

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF IOWA CITY, IOWA

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

PREPARED BY:

FINANCE DEPARTMENT
CITY OF IOWA CITY, IOWA



CITY OF IOWA CITY, IOWA

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December 14, 2009

To the Citizens, Honorable Mayor, Members
of the City Council and City Manager
City of Iowa City, Iowa

The Comprehensive Annual Financial Report (CAFR) of the City of Iowa City, Iowa (the City) for the fiscal year ended June 30, 2009 is submitted herewith in accordance with the provisions of Chapter 11 of the Code of Iowa. The City's Finance Department prepared this report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rest with the City. I believe the information, as presented, is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

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

The CAFR reflects all funds of the City in accordance with standards set by the Governmental Accounting Standards Board (GASB). In 1999, GASB adopted Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. The final effective date for the implementation of GASB No. 34 for the City of Iowa City was June 30, 2003. This report complies with those standards. This statement significantly changes governmental financial reporting in order to bring it closer to a private sector model.

Chapter 11 of the Code of Iowa requires an annual audit to be performed. The independent public accounting firm of Eide Bailly LLP was selected by the City. In addition to meeting the requirements set forth in Chapter 11, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133.

While, the financial statements are the responsibility of the City, the responsibility of the auditor is to express an opinion on the City's financial statements based on their audit. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended, June 30, 2009 are free of material misstatement. The audit is conducted in accordance with generally accepted auditing standards and involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the

accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Iowa City's financial statements for the fiscal year ended, June 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

As a recipient of federal financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these federal programs. These internal accounting and administrative controls are subject to periodic evaluation by the City's management and the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments*.

The results of the City's single audit for the fiscal year ended June 30, 2009 provided no instances of material weaknesses in the internal controls or significant violations of applicable laws and regulations based upon the audit of the basic financial statements. Information related to this single audit, including the schedules of federal financial assistance, findings and questioned costs, and independent auditors' reports on the internal accounting and administrative controls and compliance with applicable laws and regulations are included in the compliance section of this report.

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

Profile of the Government

The City of Iowa City was incorporated April 6, 1853. The City is governed by a seven member Council; each member serves a four-year term. Elections are held every two years allowing for continuation in office of at least three members at each biennial election. The Council members are elected at large, but three members are nominated from specific districts, and the four other members are nominated at large. The Council elects the Mayor from its own members for a two-year term.

The City Council is the legislative body and makes all policy determinations for the City through the enactment of ordinances and resolutions. It also adopts a budget to determine how the City will obtain and spend its funds. The Council appoints members of boards, commissions and committees.

The City Manager is the chief administrative officer for the City and is appointed by the City Council. The City Manager implements policy decisions of the City Council and enforces City ordinances. In addition, the City Manager appoints and directly supervises the directors of the City's operating departments and supervises the administration of the City's personnel system. He supervises 555 full-time and 82 permanent part-time municipal employees and 446 temporary employees, including a police force of 73 sworn personnel and a fire department of 56 firefighters. The City owns and operates its water supply and distribution system and sewage collection and treatment system with secondary treatment also provided. Virtually the entire City has separate

storm and sanitary sewer systems. The City operates a municipal off-street and on-street parking system in the downtown area. Since 1971, the City has operated a transit system.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in October. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review in December. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than March 15. The appropriated budget is prepared by fund, function (e.g., Public Safety), and department (e.g., Police).

The City adopts a three-year financial plan that includes both operations and capital improvements. This three-year plan permits a more comprehensive review of the City's financial condition, allowing analysis of the current and future needs and requirements. During preparation of the plan, careful review is made of property tax levy rates, utility and user fee requirements, ending cash balances by fund, debt service obligations, bond financing needs, capital outlay for equipment purchases and major capital improvement projects. The state requires at least a one-year operating budget. While legal spending control is exercised at a state mandated function level, management control is set at the Department Manager level. Encumbrance accounting is utilized in all funds for budgetary control. Encumbrances outstanding at year-end for the governmental fund types are reflected as reservations of the fund balances. Appropriations that are not encumbered lapse at the end of the year.

Information Useful in Assessing the Government's Economic Condition

The City's economic strength is based upon education, medical services, and diversified manufacturing. The University of Iowa is the City's largest employer with almost 28,800 employees and the University of Iowa Hospitals and Clinics is the largest university-owned teaching medical center in the United States. The City also has a significant number of private employers who have a history of providing stable and increasing employment in the community. The relative stability of the University of Iowa, coupled with the City's multi-sector base of industrial and commercial interests, will continue to help insulate the City from the significant negative economic impacts related to unemployment.

The City continues to see sustained production in our major local industries, such as ACT and NCS Pearson. Continued economic development efforts involving the Iowa City and Coralville Chambers of Commerce, local private interests, the University of Iowa and other surrounding communities through participation as members of the Iowa City Area Development Group, have proved positive with the retention and expansion of businesses. In addition, the corridor between Iowa City and Cedar Rapids has been identified as one of the major growth areas for new business development in the State of Iowa. Continued developments within Iowa City and the region have a favorable impact upon the City's economy.

There have been budget challenges faced by the State of Iowa; however, the City's economy as a whole continues to grow. The major employers have been able to maintain their workforce size. The unemployment rate for Iowa City continues to remain low at 4.3% for the month of June 2009, as compared to 6.2% for the State of Iowa, and 9.5% for the national average. The City has consistently experienced modest increases in assessed property valuations. The rate of new housing construction slightly decreased in comparison to prior years with 114 new single-family houses and 101 multi-family dwelling units added to the tax rolls for the year ended December 31, 2008. This, along with the low unemployment rate, continues to be indicative of the City's relative economic stability.

The 2000 census population of Iowa City was 62,220. Based on the United States Census Bureau, the population was estimated to be 67,831 in 2008; this represents a 9.0% increase.

