726	—	7,592	—	527,719	—
<b>Net</b>	<b>\$ 105,783,401</b>	<b>\$ 28,649,637</b>	<b>\$ 66,041,726</b>	<b>\$ 53,303,246</b>	<b>\$ 6,366,592</b>	<b>\$ 947,386</b>	<b>\$ 178,191,719</b>	<b>\$ 82,900,269</b>

The City of Coralville maintains an Aa2 rating from Moody's Investor Services for general obligation debt.

For more information on the City's debt and amortization terms, please refer to Page 32 of the Notes to the Financial Statements.

### **Economic Factors**

- Retail sales for the City of Coralville for 2009 were approximately \$650,000,000 compared to \$625,200,000 for 2008.
- The total value of building permits issued during calendar year 2009 was \$28,219,616. This compares with an amount of \$42,009,160 for 2008. This amount represents a 33% decrease.

### **Next Year's Budget and Rates**

- Water, Sewer and Storm Water Management rates will remain approximately the same for fiscal year 2010 as fiscal year 2009.
- The City tax levy rate for fiscal year 2010 will be \$13.364 down from \$13.419 in 2009 and includes a library levy for debt service of 0.2165.
- Property taxes provide about 57% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 10.1%, while property tax limitations imposed by the State of Iowa have held taxable values to an average annual growth rate of 8.2%.

The City opened the Hotel/Conference Center in August, 2006. Marriott and the Coralville/Iowa City Convention Bureau continue to book conferences at the Conference Center for the coming year and beyond. The Coralville Library's \$8 million expansion has been completed. The City is constructing an Adult Softball Complex that will be located in southwest Coralville and is designed to accommodate five fields that will attract local, state and national softball tournaments. The City is in the construction phase for a new fire station to be located in the northern part of the City. In addition, Coralville continues to enhance the trail system and primary roads throughout the City and make flood recovery and future flood mitigation activities utilizing local, state and federal grants.

### **Financial Information Contact**

The City's financial statements are designed to provide a general overview of the finances and accountability for all those 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: Finance Officer, City of Coralville, P.O. Box 5127, Coralville, IA 52241.

## **Basic Financial Statements**

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# Statement of Net Assets

At June 30, 2009

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and pooled investments .....	\$ 13,578,320	\$ 2,614,772	\$ 16,193,092
Receivables			
Property Taxes			
Current year delinquent, net of allowance for uncollectible taxes.....	370,990	—	370,990
Succeeding year .....	25,895,631	—	25,895,631
Assets held by property manager .....	—	1,134,665	1,134,665
Customer accounts, net of allowance for uncollectible accounts.....	—	1,500,203	1,500,203
Due from other governments .....	3,889,083	—	3,889,083
Internal balances.....	502,439	(502,439)	—
Special assessments .....	81,089	—	81,089
Other .....	49,012	—	49,012
Inventories and prepaids.....	599,453	1,599,768	2,199,221
<b>Total Current Assets</b> .....	<b><u>44,966,017</u></b>	<b><u>6,346,969</u></b>	<b><u>51,312,986</u></b>
<b>Restricted Assets</b>			
Cash and pooled investments .....	6,185,350	1,235,952	7,421,302
Beneficial interest in a trust .....	—	6,401,259	6,401,259
<b>Total Restricted Assets</b> .....	<b><u>6,185,350</u></b>	<b><u>7,637,211</u></b>	<b><u>13,822,561</u></b>
<b>Noncurrent Assets</b>			
Loans, net of allowance for uncollectible amounts .....	5,219,563	—	5,219,563
Special assessments.....	429,727	—	429,727
Capital assets, net of accumulated depreciation .....	177,661,314	106,111,065	283,772,379
<b>Total Noncurrent Assets</b> .....	<b><u>183,310,604</u></b>	<b><u>106,111,065</u></b>	<b><u>289,421,669</u></b>
<b>Total Assets</b> .....	<b><u>\$ 234,461,971</u></b>	<b><u>\$ 120,095,245</u></b>	<b><u>\$ 354,557,216</u></b>

See accompanying notes to the financial statements.

	Governmental Activities	Business- Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainages payable .....	\$ 4,762,966	\$ 1,438,280	\$ 6,201,246
Accrued expenses .....	1,653,533	1,196,783	2,850,316
General obligation bonds payable .....	7,410,000	—	7,410,000
Other loans payable .....	126,571	8,154	134,725
Capital leases .....	—	455,000	455,000
Deferred Revenue			
Succeeding year property taxes .....	25,895,631	—	25,895,631
Special assessments .....	407,158	—	407,158
Current Liabilities Payable From Restricted Assets			
Tax increment financing bonds payable...	3,820,000	—	3,820,000
Revenue bonds and other loans payable.	—	891,000	891,000
<b>Total Current Liabilities</b> .....	<b><u>44,075,859</u></b>	<b><u>3,989,217</u></b>	<b><u>48,065,076</u></b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable .....	—	5,475,592	5,475,592
General obligation bonds payable .....	98,373,401	—	98,373,401
Tax increment financing bonds payable .....	62,221,726	—	62,221,726
Other loans payable .....	1,103,037	142,854	1,245,891
Capital lease .....	—	54,007,047	54,007,047
<b>Total Noncurrent Liabilities</b> .....	<b><u>161,698,164</u></b>	<b><u>59,625,493</u></b>	<b><u>221,323,657</u></b>
<b>Total Liabilities</b> .....	<b><u>205,774,023</u></b>	<b><u>63,614,710</u></b>	<b><u>269,388,733</u></b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt Restricted For			
Debt service .....	4,606,579	51,532,677	56,139,256
Special revenue - road use taxes .....	6,857,859	1,235,952	8,093,811
Unrestricted .....	928,102	—	928,102
<b>Total Net Assets</b> .....	<b><u>16,295,408</u></b>	<b><u>3,711,906</u></b>	<b><u>20,007,314</u></b>
<b>Total Liabilities and Net Assets</b> .....	<b><u>\$ 234,461,971</u></b>	<b><u>\$ 120,095,245</u></b>	<b><u>\$ 354,557,216</u></b>

# Statement of Activities

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expenses), Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Public safety .....	\$ 4,375,776	\$ 26,942	\$ 116,592	\$ 79,172	\$ (4,153,070)	\$ —	\$ (4,153,070)
Public works .....	1,959,674	101,718	1,410,398	—	(447,558)	—	(447,558)
Health and social services .....	156,322	—	—	—	(156,322)	—	(156,322)
Culture and recreation .....	5,696,912	1,322,636	192,685	13,795	(4,167,796)	—	(4,167,796)
Community and economic development .....	7,646,231	652,256	—	926,841	(6,067,134)	—	(6,067,134)
General government .....	2,033,776	867,445	2,353,863	431,608	1,619,140	—	1,619,140
Depreciation - unallocated .....	11,393	—	—	—	(11,393)	—	(11,393)
Interest on long-term debt .....	8,285,504	—	—	—	(8,285,504)	—	(8,285,504)
<b>Total Governmental Activities .....</b>	<b>30,165,588</b>	<b>2,970,997</b>	<b>4,073,538</b>	<b>1,451,416</b>	<b>(21,669,637)</b>	<b>—</b>	<b>(21,669,637)</b>
<b>Business-Type Activities</b>							
Hotel and conference center .....	17,727,245	14,207,726	—	—	—	(3,519,519)	(3,519,519)
Water .....	1,660,411	2,026,914	—	—	—	366,503	366,503
Sewer .....	2,169,196	2,423,801	—	—	—	254,605	254,605
Golf .....	2,554,932	2,133,823	114	—	—	(420,995)	(420,995)
Solid waste .....	723,021	870,777	—	—	—	147,756	147,756
Transit .....	1,563,509	470,533	592,193	—	—	(500,783)	(500,783)
Hotel parking .....	667,412	525,747	—	—	—	(141,665)	(141,665)
<b>Total Business-Type Activities .....</b>	<b>27,065,726</b>	<b>22,659,321</b>	<b>592,307</b>	<b>—</b>	<b>—</b>	<b>(3,814,098)</b>	<b>(3,814,098)</b>
<b>Total .....</b>	<b>\$ 57,231,314</b>	<b>\$ 25,630,318</b>	<b>\$ 4,665,845</b>	<b>\$ 1,451,416</b>	<b>(21,669,637)</b>	<b>(3,814,098)</b>	<b>(25,483,735)</b>
<b>General Revenue</b>							
Taxes							
Property taxes levied for general purposes .....					8,076,154	—	8,076,154
Property taxes levied for debt service .....					2,302,415	—	2,302,415
Tax increment financing taxes .....					14,854,527	—	14,854,527
Other taxes .....					2,514,931	—	2,514,931
Investment earnings .....					419,407	333,590	752,997
Loss on disposal of capital assets .....					—	(18,027)	(18,027)
Miscellaneous .....					188,197	—	188,197
<b>Total General Revenue .....</b>					<b>28,355,631</b>	<b>315,563</b>	<b>28,671,194</b>
<b>Change in Net Assets Before Other Financing Sources (Uses) .....</b>					<b>6,685,994</b>	<b>(3,498,535)</b>	<b>3,187,459</b>
<b>Other Financing Sources (Uses)</b>							
Transfers .....					(1,460,432)	1,460,432	—
<b>Change in Net Assets .....</b>					<b>5,225,562</b>	<b>(2,038,103)</b>	<b>3,187,459</b>
Net Assets - Beginning of Year, as previously reported .....					23,219,211	58,518,638	81,737,849
Prior period adjustment (Note 18) .....					243,175	—	243,175
Net Assets - Beginning of Year, as Restated .....					<u>23,462,386</u>	<u>58,518,638</u>	<u>81,981,024</u>
<b>Net Assets - End of Year .....</b>					<b>\$ 28,687,948</b>	<b>\$ 56,480,535</b>	<b>\$ 85,168,483</b>

See accompanying notes to the financial statements.

## Balance Sheet - Governmental Funds

At June 30, 2009

	General Fund	Special Revenue - Tax Increment Financing	Debt Service - General Obligation Bonds	Other Governmental Funds	Total
<b>Assets</b>					
Cash and pooled investments	\$ 1,773,454	\$ 2,069,461	\$ —	\$ 8,912,851	\$ 12,755,766
Receivables					
Property Taxes					
Current year delinquent	127,376	158,901	39,961	44,752	370,990
Succeeding year .....	6,398,649	14,988,234	2,461,922	2,046,826	25,895,631
Loans .....	—	4,643,373	—	576,190	5,219,563
Due from other funds .....	3,616,154	—	—	—	3,616,154
Due from other governments	1,736,323	—	—	2,152,760	3,889,083
Other .....	49,012	—	—	—	49,012
Special assessments .....	—	—	—	510,816	510,816
Inventories and prepaids .....	587,267	—	—	12,186	599,453
Restricted Assets					
Cash and pooled investments .....	—	5,636,677	822,554	548,673	7,007,904
<b>Total Assets .....</b>	<b><u>\$ 14,288,235</u></b>	<b><u>\$ 27,496,646</u></b>	<b><u>\$ 3,324,437</u></b>	<b><u>\$ 14,805,054</u></b>	<b><u>\$ 59,914,372</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable .....	\$ 427,831	\$ 938,434	\$ 29,556	\$ 3,367,145	\$ 4,762,966
Accrued liabilities .....	119,330	—	—	—	119,330
Due to other funds .....	128,999	—	74,347	2,910,369	3,113,715
Deferred Revenue					
Succeeding years property taxes .....	6,398,649	14,988,234	2,461,922	2,046,826	25,895,631
Special assessments .....	—	—	—	407,158	407,158
Other .....	—	—	—	1,856,088	1,856,088
<b>Total Liabilities .....</b>	<b><u>7,074,809</u></b>	<b><u>15,926,668</u></b>	<b><u>2,565,825</u></b>	<b><u>10,587,586</u></b>	<b><u>36,154,888</u></b>
<b>Fund Balances</b>					
Reserved for					
Other .....	—	—	—	539,100	539,100
Debt service .....	—	5,636,677	758,612	462,570	6,857,859
Inventories and prepaids .....	587,267	—	—	12,186	599,453
Unreserved .....	6,626,159	5,933,301	—	380,100	12,939,560
Unreserved, Reported in					
Nonmajor Funds					
Special revenue funds .....	—	—	—	520,185	520,185
Capital projects funds .....	—	—	—	2,303,327	2,303,327
<b>Total Fund Balances</b>	<b><u>7,213,426</u></b>	<b><u>11,569,978</u></b>	<b><u>758,612</u></b>	<b><u>4,217,468</u></b>	<b><u>23,759,484</u></b>
<b>Total Liabilities and Fund Balances .....</b>	<b><u>\$ 14,288,235</u></b>	<b><u>\$ 27,496,646</u></b>	<b><u>\$ 3,324,437</u></b>	<b><u>\$ 14,805,054</u></b>	<b><u>\$ 59,914,372</u></b>

See accompanying notes to the financial statements.