In response to the current national economic recession, the American Recovery and Reinvestment Act, signed into law by President Obama in February 2009, is designed to preserve and create jobs and promote economic recovery, assist people impacted by the recession, provide investments needed to increase economic efficiency, and stabilize state and local government budgets. While Iowa City's housing market and unemployment has not felt the impact as greatly as other areas of the country, the City has been able to utilize stimulus funds to complete projects and strengthen the local economy. Iowa City has applied for funds totaling \$43,663,000 and has been approved for \$6,359,000, with another \$32,267,000 still pending. These projects vary from resurfacing Highway 218 to reconstructing an airport runway and purchasing 3 new buses.

In addition, the State of Iowa's stimulus program, I-Jobs, is designed to create jobs, strengthen the economy, and build a safer, stronger, greener and smarter Iowa. The City has applied for \$14,469,000 in I-Jobs funds and has been approved for \$7,762,000, with an additional \$6,605,000 pending. These funds will be used for projects including a fourth fire station and UniverCity Neighborhood Partnership, a joint project between the City and the University of Iowa.

There are many signs that the City remains healthy and vibrant with great promise for the future. The University of Iowa continues to add new buildings and facilities. The City continues to see sustained production in major local industries. Industrial and commercial interests within the community continue to thrive.

Major Initiatives

Iowa City continues to deal with the recovery efforts from the flood experienced in 2008. The City of Iowa City was among several cities in Iowa that received a Presidential Disaster declaration, which brought the Federal Emergency Management Agency (FEMA) technical and financial assistance to Iowa City. These on-going efforts include relocation of the North Wastewater Plant, constructing a pump station and stormwater outlets, as well as, flood gates, and rebuilding the City's Animal Shelter. In addition, the City has received a Hazard Mitigation Grant and Community Development Block Grant to acquire properties in the flood-impacted neighborhoods.

The City is currently in the process of developing a general industrial park on the southeast side. This project involves annexing and rezoning 180 acres of land and building the street, water, and sewer infrastructure needed to support industrial businesses. This project is estimated to cost \$5,405,000 and will be funded through Tax Increment Financing. This project is scheduled to be completed in phases, with the land being "shovel ready" for industries to build.

The City of Iowa City is in the planning process of constructing a mixed-use parking facility adjacent to downtown Iowa City. The mixed-use parking facility will include three components: parking facility consisting of approximately 600 parking spaces, commercial space of approximately 25,000 – 35,000 square feet, and 25 - 75 workforce housing units. The City is hoping to work with a private partner to develop the commercial and housing spaces. As this is still in the planning phase, the cost of this project is unknown, but it is anticipated that the parking facility will be financed with bonds and the commercial and housing space will be funded by the private developer in conjunction with the City. The City anticipates establishing an urban renewal area for the purposes of allowing Tax Increment Financing of the commercial and residential space.

Long-term Financial Planning

In preparing the financial plan for the three years ending June 30, 2013, the process of budget balancing has been difficult. With the continued tax limitations imposed by the state (specifically the residential rollback factor) and other federal and state regulations and mandates, the municipal service needs for our growing community are becoming increasingly difficult to satisfy.

In balancing the budget for the three-year period, the City attempted to maintain service levels, wherever practical. In addition, our planning has been directed at maintaining our current fiscal strength and avoiding any erosion of that fiscal position, including the City's Aaa bond rating.

A continuing major objective in the three-year financial plan is to maintain or increase the City's cash reserve position. In addition, procedures were adopted to allocate unreserved fund balances between the contingency and undesignated fund balances. The contingency fund is available during the fiscal year for unanticipated and unbudgeted expenditures, while the undesignated fund balance is intended to be maintained as working capital. The City is committed to drawing from the undesignated fund balance only in emergency situations. This unreserved fund balance allocation along with specific budgeting techniques has allowed the City to increase or maintain fund balances over the past year.

The City continues to pursue cooperative efforts with other local governments. Joint funding, purchasing, planning and other efforts allow the City to meet mandates for new and improved services in the future at the most reasonable cost. Joint cooperation currently encompasses regional transportation planning, human services, solid waste management planning, a hazardous materials response program, an enhanced 911 emergency communications system, community relations, joint operation of an animal control facility and an indoor swimming pool facility, and joint economic development efforts. While such cooperative efforts are not new in concept, the City expects to enter into more agreements with neighboring governmental subdivisions, as well as with the University of Iowa.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (the Certificate) to the City of Iowa City, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate is the highest form of recognition for excellence in state and local financial reporting.

In order to be awarded the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate is valid for a period of one year only. The City has received the Certificate for the last twenty four consecutive years. I believe our current report continues to conform to the Certificate requirements and am submitting it to GFOA to determine its eligibility for another certificate.

Responsibility and Acknowledgments

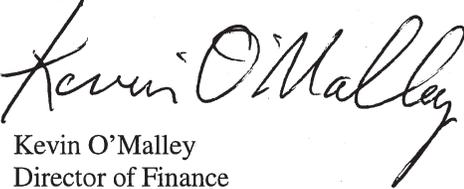
The Department of Finance prepared the Comprehensive Annual Financial Report of the City of Iowa City, Iowa for the fiscal year ended June 30, 2009. The City Council, as required by law, is

responsible for the complete and accurate preparation of the City's Comprehensive Annual Financial Report. I believe that the information presented is accurate in all material respects and that this report fairly presents the financial position and results of operations of the various funds of the City.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I want to especially recognize the contributions of the City's Controller, Robin Marshall, Assistant Controller, Sara Sproule, Internal Auditor, Nickolas Schaul, Senior Accountant, Justin Armatis and Payroll Accountant, Chris Hurlbert.

Also, I thank the Mayor, members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a dedicated, responsible, and progressive manner.