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

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At June 30, 2009

<b>Total Fund Balances for Governmental Funds (Page 14).....</b>	<b>\$ 23,759,484</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Certain receivables are not available financial resources and, therefore, are not reported as assets in governmental funds .....	1,856,088
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds .....	177,661,314
Long-term liabilities, accrued interest and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds payable.....	(105,783,401)
Tax increment financing bonds payable.....	(66,041,726)
Other loans payable .....	(1,229,608)
Accrued interest payable.....	(943,929)
Compensated absences .....	<u>(590,274)</u>
<b>Net Assets of Governmental Activities (Page 12) .....</b>	<b><u>\$ 28,687,948</u></b>

# Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2009

	General Fund	Special Revenue - Tax Increment Financing	Debt Service - General Obligation Bonds	Other Govern- mental Funds	Total
<b>Revenue</b>					
Property taxes .....	\$ 6,052,206	\$ —	\$ 2,335,505	\$ 1,983,339	\$ 10,371,050
TIF and other city taxes .....	2,356,863	14,286,032	—	—	16,642,895
Special assessments .....	—	—	—	431,610	431,610
Licenses and permits .....	451,523	—	—	—	451,523
Use of money and property .....	141,268	308,826	18,264	346,900	815,258
Intergovernmental .....	2,759,018	568,495	—	2,028,803	5,356,316
Charges for services .....	1,493,841	—	—	297,736	1,791,577
Miscellaneous .....	496,960	80,758	—	691,598	1,269,316
<b>Total Revenue .....</b>	<b><u>13,751,679</u></b>	<b><u>15,244,111</u></b>	<b><u>2,353,769</u></b>	<b><u>5,779,986</u></b>	<b><u>37,129,545</u></b>
<b>Expenditures</b>					
<b>Operating</b>					
Public safety .....	4,423,342	—	—	23,608	4,446,950
Public works .....	559,949	—	—	1,266,093	1,826,042
Health and social services .....	156,322	—	—	—	156,322
Culture and recreation .....	5,108,644	—	—	117,794	5,226,438
Community and economic development .....	2,156,160	7,062,659	—	75	9,218,894
General government .....	2,129,519	—	—	—	2,129,519
<b>Debt Service</b>					
Principal .....	—	7,222,175	558,165	340,000	8,120,340
Interest and other charges .....	—	6,664,336	1,069,775	23,511	7,757,622
Capital projects .....	—	—	—	9,735,463	9,735,463
<b>Total Expenditures .....</b>	<b><u>14,533,936</u></b>	<b><u>20,949,170</u></b>	<b><u>1,627,940</u></b>	<b><u>11,506,544</u></b>	<b><u>48,617,590</u></b>
<b>Revenue Over (Under) Expenditures .....</b>	<b><u>(782,257)</u></b>	<b><u>(5,705,059)</u></b>	<b><u>725,829</u></b>	<b><u>(5,726,558)</u></b>	<b><u>(11,488,045)</u></b>
<b>Other Financing Sources (Uses)</b>					
Bond proceeds .....	—	12,341,972	—	9,118,028	21,460,000
Refunding bonds issued .....	—	12,470,000	7,700,000	—	20,170,000
Refunding bond principal payments .....	—	(12,470,000)	(7,700,000)	—	(20,170,000)
Transfers in .....	3,760,333	2,730,788	—	1,902,883	8,394,004
Transfers out .....	(1,317,429)	(5,131,647)	(156,384)	(3,248,976)	(9,854,436)
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>2,442,904</u></b>	<b><u>9,941,113</u></b>	<b><u>(156,384)</u></b>	<b><u>7,771,935</u></b>	<b><u>19,999,568</u></b>
<b>Revenue and Other Financing Sources Over Expenditures and Other Financing Uses .....</b>	<b><u>1,660,647</u></b>	<b><u>4,236,054</u></b>	<b><u>569,445</u></b>	<b><u>2,045,377</u></b>	<b><u>8,511,523</u></b>
Fund Balances - Beginning of Year, as previously reported .....	5,552,779	7,333,924	189,167	1,928,916	15,004,786
Prior period adjustment .....	—	—	—	243,175	243,175
Fund Balances - Beginning of Year, as Restated .....	<u>5,552,779</u>	<u>7,333,924</u>	<u>189,167</u>	<u>2,172,091</u>	<u>15,247,961</u>
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 7,213,426</u></b>	<b><u>\$ 11,569,978</u></b>	<b><u>\$ 758,612</u></b>	<b><u>\$ 4,217,468</u></b>	<b><u>\$ 23,759,484</u></b>

See accompanying notes to the financial statements.

# Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities —————

Year Ended June 30, 2009

**Changes in Fund Balances - Total Governmental Funds**  
**(Page 16)** ..... **\$ 8,511,523**

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

Capital outlays to purchase or construct capital assets are reported in the governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlay and depreciation expense for the year are as follows:

Capital outlay .....	\$ 15,296,544	
Depreciation expense .....	<u>(4,398,824)</u>	10,897,720

The issuance of long-term debt provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes current financial resources. These transactions have no effect on the change in net assets in the statement of activities. In addition, interest is accrued on outstanding debt in the statement of activities whereas in the governmental funds an interest expenditure is reported only when due. The following is a detail of the net effect of these differences in the treatment of long-term debt and related items:

Long-term debt issued .....	\$ (41,630,000)	
Long-term debt principal repaid .....	28,032,442	
Amortization of discounts and premiums .....	(15,822)	
Increase in accrued interest .....	<u>(254,162)</u>	(13,867,542)

Certain receivables are reported in the statement of activities net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds ..... (277,962)

Increase in compensated absences expenses reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds ..... (38,177)

**Change in Net Assets of Governmental Activities (Page 13)** **\$ 5,225,562**

## Statement of Net Assets - Proprietary Funds

At June 30, 2009

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and pooled invest- ments.....	\$ 410,195	\$ 755,627	\$ 381,483	\$ 10,000	\$ 1,057,467	\$ 2,614,772
Receivables						
Assets held by property manager.....	1,004,443	—	—	130,222	—	1,134,665
Customer accounts .....	500,444	336,978	443,063	41,735	177,983	1,500,203
Due from other funds.....	—	—	—	—	128,999	128,999
Inventories and prepaids.....	1,060,103	134,389	76,447	253,028	75,801	1,599,768
<b>Total Current Assets.....</b>	<b><u>2,975,185</u></b>	<b><u>1,226,994</u></b>	<b><u>900,993</u></b>	<b><u>434,985</u></b>	<b><u>1,440,250</u></b>	<b><u>6,978,407</u></b>
<b>Noncurrent Assets</b>						
Restricted Assets						
Cash and pooled investments.....	—	193,420	992,532	—	50,000	1,235,952
Beneficial interest in a trust.....	5,592,087	—	—	809,172	—	6,401,259
Capital assets (net of accumulated depreciation)	60,417,389	7,252,135	16,642,148	10,977,126	10,822,267	106,111,065
<b>Total Noncurrent Assets.....</b>	<b><u>66,009,476</u></b>	<b><u>7,445,555</u></b>	<b><u>17,634,680</u></b>	<b><u>11,786,298</u></b>	<b><u>10,872,267</u></b>	<b><u>113,748,276</u></b>
<b>Total Assets.....</b>	<b><u>\$ 68,984,661</u></b>	<b><u>\$ 8,672,549</u></b>	<b><u>\$ 18,535,673</u></b>	<b><u>\$ 12,221,283</u></b>	<b><u>\$ 12,312,517</u></b>	<b><u>\$ 120,726,683</u></b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts payable.....	\$ 1,027,687	\$ 88,529	\$ 92,911	\$ 167,240	\$ 61,913	\$ 1,438,280
Accrued liabilities and compensated absences ....	750,403	177,243	50,391	124,926	93,820	1,196,783
Due to other funds.....	—	—	—	382,042	249,396	631,438
Current maturities of long- term debt .....	455,000	245,000	591,000	8,154	55,000	1,354,154
<b>Total Current Liabilities</b>	<b><u>2,233,090</u></b>	<b><u>510,772</u></b>	<b><u>734,302</u></b>	<b><u>682,362</u></b>	<b><u>460,129</u></b>	<b><u>4,620,655</u></b>
<b>Long-Term Debt .....</b>	<b><u>45,655,498</u></b>	<b><u>705,000</u></b>	<b><u>4,650,592</u></b>	<b><u>8,494,403</u></b>	<b><u>120,000</u></b>	<b><u>59,625,493</u></b>
<b>Total Liabilities .....</b>	<b><u>47,888,588</u></b>	<b><u>1,215,772</u></b>	<b><u>5,384,894</u></b>	<b><u>9,176,765</u></b>	<b><u>580,129</u></b>	<b><u>64,246,148</u></b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt.....	19,898,978	6,302,135	11,400,556	3,283,741	10,647,267	51,532,677
Restricted for debt service ..	—	193,420	992,532	—	50,000	1,235,952
Unrestricted.....	1,197,095	961,222	757,691	(239,223)	1,035,121	3,711,906
<b>Total Net Assets .....</b>	<b><u>21,096,073</u></b>	<b><u>7,456,777</u></b>	<b><u>13,150,779</u></b>	<b><u>3,044,518</u></b>	<b><u>11,732,388</u></b>	<b><u>56,480,535</u></b>
<b>Total Liabilities and Net Assets .....</b>	<b><u>\$ 68,984,661</u></b>	<b><u>\$ 8,672,549</u></b>	<b><u>\$ 18,535,673</u></b>	<b><u>\$ 12,221,283</u></b>	<b><u>\$ 12,312,517</u></b>	<b><u>\$ 120,726,683</u></b>

See accompanying notes to the financial statements.

## Statement of Revenue, Expenses and Changes in Net Assets - Proprietary Funds

Year Ended June 30, 2009

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Operating Revenue</b>						
Charges for sales and service .....	<b>\$ 14,207,726</b>	<b>\$ 2,026,914</b>	<b>\$ 2,423,801</b>	<b>\$ 2,133,823</b>	<b>\$ 1,867,057</b>	<b>\$ 22,659,321</b>
<b>Operating Expenses</b>						
Salaries and employee benefits .....	—	520,612	433,275	212,012	1,345,826	2,511,725
Contractual services.....	9,839,659	373,480	597,000	825,038	383,860	12,019,037
Commodities .....	2,725,322	297,330	105,511	831,800	774,178	4,734,141
Depreciation .....	2,853,843	384,977	776,097	260,084	437,243	4,712,244
<b>Total Operating Expenses.....</b>	<b>15,418,824</b>	<b>1,576,399</b>	<b>1,911,883</b>	<b>2,128,934</b>	<b>2,941,107</b>	<b>23,977,147</b>
<b>Operating Income (Loss)</b>	<b>(1,211,098)</b>	<b>450,515</b>	<b>511,918</b>	<b>4,889</b>	<b>(1,074,050)</b>	<b>(1,317,826)</b>
<b>Nonoperating Revenue (Expenses)</b>						
Intergovernmental Revenue						
Federal .....	—	—	—	114	287,114	287,228
State .....	—	—	—	—	305,079	305,079
Loss on asset disposal...	—	—	—	—	(18,027)	(18,027)
Interest revenue .....	15,809	16,170	20,469	—	474	52,922
Interest expense.....	(2,308,421)	(84,012)	(257,313)	(425,998)	(12,835)	(3,088,579)
Increase in beneficial interest in a trust.....	237,355	—	—	43,313	—	280,668
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(2,055,257)</b>	<b>(67,842)</b>	<b>(236,844)</b>	<b>(382,571)</b>	<b>561,805</b>	<b>(2,180,709)</b>
<b>Income (Loss) Before Transfers .....</b>	<b>(3,266,355)</b>	<b>382,673</b>	<b>275,074</b>	<b>(377,682)</b>	<b>(512,245)</b>	<b>(3,498,535)</b>
Transfers in .....	3,466,708	—	—	622,845	620,490	4,710,043
Transfers out.....	(2,750,788)	(333,187)	(128,136)	—	(37,500)	(3,249,611)
<b>Net Income (Loss).....</b>	<b>(2,550,435)</b>	<b>49,486</b>	<b>146,938</b>	<b>245,163</b>	<b>70,745</b>	<b>(2,038,103)</b>
Net Assets - Beginning of Year .....	23,646,508	7,407,291	13,003,841	2,799,355	11,661,643	58,518,638
<b>Net Assets - End of Year</b>	<b>\$ 21,096,073</b>	<b>\$ 7,456,777</b>	<b>\$ 13,150,779</b>	<b>\$ 3,044,518</b>	<b>\$ 11,732,388</b>	<b>\$ 56,480,535</b>

See accompanying notes to the financial statements.

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2009

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers.....	\$ 13,753,406	\$ 2,029,976	\$ 2,448,336	\$ 2,163,908	\$ 1,954,437	\$ 22,350,063
Payments to suppliers.....	(12,102,292)	(763,312)	(645,411)	(1,695,113)	(1,204,919)	(16,411,047)
Payments to employees.....	—	(463,736)	(441,822)	(212,371)	(1,343,369)	(2,461,298)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b><u>1,651,114</u></b>	<b><u>802,928</u></b>	<b><u>1,361,103</u></b>	<b><u>256,424</u></b>	<b><u>(593,851)</u></b>	<b><u>3,477,718</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>						
Noncapital federal and state grants.....	—	—	—	114	592,193	592,307
Net transfers.....	715,920	(333,187)	(128,136)	622,845	582,990	1,460,432
<b>Net Cash Provided by (Used in) Noncapital Financing Activities.....</b>	<b><u>715,920</u></b>	<b><u>(333,187)</u></b>	<b><u>(128,136)</u></b>	<b><u>622,959</u></b>	<b><u>1,175,183</u></b>	<b><u>2,052,739</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Increase (decrease) in due to other funds.....	—	—	—	(457,436)	107,881	(349,555)
Proceeds from debt.....	—	950,000	—	—	—	950,000
Net received from trust.....	204,632	—	—	30,813	—	235,445
Received from sale of assets.....	—	—	—	—	41,500	41,500
Purchase of capital assets.....	—	(363,651)	(218,807)	(23,288)	(683,045)	(1,288,791)
Payment of debt issuance costs.....	(355,000)	—	—	—	—	(355,000)
Repayment of debt.....	—	(1,350,000)	(1,466,000)	(7,837)	(55,000)	(2,878,837)
Payment of interest.....	(2,368,735)	(82,153)	(254,680)	(421,635)	(13,075)	(3,140,278)
<b>Net Cash Used in Capital and Related Financing Activities.....</b>	<b><u>(2,519,103)</u></b>	<b><u>(845,804)</u></b>	<b><u>(1,939,487)</u></b>	<b><u>(879,383)</u></b>	<b><u>(601,739)</u></b>	<b><u>(6,785,516)</u></b>
<b>Cash Flows From Investing Activities</b>						
(Increase) decrease in due from other funds.....	—	959,618	1,074,921	—	363,731	2,398,270
Interest received.....	15,809	16,170	20,469	—	474	52,922
<b>Net Cash Provided by Investing Activities.....</b>	<b><u>15,809</u></b>	<b><u>975,788</u></b>	<b><u>1,095,390</u></b>	<b><u>—</u></b>	<b><u>364,205</u></b>	<b><u>2,451,192</u></b>
<b>Net Increase (Decrease) in Cash.....</b>	<b><u>(136,260)</u></b>	<b><u>599,725</u></b>	<b><u>388,870</u></b>	<b><u>—</u></b>	<b><u>343,798</u></b>	<b><u>1,196,133</u></b>
Cash and Pooled Investments at Beginning of Year.....	546,455	349,322	985,145	10,000	763,669	2,654,591
<b>Cash and Pooled Investments at End of Year.....</b>	<b><u>\$ 410,195</u></b>	<b><u>\$ 949,047</u></b>	<b><u>\$ 1,374,015</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$ 1,107,467</u></b>	<b><u>\$ 3,850,724</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>						
Operating income (loss).....	\$ (1,211,098)	\$ 450,515	\$ 511,918	\$ 4,889	\$ (1,074,050)	\$ (1,317,826)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities						
Depreciation.....	2,853,843	384,977	776,097	260,084	437,243	4,712,244
(Increase) decrease in receivables.....	(454,320)	3,062	24,535	30,085	63,380	(333,258)
(Increase) decrease in inventories and prepaids.....	77,954	(45,734)	12,571	20,807	10,723	76,321
Decrease in due to other funds and other governments.....	—	—	—	—	24,000	24,000
Increase (decrease) in accounts and retainages payable.....	305,879	(46,768)	44,529	(59,082)	(57,604)	186,954
Increase (decrease) in accrued liabilities and compensated absences.....	78,856	56,876	(8,547)	(359)	2,457	129,283
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b><u>\$ 1,651,114</u></b>	<b><u>\$ 802,928</u></b>	<b><u>\$ 1,361,103</u></b>	<b><u>\$ 256,424</u></b>	<b><u>\$ (593,851)</u></b>	<b><u>\$ 3,477,718</u></b>
<b>Schedule of Noncash Investing and Financing Activities</b>						
<b>Loss on Asset Disposal</b>						
Book value of assets disposed.....	\$ —	\$ —	\$ —	\$ —	\$ 59,527	\$ 59,527
Cash received.....	—	—	—	—	41,500	41,500
<b>Loss on Asset Disposal.....</b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (18,027)</u></b>	<b><u>\$ (18,027)</u></b>

See accompanying notes to the financial statements.

# Notes to the Financial Statements

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## **(1) Summary of Significant Accounting Policies**

The City of Coralville, Iowa, (City) is a political subdivision of the State of Iowa located in Johnson County. It was incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB Statement No. 20, the City has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989 to its proprietary activities. The more significant of the City's accounting policies are described below.

### **Reporting Entity**

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

### **Excluded Component Unit**

The Coralville Public Library Foundation (an Iowa nonprofit corporation) is a legally separate entity from the City. The Foundation is governed by its own board. The Foundation was formed for the direct benefit of the Coralville Public Library (Library). Economic resources received by the Foundation are used for the direct benefit of the Library and, therefore, the City's constituents. The Foundation has a June fiscal year end and does not prepare financial statements; therefore, audited financial statements are not available. Management has elected to exclude the transactions of the Foundation from the City's financial statements as they are not material.

### **Basis of Presentation**

#### ***Government-Wide Financial Statements***

The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property tax and intergovernmental revenue, are reported separately for business-type activities, which rely to a significant extent on fees and charges for service.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

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

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

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

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

### **Fund Financial Statements**

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

The City had the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenue and other revenue that is not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating expenses, the fixed charges and capital improvement costs not paid from other funds.

The Tax Increment Financing Fund is a special revenue fund used to account for property taxes generated as a result of increased property values of property located in the City's various Tax Increment Financing Districts which will be used to pay obligations incurred for qualifying projects.

The General Obligation Bonds Fund is used to account for the accumulation of financial resources for, and the payment of, interest and principal on the City's general obligation debt and related costs.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

The City had the following major enterprise funds:

*Hotel and Conference Center Fund* - This fund accounts for the operation and maintenance of the City-owned hotel and conference center.

*Water Fund* - This fund accounts for the operation and maintenance of the City's water treatment and distribution system.

*Sewer Fund* - This fund accounts for the operation and maintenance of the City's sanitary sewage systems.

*Golf Fund* - This fund accounts for activities of the City's municipal golf course, clubhouse and related activities.

### Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenue and expenditures or expenses, and other financing sources and uses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into categories as follows:

#### **Governmental Fund Types**

*General fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special revenue funds* are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt service funds* are used to account for the accumulation of financial resources for, and the payment of, interest and principal on the City's general obligation debt, special assessment long-term debt, land purchase contract and related costs.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types, trust funds and special revenue funds).

#### **Proprietary Fund Type**

*Enterprise funds* are used to account for operations (a) that are financed and operated in a manner similar to that of a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### Measurement Focus and Basis of Accounting

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. Revenue is 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within approximately 60 days after year end.

Property tax, local option sales tax, intergovernmental revenue (shared revenue, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Agency funds report, under the accrual basis of accounting, only assets and liabilities. Since agency funds have no equity, they do not have a measurement focus.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Using prescribed procedures, the City amended its budget twice during the year ended June 30, 2009.

The cash basis reports cash receipts and disbursements rather than revenue and expenditures/expenses. Receivables, payables, accruals and deferrals do not apply to the cash basis budget. The budgetary comparison and related disclosures are reported as required supplementary information.

The City follows these procedures in the adoption of or amendment of the annual budget:

1. Department supervisors submit preliminary budget requests during October. These requests are reviewed by the City Administrator and City Finance Officer, who present a proposed budget to the City Council. The City Council prepares a projected budget based on their recommendations.
2. The City Clerk provides the projected budget to interested citizens not later than February 20, and public hearings are conducted to obtain taxpayer comments.
3. Prior to March 15, the budget is legally enacted through passage of a resolution and is submitted to the County Auditor.
4. Amendments to the budget may be considered and reviewed throughout the fiscal year. Amendments are subject to council review and by justification to the City Administrator. The budget is formally amended by the City Council after the process of public hearings.

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. At June 30, 2009, disbursements exceeded the budgeted amounts in General Government, Debt Service and Business-Type Activities functional areas.

### **Cash and Pooled Investments**

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law or contract. Investments consist of money market accounts and certificates of deposit stated at fair value which is equivalent to cost.

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Beneficial Interest in a Trust**

The City has a beneficial interest in two trusts which were created with amounts borrowed to finance the hotel and conference center construction and various improvements at Brown Deer Golf Course. The trusts consist of cash, certificates of deposit and pooled cash investments, all of which are restricted for these projects.

### **Receivables and Payables**

Property taxes receivable are recognized 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 taxes receivable represent unpaid taxes from the current year. The succeeding year property taxes receivable represent 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 taxes receivable have been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2007 assessed property valuations, is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2008.

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable consist of current assessments which are due within one year, delinquent assessments remaining unpaid after the due date, and deferred, uncollected assessments which have been levied, but are not due within one year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared.

Loans consist of amounts advanced to private individuals, companies or organizations through special revenue and agency funds.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds," and result from cash deficiencies in certain funds.

Due from other governments represents amounts due from the State of Iowa, various shared revenue and grants and reimbursements from other governments.

### **Inventories and Prepaids**

Inventories are valued at the lower of first-in, first-out cost or market. The cost of governmental fund-type inventory is recorded as an expenditure when purchased. Inventories and prepaids recorded in the governmental fund types do not reflect current appropriable resources; therefore, an equivalent portion of fund balance is reserved.

Prepaids consist primarily of property and liability insurance payments paid in advance.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### Restricted Assets

Certain assets of the governmental funds are classified as restricted assets because their use is restricted by bond covenants, donors, contract or grant agreements.

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 because their use is limited by applicable bond covenants.

### Interest Capitalized

Construction period interest for business-type activities is capitalized. For projects paid for with taxable bonds, interest is capitalized at the amount of cash paid at the effective interest rate to the earlier of the date the asset is placed in service or year end. No amounts were capitalized in 2009.

### Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and estimated useful lives in excess of one year and most computer equipment.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives.

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Land improvements.....	20 - 50 Years
Buildings and improvements .....	10 - 75 Years
Furniture and equipment .....	5 - 20 Years
Vehicles .....	5 - 10 Years
Road network .....	20 - 40 Years
Bridge network.....	50 Years
Parking ramps .....	50 Years

### Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability.

### Deferred Revenue

Although certain revenue is measurable, it is not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivables and certain grants

## Notes to the Financial Statements

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### **(1) Summary of Significant Accounting Policies**

and cost sharing receivables not collected within approximately 60 days after year end. Deferred revenue in the statement of net assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and other project-related amounts not received within approximately 60 days after year end.

#### **Long-Term Liabilities**

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column in the statement of net assets and the proprietary fund type statement of net assets. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Balance**

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

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### **Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **(2) Cash and Pooled Investments**

The City's deposits 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 that there will be no loss of public funds.

## Notes to the Financial Statements

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### (2) Cash and Pooled Investments

The City is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council 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.

On June 30, 2009, the City had investments in the Iowa Public Agency Investment Trust which were valued at an amortized cost of \$5,267,497 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The City's cash and pooled investments at June 30, 2009 were as follows:

Cash accounts.....	\$ 15,795,751
Pooled cash investments - Iowa Public Agency Investment Trust .....	5,267,497
Certificates of deposit.....	<u>2,551,146</u>
<b>Total</b> .....	<b><u>\$ 23,614,394</u></b>

### (3) Loans Receivable

During the year ended June 30, 2002, the City made a \$504,000 forgivable economic development loan to a local business. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2003, the City made forgivable economic development loans to two local businesses totaling \$828,000. The loans are forgivable upon the businesses meeting certain job creation goals. The loans bear interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loans were not in default.

During the year ended June 30, 2005, the City made a \$300,000 economic development loan to the Iowa City/Coralville Convention and Visitors Bureau. The loan includes interest at 5.5% with quarterly payments due through June 30, 2020. Payments made on the loan during 2009 included \$15,270 of principal and \$13,930 of interest.

During the year ended June 30, 2005, the City made a forgivable economic development loan to a local business totaling \$1,100,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2007, the City made a forgivable economic development loan to a local business totaling \$450,200. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2008, the City made a forgivable economic development loan to a local business totaling \$210,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

## Notes to the Financial Statements

### (3) Loans Receivable

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$150,000. The loan is forgivable upon the business meeting certain job retention goals. The total loan amount available is \$900,000. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$200,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$957,500. The loan is forgivable upon the business meeting minimum property assessments. The total loan is for \$1,200,000 and bears interest at 6%, which is also forgivable. At June 30, 2009, no amounts of principal and interest had been received or forgiven and the loan was not in default.

### (4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2009 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
General Fund.....	\$ 3,616,154	\$ 128,999
Special Revenue Funds		
Police Grants .....	—	15,705
Debt Service Funds		
General Obligation Bonds.....	—	74,347
Mall Area.....	—	1,000
North Annexation .....	—	68,785
Capital Projects Funds		
EWP Emergency Watershed .....	—	16,360
First Avenue/Brownfields Projects .....	—	796,201
Trail Projects .....	—	411,336
Highway 6 Projects .....	—	1,109,352
Transit/Parks Facility.....	—	78,841
Street Projects .....	—	123,104
Town Center Parking Ramp Project .....	—	16,546
North Corridor Land Use Project.....	—	121,025
First Avenue/Clear Creek Projects.....	—	152,114
Enterprise Funds		
Transit .....	128,999	—
Brown Deer Golf Course.....	—	382,042
Solid Waste.....	—	76,925
Hotel Parking .....	—	172,471
	<u>\$ 3,745,153</u>	<u>\$ 3,745,153</u>

These balances result from interfund loans to finance projects. Repayments will be made from future revenue and debt proceeds.

## Notes to the Financial Statements

### (5) Capital Assets

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

	Balance - Beginning of Year	Increases	Decreases	Transfers	Balance - End of Year
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated					
Land.....	\$ 57,268,721	\$ 6,786,704	\$ 232,772	\$ —	\$ 63,822,653
Construction in progress .....	4,376,873	7,756,224	—	(4,620,989)	7,512,108
Total Capital Assets Not Being Depreciated.....	61,645,594	14,542,928	232,772	(4,620,989)	71,334,761
Capital Assets Being Depreciated					
Land improvements.....	19,343,145	—	—	—	19,343,145
Buildings and improvements .....	21,863,753	201,849	—	216,505	22,282,107
Furniture and equipment .....	10,851,914	407,754	—	—	11,259,668
Vehicles .....	1,033,905	376,785	—	—	1,410,690
Road network .....	75,728,745	—	—	4,404,484	80,133,229
Bridge network.....	5,101,681	—	—	—	5,101,681
Parking ramps .....	5,522,881	—	—	—	5,522,881
Total Capital Assets Being Depreciated	139,446,024	986,388	—	4,620,989	145,053,401
Less Accumulated Depreciation for					
Land improvements.....	553,455	413,609	—	—	967,064
Buildings and improvements .....	4,831,922	660,315	—	—	5,492,237
Furniture and equipment .....	4,459,625	544,415	—	—	5,004,040
Vehicles .....	629,110	135,965	—	—	765,075
Road network .....	23,035,727	2,417,529	—	—	25,453,256
Bridge network.....	652,498	116,533	—	—	769,031
Parking ramps .....	165,687	110,458	—	—	276,145
Total Accumulated Depreciation.....	34,328,024	4,398,824	—	—	38,726,848
Net Capital Assets Being Depreciated....	105,118,000	(3,412,436)	—	4,620,989	106,326,553
<b>Net Governmental Activities</b>					
Capital Assets.....	<b>\$ 166,763,594</b>	<b>\$ 11,130,492</b>	<b>\$ 232,772</b>	<b>\$ —</b>	<b>\$ 177,661,314</b>
<b>Business-Type Activities</b>					
Capital Assets Not Being Depreciated					
Land.....	\$ 3,545,093	\$ —	\$ —	\$ —	\$ 3,545,093
Construction in progress .....	230,858	558,570	—	(431,449)	357,979
Total Capital Assets Not Being Depreciated.....	3,775,951	558,570	—	(431,449)	3,903,072
Capital Assets Being Depreciated					
Buildings and improvements .....	104,378,848	—	80,123	—	104,298,725
Furniture and equipment .....	24,223,349	259,206	—	431,449	24,914,004
Vehicles .....	215,938	471,016	—	—	686,954
Total Capital Assets Being Depreciated	128,818,135	730,222	80,123	431,449	129,899,683
Less Accumulated Depreciation for					
Land improvements.....	2,484	1,862	—	—	4,346
Buildings and improvements .....	12,799,159	2,587,679	20,596	—	15,366,242
Furniture and equipment .....	10,058,095	2,093,743	—	—	12,151,838
Vehicles .....	140,304	28,960	—	—	169,264
Total Accumulated Depreciation.....	23,000,042	4,712,244	20,596	—	27,691,690
Net Capital Assets Being Depreciated....	105,818,093	(3,982,022)	59,527	431,449	102,207,993
<b>Net Business-Type Activities</b>					
Capital Assets.....	<b>\$ 109,594,044</b>	<b>\$ (3,423,452)</b>	<b>\$ 59,527</b>	<b>\$ —</b>	<b>\$ 106,111,065</b>