Respectfully submitted,

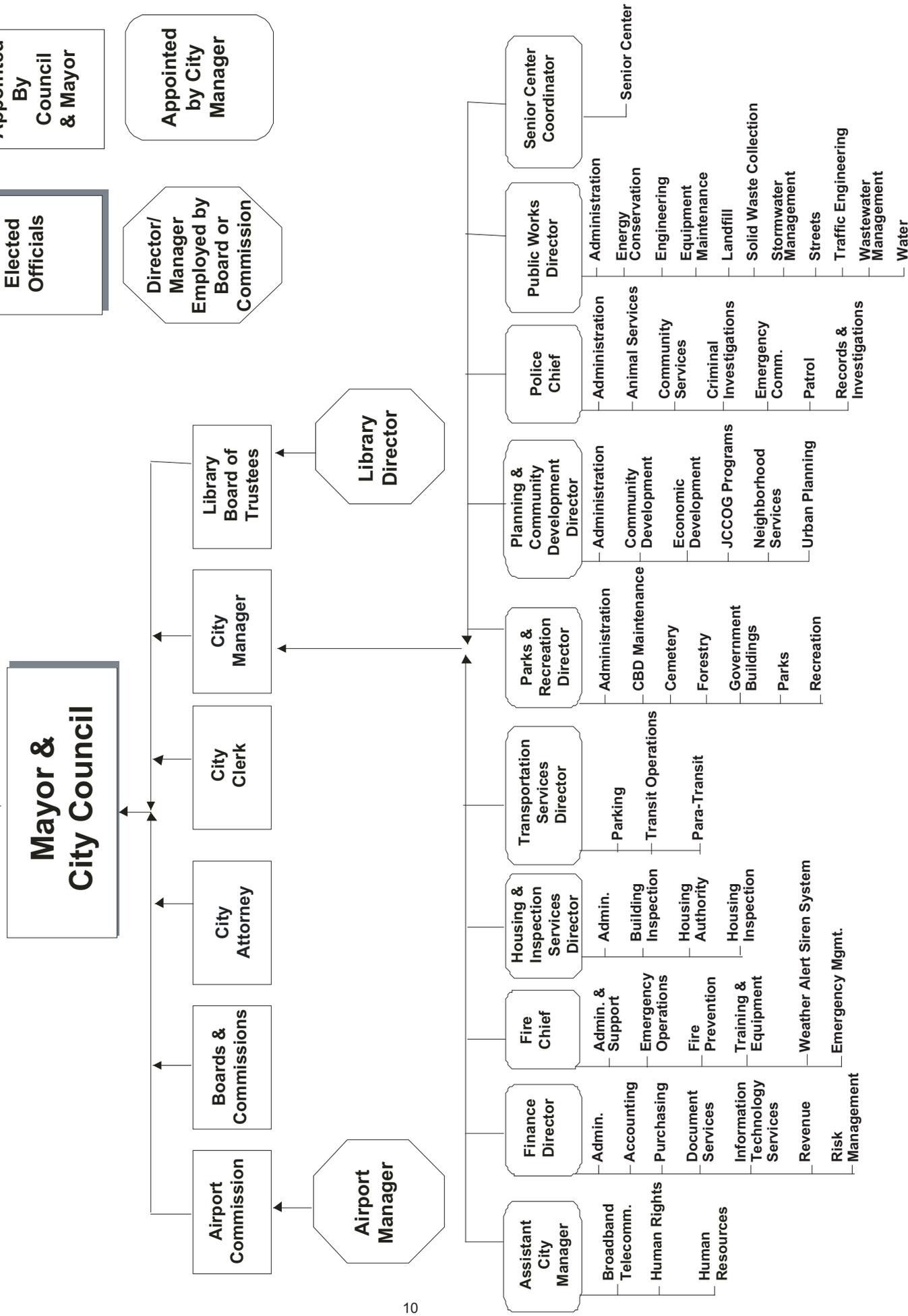
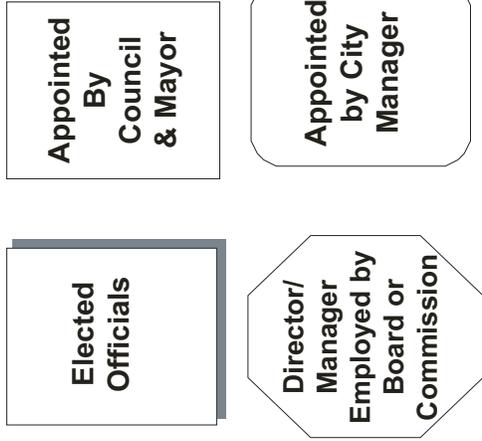
A handwritten signature in black ink that reads "Kevin O'Malley". The signature is written in a cursive style with a large, sweeping initial "K".

Kevin O'Malley
Director of Finance



Citizens of Iowa City

Key



CITY OF IOWA CITY, IOWA

LISTING OF CITY OFFICIALS

June 30, 2009

ELECTED OFFICIALS

		<u>Term Expires</u>
Mayor	Regenia Bailey	January 1, 2012
Council Member and Mayor Pro tem	Mike O'Donnell	January 1, 2010
Council Member	Connie Champion	January 1, 2010
Council Member	Amy Correia	January 1, 2010
Council Member	Matt Hayek	January 1, 2012
Council Member	Ross Wilburn	January 1, 2012
Council Member	Mike Wright	January 1, 2012

APPOINTED OFFICIALS

		<u>Date of Hire</u>
Acting City Manager	Dale E. Helling	August 16, 1975
City Clerk	Marian K. Karr	May 21, 1979
City Attorney	Eleanor Dilkes	March 18, 1996

DEPARTMENT DIRECTORS

Director of Housing and Inspection Services	Douglas W. Boothroy	September 22, 1975
Library Director	Susan Craig	July 28, 1975
Director of Planning & Community Development	Jeff Davidson	January 26, 1981
Director of Public Works	Rick Fosse	February 22, 1984
Director of Transportation Services	Chris O'Brien	December, 29, 1997
Senior Center Coordinator	Linda Kopping	March 20, 1995
Fire Chief	Andrew Rocca	July 14, 1978
Acting Parks and Recreation Director	Mike Moran	September 26, 1983
Director of Finance	Kevin O'Malley	August 19, 1985
Chief of Police	Sam Hargadine	August 29, 2005

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Iowa City
Iowa

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

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



President

Executive Director



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Iowa City, 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 Iowa City, 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 management of the City of Iowa City, Iowa. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Subsequent to the issuance of the City's 2009 financial statements and our report dated December 14, 2009, we became aware that certain testing procedures required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, had not been performed. Upon performing those procedures, a modification was made to our Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. In our original report we expressed an unqualified opinion on the 2009 financial statements, and our opinion on those financial statements, as expressed herein, remains unqualified.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Eide Bailly LLP

Dubuque, Iowa

December 14, 2009, except for the Schedule of Expenditures of Federal Awards listed in the last paragraph above which is dated May 31, 2012

Management's Discussion and Analysis

As management of the City of Iowa City, we present this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. This narrative is intended to be used in conjunction with additional information that is included in the letter of transmittal, which can be found on pages 3 – 8 of this report.