## Notes to the Financial Statements

### (5) Capital Assets

Depreciation expense was charged by the City as follows for the year ended June 30, 2009:

Governmental Activities	
Public safety .....	\$ 288,852
Public works .....	136,509
Culture and recreation.....	812,186
Community and economic development .....	3,062,968
General government .....	<u>86,916</u>
	4,387,431
Unallocated depreciation.....	<u>11,393</u>
<b>Total Governmental Activities Depreciation Expense .....</b>	<b><u>\$ 4,398,824</u></b>
Business-Type Activities	
Hotel and conference center .....	\$ 2,853,843
Water.....	384,977
Sewer .....	776,097
Golf.....	260,084
Solid waste.....	63,979
Transit .....	93,663
Hotel parking .....	<u>279,601</u>
<b>Total Business-Type Activities Depreciation Expense .....</b>	<b><u>\$ 4,712,244</u></b>

### (6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2009:

	Balance - Beginning of Year	Additions	Retirements	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
<b>Governmental Activities</b>						
General obligation						
bonds .....	\$ 87,050,741	\$ 41,630,000	\$ 22,897,340	\$ 105,783,401	\$ 7,410,000	1.10%-6.00%
Tax increment						
revenue bonds .....	70,700,665	—	4,658,939	66,041,726	3,820,000	3.00%-8.00%
Special assessment						
bonds .....	340,000	—	340,000	—	—	5.40%
Other long-term debt	1,349,949	—	120,341	1,229,608	126,571	0.00%-7.00%
Compensated						
absences.....	552,097	590,274	552,097	590,274	590,274	N/A
<b>Totals.....</b>	<b><u>\$ 159,993,452</u></b>	<b><u>\$ 42,220,274</u></b>	<b><u>\$ 28,568,717</u></b>	<b><u>\$ 173,645,009</u></b>	<b><u>\$ 11,946,845</u></b>	
<b>Business-Type Activities</b>						
Revenue bonds .....	\$ 8,286,700	\$ 950,000	\$ 2,870,108	\$ 6,366,592	\$ 891,000	2.00%-5.30%
Capital leases.....	54,872,998	—	410,951	54,462,047	455,000	4.00%-5.25%
Other long-term debt	158,845	—	7,837	151,008	8,154	4.00%
Compensated						
absences.....	130,887	129,216	130,887	129,216	129,216	N/A
<b>Totals.....</b>	<b><u>\$ 63,449,430</u></b>	<b><u>\$ 1,079,216</u></b>	<b><u>\$ 3,419,783</u></b>	<b><u>\$ 61,108,863</u></b>	<b><u>\$ 1,483,370</u></b>	

# Notes to the Financial Statements

## (6) Long-Term Debt

### Governmental Activities

#### **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 general government and proprietary activities. In addition, general obligation bonds have been issued to refund prior general obligation bonds.

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 substantially equal amounts of principal plus interest maturing each year. Certain general obligation bond debt service is subject to annual appropriation by the City Council. In accordance with the Code of Iowa, only that portion subject to the annual appropriation by the City Council is included in the computation of the statutory debt limit.

#### **Tax Increment Revenue Bonds**

The City issues urban renewal tax increment revenue bonds for the purpose of defraying portions of the cost of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Special Revenue Fund and the taxes are to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds are to be expended only for purposes which are consistent with the City's urban renewal area plans. The bonds are not a general obligation of the City, however, most of the debt is subject to the constitutional debt limitation of the City. The debt that is not subject to the constitutional debt limit includes principal and interest due later than one year from the balance sheet date for certain annual appropriation notes.

#### **Special Assessment Bonds**

The City issues bonds where the government pledges the proceeds of the assessments against benefited properties to pay debt service. Proceeds of special assessment bonds are used to finance the construction of these improvements.

### Other Long-Term Debt

#### **Land Purchase Contracts**

On September 1, 1998, the City purchased a parcel of land on First Avenue for the First Avenue TIF Area Improvement Project. The purchase was financed by a land purchase contract with the former owner which matures September 1, 2011. The contract calls for monthly payments of \$4,932 through September 1, 2011, including interest at 7%.

During the year ended June 30, 2009, \$49,312 of principal was paid and interest expense was \$9,868.

At June 30, 2009, annual maturities of the land purchase contract are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010 .....	\$ 52,538	\$ 6,641	\$ 59,179
2011 .....	56,336	2,843	59,179
2012 .....	9,958	86	10,044
	<u>\$ 118,832</u>	<u>\$ 9,570</u>	<u>\$ 128,402</u>

## Notes to the Financial Statements

### (6) Long-Term Debt

During the year ended June 30, 2007, the City purchased 33.5 acres of land for a future public park and/or public open space. The purchase was financed by a land purchase contract with the former owner which matures January 15, 2017. The contract calls for annual payments of \$125,194 through January 15, 2017, including interest at 6.5%.

During the year ended June 30, 2009, \$71,029 of principal and \$54,165 of interest was paid.

At June 30, 2009, annual maturities of the land purchase contract are as follows:

Year Ending June 30,	Principal	Interest	Total
2010 .....	\$ 74,033	\$ 51,161	\$ 125,194
2011 .....	78,991	46,203	125,194
2012 .....	84,281	40,913	125,194
2013 .....	89,925	35,268	125,193
2014 .....	95,948	29,246	125,194
2015-2018 .....	<u>339,098</u>	<u>47,432</u>	<u>386,530</u>
	<u>\$ 762,276</u>	<u>\$ 250,223</u>	<u>\$ 1,012,499</u>

#### ***Forgivable Loan***

During the year ended June 30, 2002, the City obtained a ten-year, \$248,500 forgivable loan through the Iowa Department of Economic Development for Brownfields Redevelopment. The loan is noninterest bearing and no principal is due through the year ending June 30, 2010. The loan will then be forgiven based upon a formula using the increase in taxable property valuation for the redevelopment area. Any amount not forgiven at that date will be payable through June 30, 2011. During the year ended June 30, 2005, the City entered into another loan for \$100,000 for similar terms, with no payments due through June 30, 2011.

### Business-Type Activities

#### ***Revenue Bonds***

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2014. Net revenue is required to be at least 130% of the maximum debt service coming due in any year. The total principal and interest remaining to be paid on the notes is \$1,021,188. For the current year, maximum principal and interest due in any future year and total customer net revenue was \$274,178 and \$835,492, respectively.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net revenue and are payable through 2022. Net revenue is required to be at least 110% of the current year debt service. The total principal and interest remaining to be paid on the notes is \$4,050,400. For the current year, principal and interest paid and total customer net revenue was \$778,499 and \$1,288,015, respectively.

# Notes to the Financial Statements

## (6) Long-Term Debt

### *Capital Lease Obligations*

#### **Golf Course Expansion Leasing and Financing Transactions**

The City expanded Brown Deer Golf Course from 9 to 18 holes and built a clubhouse, other buildings and a driving range. To finance this expansion, the City entered into an agreement to lease land it owns or will be acquiring for the expansion to US Bank, as trustee and in turn, lease that land back from US Bank for the City's use as the expanded golf course for a period of 50 years for the total lease payment of \$1. As part of the financing, the City agreed to sell certain other land it owns to US Bank and lease it back under a capital lease. The capital lease requires payments in amounts necessary to pay US Bank for the total proceeds of \$7,605,000 that US Bank obtained by selling Certificates of Participation in the lease to investors. Once the Certificates of Participation are repaid, title to all of the land, buildings and improvements transfers to the City.

During the year ended June 30, 2004, US Bank resigned as trustee and Central State Bank was appointed and assumed all of the terms and conditions of the original trust agreement.

During the year ended June 30, 2006, the City refinanced the capital lease agreement through the issuance of \$8,465,000 of Certificates of Participation issued by Central State Bank to repay the existing obligation. The terms of the new agreement remained substantially the same as the original agreement.

During the year ended June 30, 2009, interest paid totaled \$407,675 and no principal was due.

At June 30, 2009, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2010 .....	\$ 407,676
2011 .....	542,676
2012 .....	577,276
2013 .....	575,276
2014 .....	577,850
2015-2019 .....	2,929,028
2020-2024 .....	2,996,652
2025-2029 .....	3,068,766
2030-2034 .....	3,174,752
2035-2039 .....	<u>651,000</u>
Total Minimum Lease Payments .....	15,500,952
Less: Amount representing interest .....	7,035,952
Original issue discount .....	<u>113,451</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 8,351,549</u></b>

#### **Hotel and Conference Center**

The City entered into various agreements to construct an upscale hotel and conference center. The hotel is being operated under a qualified management agreement by the Marriott hotel chain. To finance the construction, the City entered into an agreement to lease land it owns to Bankers Trust Company, NA (Bankers) as trustee, and in turn lease that land back from Bankers for approximately 99 years for the total lease payment of \$1. The City and Bankers further entered into a lease purchase

## Notes to the Financial Statements

### (6) Long-Term Debt

agreement being accounted for as a capital lease by the City. The capital lease agreement requires payments in amounts necessary to pay Bankers for the total proceeds of \$45,500,000 that Bankers obtained by selling Certificates of Participation in the lease to investors. Once the Certificates of Participation are repaid, title to the land transfers to the City. The Certificates of Participation were issued during the year ended June 30, 2007 at a premium of \$1,206,283. These additional proceeds were used for the project.

During the year ended June 30, 2009, principal paid totaled \$355,000 and interest paid totaled \$2,370,288.

At June 30, 2009, future minimum lease payments on the capital lease obligation are as follows:

#### Year Ending June 30,

2010 .....	\$ 2,808,038
2011 .....	2,905,288
2012 .....	2,986,537
2013 .....	3,067,287
2014 .....	3,152,287
2015-2019 .....	16,803,825
2020-2024 .....	27,617,988
2025-2029 .....	<u>16,671,662</u>
Total Minimum Lease Payments .....	76,012,912
Less amount representing interest .....	30,957,912
Plus original issue premium .....	<u>1,055,498</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 46,110,498</u></b>

#### Other Long-Term Debt

##### **Small Business Administration Loans**

In connection with the donation of the Brown Deer Golf Course to the City in April, 1999, the City assumed the two existing Small Business Administration (SBA) loans of the donor.

The loans are due February, 2024. Required monthly payments total \$1,183 including interest at a rate of 4%. The loans are secured by all assets of the golf course.

At June 30, 2009, annual maturities of the SBA loans are as follows:

Year Ending June 30,	<u>SBA Loans</u>	
	Principal	Interest
2010 .....	\$ 8,154	\$ 6,042
2011 .....	8,487	5,709
2012 .....	8,832	5,364
2013 .....	9,192	5,004
2014 .....	9,567	4,629
2015-2019 .....	54,008	16,972
2020-2024 .....	<u>52,768</u>	<u>5,150</u>
<b>Total .....</b>	<b><u>\$ 151,008</u></b>	<b><u>\$ 48,870</u></b>

## Notes to the Financial Statements

### (6) Long-Term Debt

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds at June 30, 2009 are as follows:

Year Ending June 30,	Governmental Activities				Business- Type Activities		Total	
	General		Tax Increment		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010 .....	\$ 7,410,000	\$ 4,704,053	\$ 3,820,000	\$ 3,297,978	\$ 891,000	\$ 175,019	\$ 12,121,000	\$ 8,177,050
2011 .....	23,200,000	4,140,462	3,790,000	3,116,796	907,000	142,527	27,897,000	7,399,785
2012 .....	6,920,000	3,188,604	3,390,000	2,939,434	933,000	133,441	11,243,000	6,261,479
2013 .....	7,335,000	2,900,488	3,550,000	2,780,666	885,000	111,500	11,770,000	5,792,654
2014 .....	7,575,000	2,616,766	3,515,000	2,612,711	685,000	92,189	11,775,000	5,321,666
2015-2019	37,200,000	8,050,696	16,235,000	10,382,859	1,430,000	251,430	54,865,000	18,684,985
2020-2024	12,485,000	2,485,014	2,505,000	7,999,822	628,000	41,280	15,618,000	10,526,116
2025-2029	3,550,000	563,554	4,120,000	7,216,063	—	—	7,670,000	7,779,617
2030-2034	—	—	4,420,000	6,252,167	—	—	4,420,000	6,252,167
2035-2039	—	—	9,060,000	4,071,250	—	—	9,060,000	4,071,250
2040-2044	—	—	6,640,000	2,163,750	—	—	6,640,000	2,163,750
2045-2049	—	—	4,585,000	469,750	—	—	4,585,000	469,750
	<u>105,675,000</u>	<u>28,649,637</u>	<u>65,630,000</u>	<u>53,303,246</u>	<u>6,359,000</u>	<u>947,386</u>	<u>177,664,000</u>	<u>82,900,269</u>
Net unamor- tized bond premium (discount)	<u>108,401</u>	<u>—</u>	<u>411,726</u>	<u>—</u>	<u>7,592</u>	<u>—</u>	<u>527,719</u>	<u>—</u>
<b>Net</b>	<b><u>\$ 105,783,401</u></b>	<b><u>\$ 28,649,637</u></b>	<b><u>\$ 66,041,726</u></b>	<b><u>\$ 53,303,246</u></b>	<b><u>\$ 6,366,592</u></b>	<b><u>\$ 947,386</u></b>	<b><u>\$ 178,191,719</u></b>	<b><u>\$ 82,900,269</u></b>

Interest expense and other charges recorded in governmental fund types totaled \$7,757,622 for the year ended June 30, 2009. Interest expense recorded in proprietary fund types totaled \$3,088,579.

### Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. At June 30, 2009, the City was in compliance with these covenants.

### (7) Retirement System

#### Iowa Public Retirement System

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.

Contribution requirements are established by State statute and may be amended by the State of Iowa legislature with the consent of the governor. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$527,213, \$474,589 and \$439,192, respectively, and were equal to the required contributions for each year.