Financial Highlights

- The assets of the City of Iowa City exceeded its liabilities at the close of the fiscal year ending June 30, 2009 by \$390,477,000 (net assets). Of this amount, \$81,780,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$23,164,000 during the fiscal year. Governmental activities increased by \$15,572,000 and business-type activities increased by \$7,592,000.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,123,000, an increase of \$1,702,000 in comparison with the prior year. Of this total amount, approximately \$24,470,000, or 58% was unreserved and is available for spending at the City's discretion.
- At the end of the current fiscal year, the City's unreserved, undesignated fund balance for the General Fund was \$15,362,000, or 33% of total General Fund expenditures.
- The City's total debt decreased by \$9,625,000, during the current fiscal year. The key factors to this decrease were the refunding of bonds to take advantage of lower interest rates and the retirement of bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*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 include Public Safety, Public Works (roads, traffic controls, and transit), Culture and Recreation, Community and Economic Development, General Government, and Interest on long-term debt. The business-type activities of the City include Airport, Cable Television, Housing Authority, Parking, Sanitation, Stormwater Collection, Wastewater Treatment, and Water.

The government-wide financial statements may be found on pages 26 – 29 of this report.

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 function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements and is typically the basis that is used in developing the next annual budget.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City has five major governmental funds: General Fund, Employee Benefits Fund, Community Development Block Grant Fund, Other Shared Revenue and Grants, and Debt Service Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these major funds. Data from all other non-major governmental funds is combined into a single aggregated presentation and are referenced under a single column as “Other Governmental Funds”. Individual fund data on each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds as required by state statute. Budget comparisons have been provided for the Governmental funds and the Enterprise funds, to demonstrate compliance with the adopted budget.

The basic governmental funds financial statements can be found on pages 30 – 35 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport, Cable Television, Housing Authority, Parking, Sanitation, Stormwater Collection, Wastewater Treatment, and Water activities. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City has four Internal Service Funds: Equipment Maintenance, Central Services, Loss Reserve, and Information Technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Parking, Wastewater Treatment, Water, Sanitation, and Housing Authority Funds are considered to be major funds and are reported individually throughout the report. The other three non-major enterprise funds are grouped together for reporting purposes and listed under a single heading “Other Enterprise Funds”. Detailed information for each of the non-major funds is provided in the combining statements on pages 88 – 90. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 36 – 41 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City's own programs and therefore are not reflected in the government-wide financial statements. The City has two fiduciary funds: Project Green and Library Foundation, which are maintained as agency funds.

The basic fiduciary funds financial statements can be found on page 42.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 – 76 of this report.

Other Information: The combining statements referred to in the above paragraphs in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented immediately following the notes.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$390,477,000 at the close of the fiscal year ended June 30, 2009.

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

City of Iowa City's Net Assets
June 30, 2009
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 126,588	\$ 118,167	\$ 99,378	\$ 95,730	\$ 225,966	\$ 213,897
Capital assets	167,330	157,273	254,404	257,034	421,734	414,307
Total Assets	293,918	275,440	353,782	352,764	647,700	628,204
Long-term liabilities outstanding	83,928	84,442	103,551	110,027	187,479	194,469
Current and other liabilities	64,725	61,305	5,019	5,117	69,744	66,422
Total Liabilities	148,653	145,747	108,570	115,144	257,223	260,891
Net assets:						
Invested in capital assets, net of related debt	100,741	87,723	162,211	160,330	262,952	248,053
Restricted	26,586	23,741	19,159	21,320	45,745	45,061
Unrestricted	17,938	18,229	63,842	55,970	81,780	74,199
Total Net Assets	<u>\$ 145,265</u>	<u>\$ 129,693</u>	<u>\$ 245,212</u>	<u>\$ 237,620</u>	<u>\$ 390,477</u>	<u>\$ 367,313</u>

A portion of the City's net assets (11.5% or \$45,745,000) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (21.1% or \$81,780,000) may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the fiscal year ended June 30, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities: Governmental activities increased the City's net assets by \$15,572,000. The increase in net assets of governmental activities is primarily due to expenditures for capital assets less depreciation expense.

The following is a more detailed review of FY09's operation.

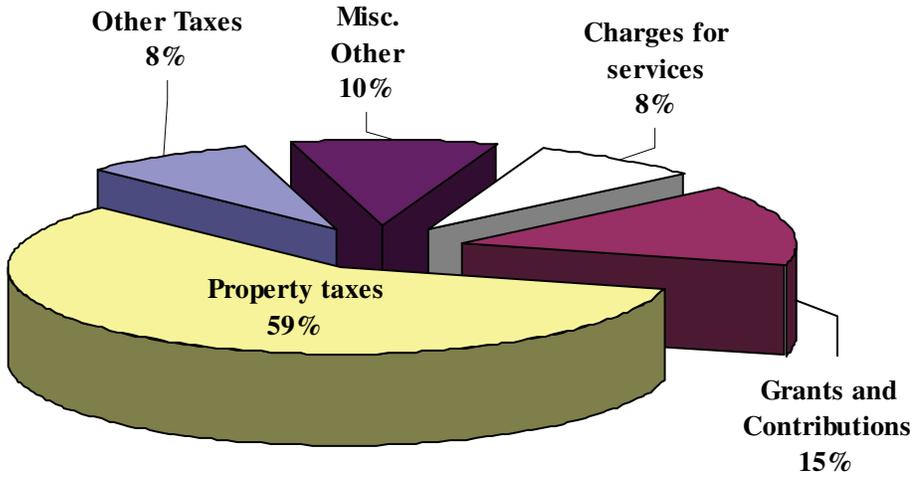
City of Iowa City's Changes in Net Assets
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 6,701	\$ 6,379	\$ 36,227	\$ 34,876	\$ 42,928	\$ 41,255
Operating grants and contributions	8,185	3,611	7,293	6,281	15,478	9,892
Capital grants and contributions	3,773	1,747	3,705	2,798	7,478	4,545
General Revenues:						
Property taxes	47,085	43,400	-	-	47,085	43,400
Road use tax	5,254	5,432	-	-	5,254	5,432
Other taxes	1,489	1,435	-	-	1,489	1,435
Earnings on investments	3,057	3,932	2,577	3,279	5,634	7,211
Gain on disposal of capital assets	-	-	360	1,260	360	1,260
Other	4,894	3,509	317	454	5,211	3,963
Total revenues	<u>80,438</u>	<u>69,445</u>	<u>50,479</u>	<u>48,948</u>	<u>130,917</u>	<u>118,393</u>
Expenses:						
Public safety	20,730	20,504	-	-	20,730	20,504
Public works	15,177	13,727	-	-	15,177	13,727
Culture and recreation	9,574	13,460	-	-	9,574	13,460
Community and economic development	8,726	1,850	-	-	8,726	1,850
General government	7,600	7,433	-	-	7,600	7,433
Interest on long-term debt	3,264	3,517	-	-	3,264	3,517
Wastewater treatment	-	-	11,925	11,757	11,925	11,757
Water	-	-	9,185	8,804	9,185	8,804
Sanitation	-	-	7,296	6,868	7,296	6,868
Housing authority	-	-	7,238	7,374	7,238	7,374
Parking	-	-	4,489	3,913	4,489	3,913
Airport	-	-	693	560	693	560
Stormwater	-	-	1,223	1,072	1,223	1,072
Cable television	-	-	633	598	633	598
Total expenses	<u>65,071</u>	<u>60,491</u>	<u>42,682</u>	<u>40,946</u>	<u>107,753</u>	<u>101,437</u>
Change in net assets before transfers	15,367	8,954	7,797	8,002	23,164	16,956
Transfers	<u>205</u>	<u>488</u>	<u>(205)</u>	<u>(488)</u>	<u>-</u>	<u>-</u>
Change in net assets	15,572	9,442	7,592	7,514	23,164	16,956
Net assets beginning of year	<u>129,693</u>	<u>120,251</u>	<u>237,620</u>	<u>230,106</u>	<u>367,313</u>	<u>350,357</u>
Net assets end of year	<u>\$ 145,265</u>	<u>\$ 129,693</u>	<u>\$ 245,212</u>	<u>\$ 237,620</u>	<u>\$ 390,477</u>	<u>\$ 367,313</u>

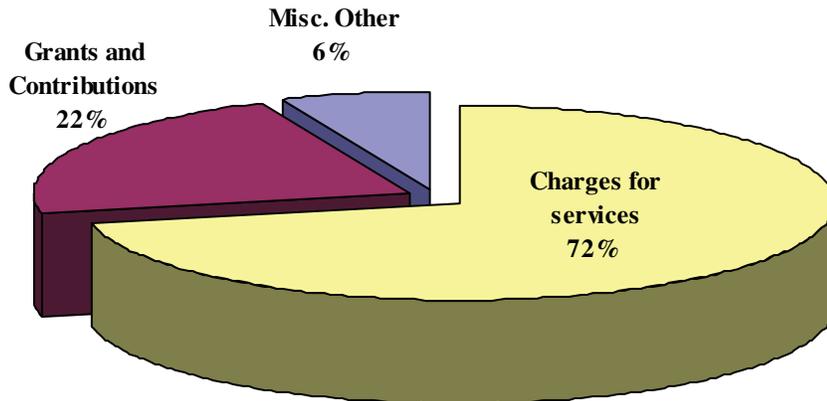
Business-type Activities: Business-type activities increased the City's total assets by \$7,592,000. The increases in net assets were primarily in the Wastewater, Sanitation, and Airport funds. For all business-type activities, revenues exceeded expenses by \$7,797,000.

The graphs on the following pages represent a breakdown of revenue by source and expenditures by program area for governmental and business-type activities.

**Governmental Activities
FY2009 Revenue
by Source**



**Business-Type Activities
FY2009 Revenue
by Source**

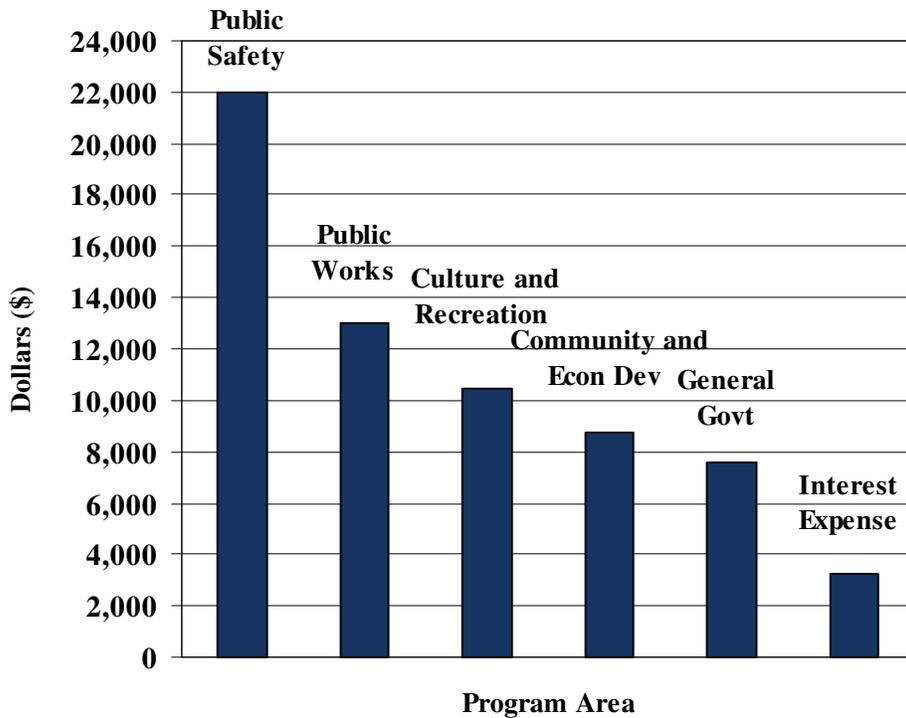


Governmental Activities

FY2009 Expenditures

by Program Area

(amounts expressed in thousands)