## Notes to the Financial Statements

### (7) Retirement System

Contribution rates were as follows:

	<u>Police</u>		<u>All Other Employees</u>	
	<u>Employee Contribution</u>	<u>City Contribution</u>	<u>Employee Contribution</u>	<u>City Contribution</u>
2007	6.08%	9.12%	3.70%	5.75%
2008	5.64	8.47	3.90	6.05
2009	5.63	8.45	4.10	6.35

### (8) Other Postemployment Benefits (OPEB)

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

#### Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 149 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

#### 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.....	\$ 49,133
Interest on net OPEB obligation .....	—
Adjustment to annual required contribution .....	—
Annual OPEB Cost .....	49,133
Contributions made .....	14,204
Increase in Net OPEB Obligation.....	34,929
Net OPEB Obligation - Beginning of Year .....	—
Net OPEB Obligation - End of Year.....	<u>\$ 34,929</u>

## Notes to the Financial Statements

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### (8) Other Postemployment Benefits (OPEB)

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.

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:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2009	\$49,133	28%	\$34,929

### 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 \$319,122 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$319,122. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,845,174 and the ratio of the UAAL to covered payroll was 4.7%. 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 the 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 Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP 2000 Mortality Table applied on a gender-specific basis. Annual retirement was assumed at the rate of retirement by attained age after becoming eligible to retire and continue health coverage and termination probabilities were assumed at a modest rate for active employees while no turnover was assumed after the benefit start date.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## Notes to the Financial Statements

### (9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer From	Amount
General Fund	Special Revenue	
	Tax Increment Financing	\$ 622,274
	Nonmajor Governmental Funds	2,064,193
	Capital Projects	
	Nonmajor Governmental Funds	58,800
	Debt Service	
	Nonmajor Governmental Funds	725,074
	Proprietary	
	Water	111,187
	Sewer	121,305
	Hotel and Conference Center	20,000
	Nonmajor Proprietary Funds	37,500
		<u>3,760,333</u>
Tax Increment Financing	Proprietary	
	Hotel and Conference Center	<u>2,730,788</u>
Nonmajor Debt Service	General Fund	50,000
	Debt Service	
	Nonmajor Governmental Funds	2,111
		<u>52,111</u>
Nonmajor Capital Projects	General Fund	49,094
	Special Revenue	
	Tax Increment Financing	1,017,665
	Nonmajor Governmental Funds	73,468
	Debt Service	
	General Obligation Bonds	156,384
	Capital Projects	
	Nonmajor Governmental Funds	325,330
	Proprietary	
	Water	222,000
	Sewer	6,831
		<u>1,850,772</u>
Hotel and Conference Center	Special Revenue	
	Tax Increment Financing	<u>3,466,708</u>
Sewer	Proprietary	<u>318,125</u>
Golf	General Fund	<u>622,845</u>
Nonmajor Proprietary		
Transit	General Fund	595,490
Hotel Parking	Special Revenue	
	Tax Increment Financing	25,000
		<u>620,490</u>
<b>Total</b>		<b><u>\$ 13,422,172</u></b>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources or are for other legal purposes.

## Notes to the Financial Statements

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### (10) Deficit Balances

The following individual funds had a deficit at June 30, 2009:

Special Revenue	
Police Grants .....	\$ 15,705
Nonmajor Debt Service	
Mall Area .....	1,000
Capital Projects	
Highway 6 Projects .....	2,839,932
Town Center Parking Ramp Project .....	111,782
Street Projects .....	133,292
First Avenue/Brownfields Projects .....	343,067
North Corridor Land Use Project.....	121,025
Trail Projects .....	460,476
EWP Emergency Watershed .....	33,610
Transit/Parks Facility.....	240,638
First Avenue/Clear Creek Projects.....	152,114

### (11) Operating Lease

The City is leasing 60 golf carts under an operating lease requiring monthly payments of \$13,400 during the months of July, August and September of each year with a final payment due September, 2013. The City is also leasing golf course maintenance equipment under an operating lease requiring one annual payment of \$3,990 due in July of each year through 2012.

The City is leasing two golf utility carts under an operating lease requiring monthly payments of \$800 during the months of June, July and August of each year with a final payment due September, 2013. The following is a schedule by years of future minimum lease payments required under the lease:

<b>Year Ending June 30,</b>	
2010.....	\$ 46,590
2011.....	46,590
2012.....	52,390
2013.....	42,600
2014.....	95,000
<b>Total Future Minimum Lease Payments.....</b>	<b><u>\$ 283,170</u></b>

### (12) Commitments

#### Construction

The City is involved in construction of capital assets, including streets, streetscape improvements, recreation facilities, a new fire station and water and sewer plant improvements. Some construction is funded through grants from state and federal governments. The remainder is generally funded through the proceeds of debt issues. At June 30, 2009, the City was committed to approximately \$10 million of construction contracts.

### **(13) Jointly Governed Organizations**

The City also participates in several jointly governed organizations for which the City is either not financially accountable or the nature and significance of the organizations' relationships with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions which are not included in the City's financial statements: Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Johnson County Council of Governments and the Johnson County Compensation Board.

### **(14) Risk Management**

#### **Iowa Community Assurances Pool**

During 2005, the City became 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 577 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. 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% 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's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2009, the City made payments of approximately \$503,000 to the risk pool.

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. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

### **(14) Risk Management**

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. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the City's financial statements. As of June 30, 2009, settled claims had not exceeded the risk pool or reinsurance 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. After the sixth year, the member is refunded 100% 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.

#### **Iowa Municipalities Workers' Compensation Association**

The City is a member of the Iowa Municipalities Workers' Compensation Association (Association). The Association is a local government risk-sharing pool whose approximately 500 members include various municipal and county governments throughout the State of Iowa. The Pool was formed in July, 1981 to formulate, develop and administer, on behalf of the member governments, a program of joint self-insurance to stabilize costs related to members' workers' compensation liabilities. Program components include claims management, member education and loss control services. There have been no reductions in insurance coverage from prior years.

Each member pays annual premiums determined by using applicable standard rates for the exposure to risk and applicable experience modification factors of the National Council on Compensation Insurance. Each member may be subject to additional premiums to pay its pro rata share of claims which exceeds the Association's resources available to pay such claims. A distribution to members may also be made if the Association has excess monies remaining after payment of claims and expenses.

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2009 were approximately \$178,000.

The Association uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. Claims exceeding \$500,000 are reinsured in an amount not to exceed \$1,500,000 per occurrence.

Members may withdraw from the Association at any time provided they provide assets for settlement of all pending claims.

## Notes to the Financial Statements

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### (15) Subsequent Events

Management has evaluated subsequent events through March 9, 2010, the date which the financial statements were available to be issued.

Subsequent to June 30, 2009, the City entered into several agreements to purchase land and construct capital improvements. These agreements totaled approximately \$3 million.

Subsequent to June 30, 2009, the City took actions to issue approximately \$67 million of new debt for projects, land purchases and to refund existing debt.

### (16) Contingencies

The City is involved in various lawsuits in the normal course of business. The City's management cannot predict the outcome of the lawsuits. Management believes that losses resulting from these matters, if any, would be primarily covered under the City's insurance policies and would not have a material effect on the financial position of the City.

### (17) Designations of Fund Balances

The City Council has approved designations of unrestricted fund balances at June 30, 2009 for the following purposes:

#### General Fund

Equipment purchases and various special projects .....	\$ 1,794,740
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#### Special Revenue Fund

##### Road Use Tax Fund

Equipment purchases .....	520,185
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#### Business-Type Activities

##### Sewer

Equipment purchases and improvement projects .....	459,511
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##### Water

Equipment purchases .....	142,798
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##### Golf

Equipment purchases .....	105,285
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##### Transit

Equipment purchases .....	856,967
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##### Hotel Parking

Equipment purchases .....	200,500
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### **(18) Prior Period Adjustments**

During the year ended June 30, 2009, management determined it had overstated a liability for land purchased in a prior year. The effect of the error correction was to increase previously reported fund balances in the nonmajor capital projects funds \$243,175. The error also resulted in a \$243,175 increase in previously reported net assets in the government-wide statement of activities. The correction had no effect on the change in net assets or change in fund balances for the year ended June 30, 2009.

**Required Supplementary Information**

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

Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Governmental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property taxes .....	\$ 10,198,131	\$ 10,198,128	\$ 10,130,782	\$ —	\$ 10,130,782	\$ (67,346)
Tax increment financing...	14,458,577	14,458,577	14,314,329	—	14,314,329	(144,248)
Other city taxes .....	2,458,402	2,458,402	2,342,315	—	2,342,315	(116,087)
Licenses and permits .....	607,750	607,750	615,218	—	615,218	7,468
Use of money and property	497,000	347,000	823,384	301,833	1,125,217	778,217
Intergovernmental .....	2,991,083	5,741,083	5,079,276	651,687	5,730,963	(10,120)
Charges for services .....	13,877,410	26,386,410	1,411,723	23,037,439	24,449,162	(1,937,248)
Special assessments .....	463,052	783,052	788,694	—	788,694	5,642
Miscellaneous .....	629,215	729,215	1,276,152	4,792	1,280,944	551,729
<b>Total Receipts .....</b>	<b>46,180,620</b>	<b>61,709,617</b>	<b>36,781,873</b>	<b>23,995,751</b>	<b>60,777,624</b>	<b>(931,993)</b>
<b>Disbursements</b>						
Public safety .....	4,124,819	4,417,794	4,384,421	—	4,384,421	(33,373)
Public works .....	1,953,825	2,105,825	1,736,202	—	1,736,202	(369,623)
Health and social services	107,475	107,475	84,509	—	84,509	(22,966)
Culture and recreation .....	4,748,352	4,748,352	4,606,486	—	4,606,486	(141,866)
Community and economic development .....	455,517	9,355,517	9,841,915	—	9,841,915	486,398
General government .....	2,440,978	2,776,528	2,804,970	—	2,804,970	28,442
Debt service .....	20,392,621	30,592,621	38,908,816	—	38,908,816	8,316,195
Capital projects .....	10,838,000	11,338,000	9,096,735	—	9,096,735	(2,241,265)
Business-type activities .....	10,476,014	23,654,326	—	23,790,815	23,790,815	136,489
<b>Total Disbursements ..</b>	<b>55,537,601</b>	<b>89,096,438</b>	<b>71,464,054</b>	<b>23,790,815</b>	<b>95,254,869</b>	<b>6,158,431</b>
<b>Receipts Over (Under) Disbursements .....</b>	<b>(9,356,981)</b>	<b>(27,386,821)</b>	<b>(34,682,181)</b>	<b>204,936</b>	<b>(34,477,245)</b>	<b>(7,090,424)</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources ...	29,092,907	71,396,682	52,702,594	2,234,835	54,937,429	(16,459,253)
Other financing uses .....	(20,217,907)	(20,217,907)	(8,608,659)	(3,308,275)	(11,916,934)	8,300,973
<b>Total Other Financing Sources (Uses) .....</b>	<b>8,875,000</b>	<b>51,178,775</b>	<b>44,093,935</b>	<b>(1,073,440)</b>	<b>43,020,495</b>	<b>(8,158,280)</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses ..</b>						
	<b>(481,981)</b>	<b>23,791,954</b>	<b>9,411,754</b>	<b>(868,504)</b>	<b>8,543,250</b>	<b>\$(15,248,704)</b>
Balance - Beginning of Year	26,551,417	26,551,417	10,686,589	10,523,332	21,209,921	
<b>Balance - End of Year .....</b>	<b>\$ 26,069,436</b>	<b>\$ 50,343,371</b>	<b>\$ 20,098,343</b>	<b>\$ 9,654,828</b>	<b>\$ 29,753,171</b>	

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and nonprogram. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, permanent funds and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted disbursements by approximately \$33.5 million. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements in community and economic development, general government, debt service and business-type activities functional areas exceeded the budgeted amount.

# Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2009

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 36,781,873	\$ 347,672	\$ 37,129,545
Expenditures.....	<u>71,464,054</u>	<u>22,846,464</u>	<u>48,617,590</u>
Net .....	(34,682,181)	23,194,136	(11,488,045)
Other financing sources (uses).....	44,093,935	(24,094,367)	19,999,568
Beginning fund balances .....	<u>10,686,589</u>	<u>4,561,372</u>	<u>15,247,961</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 20,098,343</u></b>	<b><u>\$ 3,661,141</u></b>	<b><u>\$ 23,759,484</u></b>

	<b>Proprietary Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 23,995,751	\$ (410,533)	\$ 23,585,218
Expenditures.....	<u>23,790,815</u>	<u>3,292,938</u>	<u>27,083,753</u>
Net .....	204,936	(3,703,471)	(3,498,535)
Other financing sources (uses).....	(1,073,440)	2,533,872	1,460,432
Beginning fund balances .....	<u>10,523,332</u>	<u>47,995,306</u>	<u>58,518,638</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 9,654,828</u></b>	<b><u>\$ 46,825,707</u></b>	<b><u>\$ 56,480,535</u></b>

## Schedule of Funding Progress for the Retiree Health Plan

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
July 1, 2008	\$—	\$319,122	\$319,122	0%	\$6,845,174	4.7%

See Note 8 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

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# Combining Balance Sheet Schedule - Nonmajor Governmental Funds

At June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>				
Cash and pooled investments .....	\$ 723,586	\$ 428,697	\$ 7,760,568	\$ 8,912,851
Receivables				
Property Taxes				
Current year delinquent.....	44,752	—	—	44,752
Succeeding year.....	2,046,826	—	—	2,046,826
Loans .....	—	—	576,190	576,190
Due from other governments .....	192,330	—	1,960,430	2,152,760
Special assessments .....	—	510,816	—	510,816
Inventories and prepaids .....	12,186	—	—	12,186
Restricted Assets				
Cash and pooled investments.....	<u>548,673</u>	<u>—</u>	<u>—</u>	<u>548,673</u>
<b>Total Assets .....</b>	<b><u>\$ 3,568,353</u></b>	<b><u>\$ 939,513</u></b>	<b><u>\$ 10,297,188</u></b>	<b><u>\$ 14,805,054</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 54,251	\$ —	\$ 3,312,894	\$ 3,367,145
Due to other funds .....	15,705	69,785	2,824,879	2,910,369
Deferred Revenue				
Succeeding year property taxes ...	2,046,826	—	—	2,046,826
Special assessments .....	—	407,158	—	407,158
Other .....	<u>—</u>	<u>—</u>	<u>1,856,088</u>	<u>1,856,088</u>
<b>Total Liabilities .....</b>	<b><u>2,116,782</u></b>	<b><u>476,943</u></b>	<b><u>7,993,861</u></b>	<b><u>10,587,586</u></b>
<b>Fund Balances</b>				
Reserved for				
Other .....	539,100	—	—	539,100
Debt service .....	—	462,570	—	462,570
Inventories and prepaids.....	12,186	—	—	12,186
Unreserved.....	380,100	—	—	380,100
Unreserved, Reported in Nonmajor Funds				
Special revenue funds.....	520,185	—	—	520,185
Capital projects funds.....	<u>—</u>	<u>—</u>	<u>2,303,327</u>	<u>2,303,327</u>
<b>Total Fund Balances .....</b>	<b><u>1,451,571</u></b>	<b><u>462,570</u></b>	<b><u>2,303,327</u></b>	<b><u>4,217,468</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,568,353</u></b>	<b><u>\$ 939,513</u></b>	<b><u>\$ 10,297,188</u></b>	<b><u>\$ 14,805,054</u></b>

## Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenue</b>				
Property taxes .....	\$ 1,983,339	\$ —	\$ —	\$ 1,983,339
Special assessments.....	—	431,610	—	431,610
Use of money and property .....	—	883	346,017	346,900
Intergovernmental.....	1,426,925	—	601,878	2,028,803
Charges for services.....	—	—	297,736	297,736
Miscellaneous.....	171,407	—	520,191	691,598
<b>Total Revenue</b> .....	<b><u>3,581,671</u></b>	<b><u>432,493</u></b>	<b><u>1,765,822</u></b>	<b><u>5,779,986</u></b>
<b>Expenditures</b>				
Operating				
Public safety.....	23,608	—	—	23,608
Public works.....	1,266,093	—	—	1,266,093
Culture and recreation .....	117,794	—	—	117,794
Community and economic development.....	75	—	—	75
Debt Service				
Principal .....	—	340,000	—	340,000
Interest and other charges .....	—	23,511	—	23,511
Capital projects.....	—	—	9,735,463	9,735,463
<b>Total Expenditures</b> .....	<b><u>1,407,570</u></b>	<b><u>363,511</u></b>	<b><u>9,735,463</u></b>	<b><u>11,506,544</u></b>
<b>Revenue Over (Under) Expenditures</b> .....	<b><u>2,174,101</u></b>	<b><u>68,982</u></b>	<b><u>(7,969,641)</u></b>	<b><u>(5,726,558)</u></b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds .....	—	—	9,118,028	9,118,028
Transfers in.....	—	52,111	1,850,772	1,902,883
Transfers out .....	(2,137,661)	(1,052,515)	(58,800)	(3,248,976)
<b>Total Other Financing Sources (Uses)</b> .....	<b><u>(2,137,661)</u></b>	<b><u>(1,000,404)</u></b>	<b><u>10,910,000</u></b>	<b><u>7,771,935</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b> .....	<b><u>36,440</u></b>	<b><u>(931,422)</u></b>	<b><u>2,940,359</u></b>	<b><u>2,045,377</u></b>
Fund Balances - Beginning of				
Year, as previously reported .....	1,415,131	1,393,992	(880,207)	1,928,916
Prior period adjustment .....	—	—	243,175	243,175
Fund Balances - Beginning of Year, as Restated .....	<u>1,415,131</u>	<u>1,393,992</u>	<u>(637,032)</u>	<u>2,172,091</u>
<b>Fund Balances - End of Year</b> .....	<b><u>\$ 1,451,571</u></b>	<b><u>\$ 462,570</u></b>	<b><u>\$ 2,303,327</u></b>	<b><u>\$ 4,217,468</u></b>

# Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

At June 30, 2009

	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Total
<b>Assets</b>						
Cash and pooled investments....	\$ —	\$ —	\$ —	\$ 723,586	\$ —	\$ 723,586
Receivables						
Property Taxes						
Current year delinquent .....	—	—	—	—	44,752	44,752
Succeeding year .....	—	—	—	—	2,046,826	2,046,826
Due from other governments .....	—	—	—	192,330	—	192,330
Inventories and prepaids.....	—	—	—	12,186	—	12,186
Restricted Assets						
Cash and pooled investments..	<u>471,522</u>	<u>77,151</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>548,673</u>
<b>Total Assets .....</b>	<b><u>\$ 471,522</u></b>	<b><u>\$ 77,151</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 928,102</u></b>	<b><u>\$ 2,091,578</u></b>	<b><u>\$ 3,568,353</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable.....	\$ 6,067	\$ —	\$ —	\$ 48,184	\$ —	\$ 54,251
Due to other funds.....	—	—	15,705	—	—	15,705
Deferred Revenue						
Succeeding year property taxes .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,046,826</u>	<u>2,046,826</u>
<b>Total Liabilities .....</b>	<b><u>6,067</u></b>	<b><u>—</u></b>	<b><u>15,705</u></b>	<b><u>48,184</u></b>	<b><u>2,046,826</u></b>	<b><u>2,116,782</u></b>
<b>Fund Balances</b>						
Reserved.....	465,455	77,151	—	—	—	542,606
Reserved for inventories and prepaids.....	—	—	—	12,186	—	12,186
Unreserved						
Designated for capital asset purchases .....	—	—	—	520,185	—	520,185
Undesignated .....	<u>—</u>	<u>—</u>	<u>(15,705)</u>	<u>347,547</u>	<u>44,752</u>	<u>376,594</u>
<b>Total Fund Balances .....</b>	<b><u>465,455</u></b>	<b><u>77,151</u></b>	<b><u>(15,705)</u></b>	<b><u>879,918</u></b>	<b><u>44,752</u></b>	<b><u>1,451,571</u></b>
<b>Total Liabilities and Fund Balances .....</b>	<b><u>\$ 471,522</u></b>	<b><u>\$ 77,151</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 928,102</u></b>	<b><u>\$ 2,091,578</u></b>	<b><u>\$ 3,568,353</u></b>

## Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

Year Ended June 30, 2009

	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Total
<b>Revenue</b>						
Property taxes .....	\$ —	\$ —	\$ —	\$ —	\$ 1,983,339	\$ 1,983,339
Intergovernmental .....	—	—	16,528	1,410,397	—	1,426,925
Miscellaneous .....	<u>167,982</u>	<u>3,425</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>171,407</u>
<b>Total Revenue .....</b>	<b><u>167,982</u></b>	<b><u>3,425</u></b>	<b><u>16,528</u></b>	<b><u>1,410,397</u></b>	<b><u>1,983,339</u></b>	<b><u>3,581,671</u></b>
<b>Expenditures</b>						
Operating						
Public safety .....	—	—	23,608	—	—	23,608
Public works .....	—	—	—	1,266,093	—	1,266,093
Culture and recreation .....	117,794	—	—	—	—	117,794
Community and economic development .....	<u>—</u>	<u>75</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>75</u>
<b>Total Expenditures .....</b>	<b><u>117,794</u></b>	<b><u>75</u></b>	<b><u>23,608</u></b>	<b><u>1,266,093</u></b>	<b><u>—</u></b>	<b><u>1,407,570</u></b>
<b>Revenue Over (Under) Expenditures .....</b>	<b><u>50,188</u></b>	<b><u>3,350</u></b>	<b><u>(7,080)</u></b>	<b><u>144,304</u></b>	<b><u>1,983,339</u></b>	<b><u>2,174,101</u></b>
<b>Other Financing Sources (Uses)</b>						
Transfers out .....	<u>(50,031)</u>	<u>—</u>	<u>—</u>	<u>(116,468)</u>	<u>(1,971,162)</u>	<u>(2,137,661)</u>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....</b>	<b>157</b>	<b>3,350</b>	<b>(7,080)</b>	<b>27,836</b>	<b>12,177</b>	<b>36,440</b>
Fund Balances - Beginning of Year .....	<u>465,298</u>	<u>73,801</u>	<u>(8,625)</u>	<u>852,082</u>	<u>32,575</u>	<u>1,415,131</u>
<b>Fund Balances - End of Year ..</b>	<b><u>\$ 465,455</u></b>	<b><u>\$ 77,151</u></b>	<b><u>\$ (15,705)</u></b>	<b><u>\$ 879,918</u></b>	<b><u>\$ 44,752</u></b>	<b><u>\$ 1,451,571</u></b>

**Combining Balance Sheet Schedule - Nonmajor Debt Service Funds**

At June 30, 2009

	Highway 6/ 22nd Avenue	Altanna Improvements	Sidewalk Improvements	North Annexation	Highway 6 Improvements	Oakdale Boulevard Project	Mall Area	Other Street Improvements	Total
<b>Assets</b>									
Cash and pooled investments .....	\$ 45,912	\$ 2,874	\$ 7,886	\$ 118,662	\$ 5,288	\$ 87,039	\$ —	\$ 161,036	\$ 428,697
Receivables									
Special assessments .....	<u>104,545</u>	<u>16,437</u>	<u>4,658</u>	<u>—</u>	<u>55,839</u>	<u>329,337</u>	<u>—</u>	<u>—</u>	<u>510,816</u>
<b>Total Assets .....</b>	<b><u>\$ 150,457</u></b>	<b><u>\$ 19,311</u></b>	<b><u>\$ 12,544</u></b>	<b><u>\$ 118,662</u></b>	<b><u>\$ 61,127</u></b>	<b><u>\$ 416,376</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 161,036</u></b>	<b><u>\$ 939,513</u></b>
<b>Liabilities and Fund Balance</b>									
<b>Liabilities</b>									
Due to other funds .....	\$ —	\$ —	\$ —	\$ 68,785	\$ —	\$ —	\$ 1,000	\$ —	\$ 69,785
Deferred Revenue									
Special assessments .....	<u>104,545</u>	<u>13,149</u>	<u>4,658</u>	<u>—</u>	<u>55,839</u>	<u>228,967</u>	<u>—</u>	<u>—</u>	<u>407,158</u>
<b>Total Liabilities .....</b>	<b><u>104,545</u></b>	<b><u>13,149</u></b>	<b><u>4,658</u></b>	<b><u>68,785</u></b>	<b><u>55,839</u></b>	<b><u>228,967</u></b>	<b><u>1,000</u></b>	<b><u>—</u></b>	<b><u>476,943</u></b>
<b>Fund Balance</b>									
Reserved for debt service.....	<u>45,912</u>	<u>6,162</u>	<u>7,886</u>	<u>49,877</u>	<u>5,288</u>	<u>187,409</u>	<u>(1,000)</u>	<u>161,036</u>	<u>462,570</u>
<b>Total Liabilities and Fund Balance .....</b>	<b><u>\$ 150,457</u></b>	<b><u>\$ 19,311</u></b>	<b><u>\$ 12,544</u></b>	<b><u>\$ 118,662</u></b>	<b><u>\$ 61,127</u></b>	<b><u>\$ 416,376</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 161,036</u></b>	<b><u>\$ 939,513</u></b>

**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds**

Year Ended June 30, 2009

	Highway 6/ 22nd Avenue	Altanna Improvements	Sidewalk Improvements	North Annexation	Highway 6 Improvements	Oakdale Boulevard Project	Mall Area	Other Street Improvements	Total
<b>Revenue</b>									
Special assessments.....	\$ 20,363	\$ 4,757	\$ 12,038	\$ 63,268	\$ 190,148	\$ 116,908	\$ 23,668	\$ 460	\$ 431,610
Use of money and property .....	—	—	—	—	—	—	883	—	883
<b>Total Revenue.....</b>	<b><u>20,363</u></b>	<b><u>4,757</u></b>	<b><u>12,038</u></b>	<b><u>63,268</u></b>	<b><u>190,148</u></b>	<b><u>116,908</u></b>	<b><u>24,551</u></b>	<b><u>460</u></b>	<b><u>432,493</u></b>
<b>Expenditures</b>									
Debt Service									
Principal .....	—	—	—	—	—	—	340,000	—	340,000
Interest and other charges .....	—	4,000	151	—	—	—	19,360	—	23,511
<b>Total Expenditures.....</b>	<b><u>—</u></b>	<b><u>4,000</u></b>	<b><u>151</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>359,360</u></b>	<b><u>—</u></b>	<b><u>363,511</u></b>
<b>Revenue Over (Under) Expenditures.....</b>	<b><u>20,363</u></b>	<b><u>757</u></b>	<b><u>11,887</u></b>	<b><u>63,268</u></b>	<b><u>190,148</u></b>	<b><u>116,908</u></b>	<b><u>(334,809)</u></b>	<b><u>460</u></b>	<b><u>68,982</u></b>
<b>Other Financing Sources (Uses)</b>									
Transfers in.....	50,000	—	—	2,111	—	—	—	—	52,111
Transfers out .....	—	—	(12,150)	—	(274,411)	(40,880)	(725,074)	—	(1,052,515)
<b>Total Other Financing Sources (Uses).....</b>	<b><u>50,000</u></b>	<b><u>—</u></b>	<b><u>(12,150)</u></b>	<b><u>2,111</u></b>	<b><u>(274,411)</u></b>	<b><u>(40,880)</u></b>	<b><u>(725,074)</u></b>	<b><u>—</u></b>	<b><u>(1,000,404)</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>70,363</b>	<b>757</b>	<b>(263)</b>	<b>65,379</b>	<b>(84,263)</b>	<b>76,028</b>	<b>(1,059,883)</b>	<b>460</b>	<b>(931,422)</b>
Fund Balance - Beginning of Year.....	(24,451)	5,405	8,149	(15,502)	89,551	111,381	1,058,883	160,576	1,393,992
<b>Fund Balance - End of Year .....</b>	<b><u>\$ 45,912</u></b>	<b><u>\$ 6,162</u></b>	<b><u>\$ 7,886</u></b>	<b><u>\$ 49,877</u></b>	<b><u>\$ 5,288</u></b>	<b><u>\$ 187,409</u></b>	<b><u>\$ (1,000)</u></b>	<b><u>\$ 161,036</u></b>	<b><u>\$ 462,570</u></b>

**Combining Balance Sheet Schedule - Nonmajor Capital Projects Funds**

At June 30, 2009

	<b>EWP Emergency Watershed</b>	<b>Transit/ Parks Facility</b>	<b>Library Expansion</b>	<b>First Avenue/ Brownfields Projects</b>	<b>Coral Ridge Area Road Projects</b>	<b>Highway 6 Projects</b>	<b>Industrial Park RISE Project</b>	<b>Camp Cardinal Road Project</b>	<b>Trail Projects</b>	<b>Street Projects</b>
<b>Assets</b>										
Cash and pooled investments .....	\$ —	\$ —	\$ 278,458	\$ 561,011	\$ 308,622	\$ —	\$ 73,430	\$ 31,636	\$ —	\$ —
Receivables										
Due from other governments .....	—	—	—	83,996	—	1,719,495	—	—	144,482	12,457
Loans .....	—	—	—	—	576,190	—	—	—	—	—
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 278,458</b>	<b>\$ 645,007</b>	<b>\$ 884,812</b>	<b>\$ 1,719,495</b>	<b>\$ 73,430</b>	<b>\$ 31,636</b>	<b>\$ 144,482</b>	<b>\$ 12,457</b>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts payable .....	\$ 17,250	\$ 161,797	\$ —	\$ 191,873	\$ 67,270	\$ 1,740,580	\$ —	\$ —	\$ 59,486	\$ 10,188
Due to other funds .....	16,360	78,841	—	796,201	—	1,109,352	—	—	411,336	123,104
Deferred revenue.....	—	—	—	—	—	1,709,495	—	—	134,136	12,457
<b>Total Liabilities .....</b>	<b>33,610</b>	<b>240,638</b>	<b>—</b>	<b>988,074</b>	<b>67,270</b>	<b>4,559,427</b>	<b>—</b>	<b>—</b>	<b>604,958</b>	<b>145,749</b>
<b>Fund Balance</b>										
Unreserved, undesignated .....	<b>(33,610)</b>	<b>(240,638)</b>	<b>278,458</b>	<b>(343,067)</b>	<b>817,542</b>	<b>(2,839,932)</b>	<b>73,430</b>	<b>31,636</b>	<b>(460,476)</b>	<b>(133,292)</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 278,458</b>	<b>\$ 645,007</b>	<b>\$ 884,812</b>	<b>\$ 1,719,495</b>	<b>\$ 73,430</b>	<b>\$ 31,636</b>	<b>\$ 144,482</b>	<b>\$ 12,457</b>

**Combining Balance Sheet Schedule - Nonmajor Capital Projects Funds**

At June 30, 2009

	12th Avenue Urban Renewal	North Fire Station	Oakdale Boulevard Project	Sports Complex Projects	First Avenue/ Clear Creek Projects	North Corridor Land Use Project	Forever- green Road Project	Highway 6/ 22nd Avenue	Storm Water Projects	Total
<b>Assets</b>										
Cash and pooled investments .....	\$ —	\$ 2,167,344	\$ 16,685	\$ 4,080,518	\$ —	\$ —	\$ 8,763	\$ 14,577	\$ 219,524	\$ 7,760,568
Receivables										
Due from other governments .....	—	—	—	—	—	—	—	—	—	1,960,430
Loans .....	—	—	—	—	—	—	—	—	—	576,190
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ 2,167,344</b>	<b>\$ 16,685</b>	<b>\$ 4,080,518</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8,763</b>	<b>\$ 14,577</b>	<b>\$ 219,524</b>	<b>\$ 10,297,188</b>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts payable .....	\$ 95,236	\$ 392,895	\$ —	\$ 569,348	\$ —	\$ —	\$ —	\$ 4,939	\$ 2,031	\$ 3,312,893
Due to other funds .....	16,546	—	—	—	152,114	121,025	—	—	—	2,824,879
Deferred revenue.....	—	—	—	—	—	—	—	—	—	1,856,088
<b>Total Liabilities .....</b>	<b>111,782</b>	<b>392,895</b>	<b>—</b>	<b>569,348</b>	<b>152,114</b>	<b>121,025</b>	<b>—</b>	<b>4,939</b>	<b>2,031</b>	<b>7,993,860</b>
<b>Fund Balance</b>										
Unreserved, undesignated .....	(111,782)	1,774,449	16,685	3,511,170	(152,114)	(121,025)	8,763	9,638	217,493	2,303,328
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ —</b>	<b>\$ 2,167,344</b>	<b>\$ 16,685</b>	<b>\$ 4,080,518</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8,763</b>	<b>\$ 14,577</b>	<b>\$ 219,524</b>	<b>\$ 10,297,188</b>

**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds**

Year Ended June 30, 2009

	<b>EWP Emergency Watershed</b>	<b>Transit/ Parks Facility</b>	<b>Library Expansion</b>	<b>First Avenue/ Brownfields Projects</b>	<b>Coral Ridge Area Road Projects</b>	<b>Highway 6 Projects</b>	<b>Industrial Park RISE Project</b>	<b>Camp Cardinal Road Project</b>	<b>Trail Projects</b>	<b>Street Projects</b>
<b>Revenue</b>										
Use of money and property .....	\$ —	\$ —	\$ —	\$ 279,116	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental.....	—	—	—	174,355	210,000	98,375	—	—	113,027	6,119
Charges for service .....	—	—	—	—	—	—	—	—	—	—
Miscellaneous.....	—	—	77,829	60,509	4,185	232,772	—	—	—	—
<b>Total Revenue.....</b>	<b>—</b>	<b>—</b>	<b>77,829</b>	<b>513,980</b>	<b>214,185</b>	<b>331,147</b>	<b>—</b>	<b>—</b>	<b>113,027</b>	<b>6,119</b>
<b>Operating Expenditures</b>										
Capital projects.....	<b>33,610</b>	<b>240,638</b>	<b>305,941</b>	<b>1,574,125</b>	<b>159,501</b>	<b>1,103,404</b>	<b>—</b>	<b>—</b>	<b>556,083</b>	<b>950,682</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>(33,610)</b>	<b>(240,638)</b>	<b>(228,112)</b>	<b>(1,060,145)</b>	<b>54,684</b>	<b>(772,257)</b>	<b>—</b>	<b>—</b>	<b>(443,056)</b>	<b>(944,563)</b>
<b>Other Financing Sources (Uses)</b>										
Bond proceeds .....	—	—	—	—	450,000	—	—	—	300,000	—
Transfers in.....	—	—	831	711,161	—	274,411	—	—	—	437,812
Transfers out .....	—	—	—	—	—	—	—	—	—	—
<b>Total Other Financing Sources (Uses).....</b>	<b>—</b>	<b>—</b>	<b>831</b>	<b>711,161</b>	<b>450,000</b>	<b>274,411</b>	<b>—</b>	<b>—</b>	<b>300,000</b>	<b>437,812</b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>(33,610)</b>	<b>(240,638)</b>	<b>(227,281)</b>	<b>(348,984)</b>	<b>504,684</b>	<b>(497,846)</b>	<b>—</b>	<b>—</b>	<b>(143,056)</b>	<b>(506,751)</b>
Fund Balances - Beginning of Year, as previously reported.....	—	—	505,739	(237,258)	312,858	(2,342,086)	73,430	31,636	(317,420)	373,459
Prior period adjustment .....	—	—	—	243,175	—	—	—	—	—	—
Fund Balances - Beginning of Year, as Restated.....	—	—	505,739	5,917	312,858	(2,342,086)	73,430	31,636	(317,420)	373,459
<b>Fund Balances - End of Year.....</b>	<b>\$ (33,610)</b>	<b>\$ (240,638)</b>	<b>\$ 278,458</b>	<b>\$ (343,067)</b>	<b>\$ 817,542</b>	<b>\$ (2,839,932)</b>	<b>\$ 73,430</b>	<b>\$ 31,636</b>	<b>\$ (460,476)</b>	<b>\$ (133,292)</b>

**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds**

Year Ended June 30, 2009

	12th Avenue Urban Renewal	North Fire Station	Oakdale Boulevard Project	Sports Complex Projects	First Avenue/ Clear Creek Projects	North Corridor Land Use Project	Forever- green Road Project	Highway 6/ 22nd Avenue	Storm Water Projects	Total
<b>Revenue</b>										
Use of money and property .....	\$ 21,501	\$ 10,102	\$ —	\$ 35,298	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 346,017
Intergovernmental.....	—	—	—	—	1	—	—	—	—	601,877
Charges for services.....	—	—	—	—	—	—	—	—	297,736	297,736
Miscellaneous.....	33,402	105,007	6,483	—	—	—	—	—	5	520,192
<b>Total Revenue.....</b>	<b>54,903</b>	<b>115,109</b>	<b>6,483</b>	<b>35,298</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>297,741</b>	<b>1,765,822</b>
<b>Expenditures</b>										
Capital projects.....	<b>1,272,540</b>	<b>1,744,766</b>	<b>—</b>	<b>1,659,063</b>	<b>41,490</b>	<b>2,434</b>	<b>—</b>	<b>12,557</b>	<b>78,629</b>	<b>9,735,463</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>(1,217,637)</b>	<b>(1,629,657)</b>	<b>6,483</b>	<b>(1,623,765)</b>	<b>(41,489)</b>	<b>(2,434)</b>	<b>—</b>	<b>(12,557)</b>	<b>219,112</b>	<b>(7,969,641)</b>
<b>Other Financing Sources (Uses)</b>										
Bond proceeds .....	848,028	2,182,380	—	5,337,620	—	—	—	—	—	9,118,028
Transfers in.....	337,694	—	38,769	50,094	—	—	—	—	—	1,850,772
Transfers out .....	—	—	—	—	—	—	—	—	(58,800)	(58,800)
<b>Total Other Financing Sources (Uses).....</b>	<b>1,185,722</b>	<b>2,182,380</b>	<b>38,769</b>	<b>5,387,714</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(58,800)</b>	<b>10,910,000</b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>(31,915)</b>	<b>552,723</b>	<b>45,252</b>	<b>3,763,949</b>	<b>(41,489)</b>	<b>(2,434)</b>	<b>—</b>	<b>(12,557)</b>	<b>160,312</b>	<b>2,940,359</b>
Fund Balances - Beginning of Year, as previously reported.....	(79,867)	1,221,726	(28,567)	(252,779)	(110,625)	(118,591)	8,763	22,194	57,181	(880,207)
Prior period adjustment .....	—	—	—	—	—	—	—	—	—	243,175
Fund Balances - Beginning of Year, as Restated.....	(79,867)	1,221,726	(28,567)	(252,779)	(110,625)	(118,591)	8,763	22,194	57,181	(637,032)
<b>Fund Balances - End of Year .....</b>	<b>\$ (111,782)</b>	<b>\$ 1,774,449</b>	<b>\$ 16,685</b>	<b>\$ 3,511,170</b>	<b>\$ (152,114)</b>	<b>\$ (121,025)</b>	<b>\$ 8,763</b>	<b>\$ 9,637</b>	<b>\$ 217,493</b>	<b>\$ 2,303,327</b>

## Combining Balance Sheet Schedule - Nonmajor Proprietary Funds

At June 30, 2009

	Solid Waste	Transit	Hotel Parking	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and pooled investments .....	\$ —	\$ 856,967	\$ 200,500	\$ 1,057,467
Receivables				
Customer accounts .....	177,983	—	—	177,983
Due from other funds .....	—	128,999	—	128,999
Inventories and prepaids .....	<u>11,010</u>	<u>43,208</u>	<u>21,583</u>	<u>75,801</u>
<b>Total Current Assets</b> .....	<b><u>188,993</u></b>	<b><u>1,029,174</u></b>	<b><u>222,083</u></b>	<b><u>1,440,250</u></b>
<b>Noncurrent Assets</b>				
Restricted Assets				
Cash and pooled investments .....	50,000	—	—	50,000
Capital assets (net of accumulated depreciation) .....	<u>1,260,698</u>	<u>415,084</u>	<u>9,146,485</u>	<u>10,822,267</u>
<b>Total Noncurrent Assets</b> .....	<b><u>1,310,698</u></b>	<b><u>415,084</u></b>	<b><u>9,146,485</u></b>	<b><u>10,872,267</u></b>
<b>Total Assets</b> .....	<b><u>\$ 1,499,691</u></b>	<b><u>\$ 1,444,258</u></b>	<b><u>\$ 9,368,568</u></b>	<b><u>\$ 12,312,517</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable .....	\$ 17,813	\$ 37,964	\$ 6,136	\$ 61,913
Accrued liabilities and compensated absences .....	29,461	64,359	—	93,820
Due to other funds .....	76,925	—	172,471	249,396
Current maturities of long-term debt....	<u>55,000</u>	<u>—</u>	<u>—</u>	<u>55,000</u>
<b>Total Current Liabilities</b> .....	<b><u>179,199</u></b>	<b><u>102,323</u></b>	<b><u>178,607</u></b>	<b><u>460,129</u></b>
<b>Long-Term Debt</b> .....	<b><u>120,000</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>120,000</u></b>
<b>Total Liabilities</b> .....	<b><u>299,199</u></b>	<b><u>102,323</u></b>	<b><u>178,607</u></b>	<b><u>580,129</u></b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt .....	1,085,698	415,084	9,146,485	10,647,267
Restricted for debt service .....	50,000	—	—	50,000
Unrestricted .....	<u>64,794</u>	<u>926,851</u>	<u>43,476</u>	<u>1,035,121</u>
<b>Total Net Assets</b> .....	<b><u>1,200,492</u></b>	<b><u>1,341,935</u></b>	<b><u>9,189,961</u></b>	<b><u>11,732,388</u></b>
<b>Total Liabilities and Net Assets</b> .....	<b><u>\$ 1,499,691</u></b>	<b><u>\$ 1,444,258</u></b>	<b><u>\$ 9,368,568</u></b>	<b><u>\$ 12,312,517</u></b>