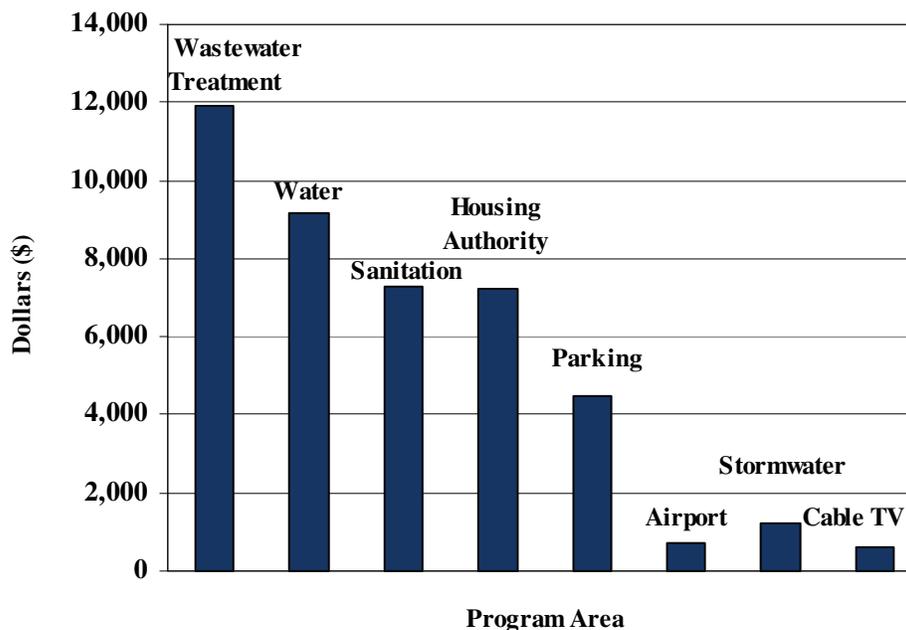


Business-Type Activities

FY2009 Expenditures

by Program Area

(amounts expressed in thousands)



Financial Analysis of the Government's Funds

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

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

As of the fiscal year ended June 30, 2009, the City's governmental funds reported combined ending fund balances of \$42,123,000, an increase of \$1,702,000 in comparison with the prior year. Of this total amount, \$24,470,000 constitutes unreserved fund balance, which is available to use as working capital for the General Fund since property tax revenues are received only twice a year and the remainder is available to meet the future needs of the City. The remainder of the fund balance (41.9%) is reserved to indicate that it is not available for new spending because it has already been committed. This remainder has been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,780,000), 2) to fund various debt service payments (\$11,759,000), 3) to fund employee retirement commitments (\$2,236,000), and 4) restricted by grant agreements (\$1,566,000).

The General Fund is the chief operating fund of the City. As of the fiscal year ended June 30, 2009, the unreserved fund balance of the General Fund was \$15,362,000, while General Fund's total fund balance was \$15,917,000. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32.5% of total General Fund expenditures (\$47,250,000), while total fund balance represents 33.7% of that same amount.

The fund balance of the City's General Fund increased by \$983,000 during the current fiscal year. This was due to budget reductions and fee increases in response to the economic conditions.

The Bridge, Street, and Traffic Control Construction Fund had a deficit fund balance of (\$1,883,000) as compared to a deficit balance of (\$1,595,000) in the prior period. This fund accounts for transactions relating to the acquisition or construction of major streets, bridges, and traffic control facilities. The deficit is due to capital expenditures. The City anticipates receiving funds from the Iowa Department of Transportation. If not, bonds will be issued in 2010 to cover the capital expenditures.

The Debt Service Fund had a fund balance of \$11,759,000, an increase of \$3,068,000 from the prior year, all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest).

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

The ending net assets of the enterprise funds were \$238,102,000, a net asset increase of \$7,282,000. This was primarily due to an increase in unrestricted net assets. Of the enterprise funds' net assets, \$162,211,000 is invested in capital assets, net of related debt. Unrestricted net assets totaled \$56,732,000, an increase of \$7,562,000 compared to the previous year.

The Internal Service funds showed net assets totaling \$20,401,000 as of June 30, 2009, an increase of \$871,000 from the previous year.

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type.

The City had three budget amendments during the fiscal year, which is higher than our common practice of two amendments. These amendments increased the expenditure budget by \$132,920,000 to a total of \$274,133,000. This represented a 94.1% increase. The major increase was due to capital projects in governmental and business-type funds due to timing of completion of projects and ongoing recovery from the flood of 2008.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$421,734,000 (net of accumulated depreciation). This investment in capital assets, including land, buildings, improvements other than buildings, equipment, streets, bridges, trails, wastewater and water systems, and other infrastructure represents the value of resources utilized to provide services to its citizens. The City's investment in capital assets for the fiscal year ended June 30, 2009 increased by \$10,057,000 for governmental activities compared to the prior year and decreased by \$2,629,000 for business-type activities over the prior year.

The following table reflects the \$421,734,000 investment in capital assets (net of accumulated depreciation).

City of Iowa City's Capital Assets
(net of depreciation)
(amounts expressed in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 17,483	\$ 15,481	\$ 25,783	\$ 25,921	\$ 43,266	\$ 41,402
Buildings	44,973	43,645	74,866	77,703	119,839	121,348
Improvements other than buildings	3,721	3,736	7,233	7,666	10,954	11,402
Machinery and equipment	12,389	12,420	9,265	10,304	21,654	22,724
Infrastructure	74,458	69,997	131,052	124,641	205,510	194,638
Construction in progress	14,306	11,994	6,205	10,799	20,511	22,793
Total	<u>\$ 167,330</u>	<u>\$ 157,273</u>	<u>\$ 254,404</u>	<u>\$ 257,034</u>	<u>\$ 421,734</u>	<u>\$ 414,307</u>

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

- Airport projects included runway design, grading, lighting, paving, and runway extension. Projects completed during the year totaled \$4,899,000 and projects remaining in construction in progress at fiscal year end totaled \$3,243,000.
- A variety of street and bridge construction in new residential areas and replacement and expansion of existing infrastructure amounted to \$5,180,000. This includes the continuation of the McCollister Boulevard extension project at \$4,342,000.
- The demolition and reconstruction of fire station #2 at a cost of \$1,376,000 in FY09 plus prior year costs, for a total cost of \$2,860,000.
- Improvements to government buildings at a cost of \$1,494,000.

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Debt Administration: At the end of the fiscal year, the City had total bonded debt outstanding of \$172,810,000. Of this amount, \$84,995,000 comprises debt backed by the full faith and credit of the City.

However, 5.1% of this total, \$4,341,000, is debt that serves enterprise funds and is abated by their charges for services and 7.8% of this total, \$6,660,000, is debt that will be paid with Tax Increment Financing revenues. The remaining \$87,815,000 represents revenue bonds secured solely by specific revenue sources.

City of Iowa City's Outstanding Debt
General Obligation and Revenue Bonds
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 80,654	\$ 82,177	\$ 4,341	\$ 4,913	\$ 84,995	\$ 87,090
Revenue bonds	-	-	87,815	95,345	87,815	95,345
Total	<u>\$ 80,654</u>	<u>\$ 82,177</u>	<u>\$ 92,156</u>	<u>\$ 100,258</u>	<u>\$ 172,810</u>	<u>\$ 182,435</u>

During the current fiscal year the City's total bonded debt decreased by \$9,625,000.

The City issued \$30,035,000 in General Obligation bonds during FY09. The bonds were used to finance the cost of the City's 2009 Capital Improvements Programs and current refunding of \$23,140,000 of general obligation bonds. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$2,257,000 in future debt service payments and an economic gain of \$1,977,000.

The City continues to have the same excellent bond rating on its General Obligation bonds that it has had for the past several years. This rating is given to those bonds judged to be of the best quality and carrying the smallest degree of investment risks. The City's bond ratings by Moody's Investors Services, Inc. as of June 30, 2009 were as follows:

General obligation bonds	Aaa
Parking revenue bonds	A
Wastewater treatment revenue bonds	A
Water revenue bonds	A

The City continues to operate well under the State debt capacity debt limitations. State statute limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in Iowa City. The current debt limitation for the City is \$214,042,000. With outstanding General Obligation Debt applicable to this limit of \$84,995,000 we are utilizing 39.7% of this limit.

More detailed information on debt administration is provided in Note 6 of the financial statements.

Economic Factors and Next Year's Budget and Rates

In May 2009, the voters of Iowa City approved a one cent local option sales tax. This tax will be collected for four years beginning July 1, 2009. Based on current funding projections, the City Council has indicated that the priorities for use of this sales tax will be the elevation of Dubuque Street, including the reconstruction of Park Road Bridge, and the relocation of the North Wastewater Plant. Sales tax proceeds will be used to provide local match for available state and federal funding and to reduce our reliance on property tax and increased user fees otherwise needed to fund such projects.

During the 2009 session, the Iowa State Legislature passed a law allowing cities to utilize franchise fee tax as a revenue alternative to property tax effective for FY11. The Iowa City Council has passed a local franchise fee tax of 2% on natural gas and electricity to support addition public safety initiatives.

The City expects continued constraints by the State's property tax formula. The rollback on residential properties negatively affects the City's general operating funds and without the potential for new revenue sources, like those mentioned above, the City's opportunities for new initiatives are limited. The Council has established a balance budget in the General Fund for FY10 that strives to maintain current service delivery levels. The tax levy rate per \$1,000 of taxable valuation for FY10 is provided below:

General Levy	\$	8.100
Debt Service Levy		4.219
Employee Benefits Levy		3.637
Transit Levy		0.950
Liability Insurance Levy		0.420
Library Levy		0.270
Emergency Levy		0.257
Total City Levy	\$	<u>17.853</u>

Requests for Information

This report is designed to provide a general overview of the City of Iowa City's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to City of Iowa City, Finance Department, 410 E. Washington Street, Iowa City, IA, 52240.

CITY OF IOWA CITY, IOWA

STATEMENT OF NET ASSETS

June 30, 2009

(amounts expressed in thousands)

	Governmental	Business-type	
	Activities	Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in pooled cash and investments	\$ 48,595	\$ 50,184	\$ 98,779
Receivables:			
Property tax	46,251	-	46,251
Accounts and unbilled usage	1,018	3,301	4,319
Interest	410	851	1,261
Notes	13,748	1,349	15,097
Internal balances	(8,596)	8,596	-
Due from other governments	7,755	740	8,495
Inventories	536	401	937
Restricted assets:			
Equity in pooled cash and investments	16,871	33,956	50,827
Capital assets:			
Land and construction in progress	31,788	31,986	63,774
Other capital assets (net of accumulated depreciation)	135,542	222,418	357,960
Total assets	<u>293,918</u>	<u>353,782</u>	<u>647,700</u>
 Liabilities			
Accounts payable	1,643	785	2,428
Contracts payable	1,026	870	1,896
Accrued liabilities	3,795	437	4,232
Interest payable	248	2,144	2,392
Deposits	982	672	1,654
Due to other governments	2,006	111	2,117
Unearned revenue	55,025	-	55,025
Noncurrent liabilities:			
Due within one year:			
Employee vested benefits	1,087	278	1,365
Bonds payable	9,430	5,840	15,270
Due in more than one year:			
Employee vested benefits	943	232	1,175
Other Post Employment Benefits Obligation	465	202	667
Notes Payable	211	-	211
Bonds payable	71,792	86,353	158,145
Landfill closure/post-closure liability	-	10,646	10,646
Total liabilities	<u>148,653</u>	<u>108,570</u>	<u>257,223</u>