## Combining Schedule of Revenue, Expenses and Changes in Net Assets - Nonmajor Proprietary Funds

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Year Ended June 30, 2009

	Solid Waste	Transit	Hotel Parking	Total
<b>Operating Revenue</b>				
Charges for sales and service .....	<u>\$ 870,777</u>	<u>\$ 470,533</u>	<u>\$ 525,747</u>	<u>\$ 1,867,057</u>
<b>Operating Expenses</b>				
Salaries and employee benefits .....	365,923	732,566	247,337	1,345,826
Contractual services .....	69,232	196,730	117,898	383,860
Commodities .....	211,052	540,550	22,576	774,178
Depreciation .....	<u>63,979</u>	<u>93,663</u>	<u>279,601</u>	<u>437,243</u>
<b>Total Operating Expenses .....</b>	<b><u>710,186</u></b>	<b><u>1,563,509</u></b>	<b><u>667,412</u></b>	<b><u>2,941,107</u></b>
<b>Operating Income (Loss) .....</b>	<b><u>160,591</u></b>	<b><u>(1,092,976)</u></b>	<b><u>(141,665)</u></b>	<b><u>(1,074,050)</u></b>
<b>Nonoperating Revenue (Expenses)</b>				
Intergovernmental Revenue				
Federal .....	—	287,114	—	287,114
State .....	—	305,079	—	305,079
Gain (loss) on asset disposal .....	41,500	(59,527)	—	(18,027)
Interest revenue .....	—	474	—	474
Interest expense .....	<u>(12,835)</u>	<u>—</u>	<u>—</u>	<u>(12,835)</u>
<b>Total Nonoperating Revenue (Expenses) .....</b>	<b><u>28,665</u></b>	<b><u>533,140</u></b>	<b><u>—</u></b>	<b><u>561,805</u></b>
<b>Income (Loss) Before Transfers ...</b>	<b>189,256</b>	<b>(559,836)</b>	<b>(141,665)</b>	<b>(512,245)</b>
Transfers in .....	—	595,490	25,000	620,490
Transfers out .....	<u>(37,500)</u>	<u>—</u>	<u>—</u>	<u>(37,500)</u>
<b>Net Income (Loss) .....</b>	<b>151,756</b>	<b>35,654</b>	<b>(116,665)</b>	<b>70,745</b>
Net Assets - Beginning of Year .....	<u>1,048,736</u>	<u>1,306,281</u>	<u>9,306,626</u>	<u>11,661,643</u>
<b>Net Assets - End of Year .....</b>	<b><u>\$ 1,200,492</u></b>	<b><u>\$ 1,341,935</u></b>	<b><u>\$ 9,189,961</u></b>	<b><u>\$ 11,732,388</u></b>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2009

	Solid Waste	Transit	Hotel Parking	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers .....	\$ 805,158	\$ 623,532	\$ 525,747	\$ 1,954,437
Payments to suppliers.....	(278,998)	(792,055)	(133,866)	(1,204,919)
Payments to employees.....	(363,429)	(732,603)	(247,337)	(1,343,369)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>162,731</u></b>	<b><u>(901,126)</u></b>	<b><u>144,544</u></b>	<b><u>(593,851)</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Noncapital federal and state grants .....	—	592,193	—	592,193
Net transfers.....	(37,500)	595,490	25,000	582,990
<b>Net Cash Provided by (Used in) Noncapital Financing Activities .....</b>	<b><u>(37,500)</u></b>	<b><u>1,187,683</u></b>	<b><u>25,000</u></b>	<b><u>1,175,183</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Increase in due to other funds.....	76,925	—	30,956	107,881
Received from sale of assets .....	41,500	—	—	41,500
Purchase of capital assets .....	(668,311)	(14,734)	—	(683,045)
Repayment of debt .....	(55,000)	—	—	(55,000)
Payment of interest .....	(13,075)	—	—	(13,075)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities .....</b>	<b><u>(617,961)</u></b>	<b><u>(14,734)</u></b>	<b><u>30,956</u></b>	<b><u>(601,739)</u></b>
<b>Cash Flows From Investing Activities</b>				
(Increase) decrease in due from other funds.....	492,730	(128,999)	—	363,731
Interest received.....	—	474	—	474
<b>Net Cash Provided by (Used in) Investing Activities .....</b>	<b><u>492,730</u></b>	<b><u>(128,525)</u></b>	<b><u>—</u></b>	<b><u>364,205</u></b>
<b>Net Increase in Cash.....</b>	<b><u>—</u></b>	<b><u>143,298</u></b>	<b><u>200,500</u></b>	<b><u>343,798</u></b>
Cash and Pooled Investments at Beginning of Year .....	50,000	713,669	—	763,669
<b>Cash and Pooled Investments at End of Year .....</b>	<b><u>\$ 50,000</u></b>	<b><u>\$ 856,967</u></b>	<b><u>\$ 200,500</u></b>	<b><u>\$ 1,107,467</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss) .....	\$ 160,591	\$(1,092,976)	\$(141,665)	\$(1,074,050)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Depreciation .....	63,979	93,663	279,601	437,243
(Increase) decrease in receivables .....	(65,619)	128,999	—	63,380
Decrease in inventories and prepaids.....	714	6,662	3,347	10,723
Decrease in due from other funds and governments...	—	24,000	—	24,000
Increase (decrease) in accounts and retainages payable	572	(61,437)	3,261	(57,604)
Increase in accrued liabilities and compensated absences .....	2,494	(37)	—	2,457
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>\$ 162,731</u></b>	<b><u>\$ (901,126)</u></b>	<b><u>\$ 144,544</u></b>	<b><u>\$ (593,851)</u></b>
<b>Schedule of Noncash Investing and Financing Activities</b>				
<b>Gain (Loss) on Asset Disposal</b>				
Book value of assets disposed .....	\$ —	\$ 59,127	\$ —	\$ 59,127
Cash received .....	41,500	—	—	41,500
<b>Gain (Loss) on Asset Disposal .....</b>	<b><u>\$ 41,500</u></b>	<b><u>\$ (59,127)</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (17,627)</u></b>

**Schedule of Changes in Assets and Liabilities - CEBA Agency Fund** —————

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Assets</b>				
Notes Receivable.....	<u>\$ —</u>	<u>\$ 165,000</u>	<u>\$ —</u>	<u>\$ 165,000</u>
 <b>Liabilities</b>				
Notes Payable.....	<u>\$ —</u>	<u>\$ 165,000</u>	<u>\$ —</u>	<u>\$ 165,000</u>

## Schedule of Revenue by Source and Expenditures by Function All Governmental Funds

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Years Ended June 30, 2006 Through 2009

	2009	2008	2007	2006
<b>Revenue</b>				
Property taxes .....	\$ 10,371,050	\$ 9,777,725	\$ 9,155,120	\$ 8,098,678
TIF and other city taxes .....	16,642,895	15,030,854	13,786,896	11,397,440
Special assessments .....	431,610	1,239,963	1,126,217	882,838
Licenses and permits .....	451,523	474,595	604,110	730,436
Use of money and property .....	815,258	946,203	1,347,299	2,438,667
Intergovernmental .....	5,356,316	5,351,026	5,384,289	5,499,728
Charges for service .....	1,791,577	1,680,722	1,599,894	1,425,389
Miscellaneous .....	<u>1,269,316</u>	<u>1,537,664</u>	<u>4,871,096</u>	<u>812,366</u>
<b>Total Revenue .....</b>	<b><u>\$ 37,129,545</u></b>	<b><u>\$ 36,038,752</u></b>	<b><u>\$ 37,874,921</u></b>	<b><u>\$ 31,285,542</u></b>
<b>Expenditures</b>				
Operating				
Public safety .....	\$ 4,446,950	\$ 4,201,185	\$ 3,946,226	\$ 3,940,020
Public works .....	1,826,042	1,635,688	1,430,685	1,429,082
Health and social services ....	156,322	86,859	114,444	130,441
Culture and recreation .....	5,226,438	4,925,136	4,748,913	3,953,353
Community and economic development .....	9,218,894	1,824,297	427,164	1,753,471
General government .....	2,129,519	1,852,344	1,852,670	1,546,342
Debt service .....	15,877,962	21,420,881	65,482,393	18,828,354
Capital projects .....	<u>9,735,463</u>	<u>13,730,878</u>	<u>37,500,330</u>	<u>53,606,579</u>
<b>Total Expenditures .....</b>	<b><u>\$ 48,617,590</u></b>	<b><u>\$ 49,677,268</u></b>	<b><u>\$ 115,502,825</u></b>	<b><u>\$ 85,187,642</u></b>

**Financial Assistance Section**



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2009, and have issued our report thereon dated March 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Coralville, Iowa'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 City of Coralville, Iowa's effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coralville, Iowa'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 internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Coralville, Iowa'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 of Coralville, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Coralville, Iowa's internal control. We consider the deficiency in internal control described in Section II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Coralville, Iowa'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, we believe item 09-II-R-1 is a significant deficiency and a material weakness.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 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 of Coralville, Iowa'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 of Coralville, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the management and City Council of the City of Coralville, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
March 9, 2010

**Independent Auditor's Report on Compliance With Requirements Applicable to the Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the City of Coralville, 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 of Coralville, Iowa's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Coralville, Iowa's management. Our responsibility is to express an opinion on the City of Coralville, Iowa'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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Coralville, Iowa'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 of the City of Coralville, Iowa's compliance with those requirements.

In our opinion, the City of Coralville, 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 Coralville, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Coralville, Iowa'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.

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

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

Our consideration of 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 is intended solely for the information and use of the management and City Council of the City of Coralville, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
March 9, 2010

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Assistance Number	Pass-Through Grantor's Number	Federal Program/Cluster Expenditures
<b>U.S. Department of Education</b>			
Indirect			
Pass-Through Iowa Department of Education Summer Food Service Program for Children	10.559	528039	<u>\$ 9,182</u>
<b>U.S. Department of Housing and Urban Development</b>			
Indirect			
Pass-Through Iowa Department of Economic Development Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii .....	14.228	06-HSG-106	<u>49,286</u>
<b>U.S. Department of Justice</b>			
Direct			
Bulletproof Vest Partnership Program .....	16.607	2006BUBX06135150	<u>1,825</u>
<b>U.S. Department of Transportation</b>			
Direct			
Federal Transit - Formula Grants.....	20.507	Various	<u>259,106</u>
Indirect			
Pass-Through Iowa Department of Transportation Recreation Trails Program.....	20.219	2006-EDP007	92,038
Capital Assistance Program for Elderly Persons and Persons With Disabilities .....	20.513	16-X001-155-07	<u>20,484</u>
			<u>112,522</u>
<b>Total U.S. Department of Transportation</b>			<u><b>371,628</b></u>
<b>U.S. Environmental Protection Agency</b>			
Direct			
Brownfields Assessment and Cleanup Cooperative Agreements.....	66.818	BP 98778201-0 BP 98778301-0 BP 98778401-0	68,784 46,745 <u>38,395</u> <u><b>153,924</b></u>
<b>U.S. Department of Homeland Security</b>			
Direct			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) .....	97.036	FEMA-IA-1763-DR-IA	<u><b>2,399,503</b></u>
<b>Total Expenditures of Federal Awards .....</b>			<u><b>\$ 2,985,348</b></u>

# Schedule of Expenditures of Federal Awards ---

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 Coralville, Iowa, and is presented using accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Government Accounting Standards Board and other recognized authoritative sources. The information in 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 financial statements. Program expenditures include only amounts subject to reimbursement from the grantor agency or program income; thus, they are net of local matching.

## **Note 2. Subrecipients**

There were no amounts provided to subrecipients from the City's federal award programs.

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

## Section I - Summary of Auditor's Results:

### Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified?

yes       no

Significant deficiency identified not considered to be material weaknesses?

yes       none reported

Noncompliance material to financial statements noted?

yes       no

### Federal Awards

Internal control over major programs:

Material weakness identified?

yes       no

Significant deficiency identified not considered to be material weakness?

yes       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 Section .510(a) of Circular A-133?

yes       no

Identification of major program:

### **CFDA Numbers**

97.036

### **Name of Federal Program or Cluster**

Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes       no

## Schedule of Findings and Questioned Costs ---

Year Ended June 30, 2009

### **Section II: Findings Related to the Financial Statements:**

#### **Instances of Noncompliance**

There were no reported instances of noncompliance.

#### **Significant Deficiencies**

##### **09-II-R-1 Financial Statement Preparation**

**Prior Year Finding and Recommendation** - The City does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with the cash basis of accounting. As is inherent in many entities of this size, the City has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully prepare financial statements and the related disclosures. We recommend obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses.

**Current Year Finding** - We found that the same condition existed.

**Auditor's Recommendation** - We reiterate our prior year recommendation.

**City's Response** - We will consider obtaining additional knowledge where practical and cost effective. However, we intend to continue to rely on assistance from our audit firm to draft these financial statements each year.

**Conclusion** - Response accepted.

### **Section III: Findings and Questioned Costs for Federal Awards:**

#### **Instances of Noncompliance**

There were no reported instances of noncompliance.

#### **Significant Deficiencies**

There were no matters reported.

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

## Section IV: Findings Related to Statutory Reporting

**09-IV-A Certified Budget** - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted prior to the budget being amended. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation. Additionally, disbursements in the General Government, Debt Service and Business-Type Activities functional areas exceeded amounts budgeted during the year.

**Auditor's Recommendation** - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**City's Response** - The budget will be amended in the future prior to exceeding it.

**Auditor's Conclusion** - Response accepted.

**09-IV-B Questionable Disbursements** - We noted no expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**09-IV-C Travel Expense** - No disbursements of the City of Coralville money for travel expenses of spouses of City officials or employees were noted.

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

<b>Name, Title and Business Connection</b>	<b>Transaction Description</b>	<b>Amount</b>
Council Member Henry Herwig, President of H.J. LTD Heating & Air Conditioning	Repairs and new equipment	\$ 5,903

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Council Member may represent conflicts of interest since total transactions were more than \$1,500 during the fiscal year and were not entered into through competitive bidding.

**09-IV-E Bond Coverage** - Surety bond coverage of the City of Coralville officials and employees is in accordance with statutory provisions and was reviewed and updated during the year. We recommend that the amount of coverage continue to be reviewed annually to insure that the coverage is adequate for current operations.

**09-IV-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not except as noted below. We also noted that the Council minutes were published within 15 days as required by Chapter 372.13(6) of the Code of Iowa for all meetings.

**09-IV-G Revenue Bonds** - The City has complied with the provisions of the revenue bond indentures and with the provisions of the tax increment revenue bond issues.

## Schedule of Findings and Questioned Costs

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Year Ended June 30, 2009

**09-IV-H Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

**09-IV-I Financial Condition** - The funds listed below had deficit balances at June 30, 2009 as noted:

Special Revenue	
Police Grants.....	\$ 15,705
Nonmajor Debt Service	
Mall Area .....	1,000
Capital Projects	
Highway 6 Projects.....	2,839,932
Town Center Parking Ramp Project.....	111,782
Street Projects.....	133,292
First Avenue/Brownfields Projects.....	343,067
North Corridor Land Use Project.....	121,025
Trail Projects .....	460,476
EWP Emergency Watershed.....	33,610
Transit/Parks Facility .....	240,638
First Avenue/Clear Creek Projects .....	152,114

**Auditor's Recommendation** - The City should investigate alternatives to eliminate these deficits in order to return the funds to sound financial position.

**City's Response** - The deficits will be eliminated as financing for projects and tax revenue is received in future years.

**Auditor's Conclusion** - Response accepted.