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF NET ASSETS (continued)

June 30, 2009

(amounts expressed in thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 100,741	\$ 162,211	\$ 262,952
Restricted for or by:			
Employee benefits	2,236	-	2,236
Capital projects	10,960	-	10,960
Debt service	11,759	-	11,759
Other purposes	65	-	65
Bond ordinance	-	16,125	16,125
State statute	-	802	802
Future improvements	-	272	272
Grant agreement	1,566	1,960	3,526
Unrestricted	<u>17,938</u>	<u>63,842</u>	<u>81,780</u>
 Total net assets	 <u><u>\$ 145,265</u></u>	 <u><u>\$ 245,212</u></u>	 <u><u>\$ 390,477</u></u>

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

CITY OF IOWA CITY, IOWA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009
(amounts expressed in thousands)

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 20,730	\$ 2,968	\$ 1,723	\$ 192
Public works	15,177	1,392	1,792	2,328
Culture and recreation	9,574	715	-	-
Community and economic development	8,726	-	4,670	1,253
General government	7,600	1,626	-	-
Interest on long-term debt	3,264	-	-	-
Total governmental activities	65,071	6,701	8,185	3,773
Business-type activities:				
Wastewater Treatment	11,925	12,557	1	266
Water	9,185	8,107	15	132
Sanitation	7,296	8,286	607	-
Housing Authority	7,238	181	6,668	-
Parking	4,489	5,438	-	-
Airport	693	248	2	3,239
Stormwater	1,223	622	-	68
Cable television	633	788	-	-
Total business-type activities	42,682	36,227	7,293	3,705
Total	\$ 107,753	\$ 42,928	\$ 15,478	\$ 7,478

General revenues:

Property taxes, levied for general purposes

Road use tax

Hotel/motel tax

Gas and electric tax

Earnings on investments

Gain on disposal of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (15,847)	\$ -	\$ (15,847)
(9,665)	-	(9,665)
(8,859)	-	(8,859)
(2,803)	-	(2,803)
(5,974)	-	(5,974)
(3,264)	-	(3,264)
(46,412)	-	(46,412)
-	899	899
-	(931)	(931)
-	1,597	1,597
-	(389)	(389)
-	949	949
-	2,796	2,796
-	(533)	(533)
-	155	155
-	4,543	4,543
(46,412)	4,543	(41,869)
47,085	-	47,085
5,254	-	5,254
713	-	713
776	-	776
3,057	2,577	5,634
-	360	360
4,894	317	5,211
205	(205)	-
61,984	3,049	65,033
15,572	7,592	23,164
129,693	237,620	367,313
\$ 145,265	\$ 245,212	\$ 390,477

CITY OF IOWA CITY, IOWA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2009

(amounts expressed in thousands)

	Special Revenue						Total
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Debt Service	Other Governmental Funds	
Assets							
Equity in pooled cash and investments	\$ 16,710	\$ 2,092	\$ 2	\$ 925	\$ 10,637	\$ 1,224	\$ 31,590
Receivables:							
Property tax	24,949	9,965	-	-	11,308	29	46,251
Accounts and unbilled usage	858	-	-	-	-	160	1,018
Interest	145	17	-	13	65	42	282
Notes	108	-	11,391	622	1,627	-	13,748
Advances to other funds	-	-	18	-	218	-	236
Due from other governments	2,323	152	18	2,704	-	2,503	7,700
Inventories	204	-	-	-	-	-	204
Restricted assets:							
Equity in pooled cash and investments	2,233	-	-	4	-	14,634	16,871
Total assets	\$ 47,530	\$ 12,226	\$ 11,429	\$ 4,268	\$ 23,855	\$ 18,592	\$ 117,900

(continued)

CITY OF IOWA CITY, IOWA

BALANCE SHEET (continued)
GOVERNMENTAL FUNDS

June 30, 2009

(amounts expressed in thousands)

	Special Revenue						Total
	General	Employee Benefits	Community Development Block Grant	Other Revenue and Grants	Debt Service	Other Governmental Funds	
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 1,006	\$ 47	\$ 13	\$ 149	\$ 11	\$ 156	\$ 1,382
Contracts payable	-	-	-	-	-	1,026	1,026
Accrued liabilities	1,460	2	7	113	-	51	1,633
Advances from other funds	1,504	-	-	218	-	-	1,722
Due to other governments	2	-	-	41	-	1,963	2,006
Deferred revenue	26,663	9,941	11,409	4,463	12,085	2,465	67,026
Liabilities payable from restricted assets:							
Deposits	978	-	-	4	-	-	982
Total liabilities	31,613	9,990	11,429	4,988	12,096	5,661	75,777
Fund balances:							
Reserved for:							
Inventories	204	-	-	-	-	-	204
Encumbrances	243	-	-	9	-	1,528	1,780
Debt service	-	-	-	-	11,759	-	11,759
Employee retirement commitments	-	2,236	-	-	-	-	2,236
Perpetual care	108	-	-	-	-	-	108
Restricted by grant agreement	-	-	-	1,566	-	-	1,566
Unreserved							
Undesignated:							
General fund	15,362	-	-	-	-	-	15,362
Special revenue funds	-	-	-	(2,295)	-	443	(1,852)
Capital projects funds	-	-	-	-	-	10,960	10,960
Total fund balances	15,917	2,236	-	(720)	11,759	12,931	42,123
Total liabilities and fund balances	\$ 47,530	\$ 12,226	\$ 11,429	\$ 4,268	\$ 23,855	\$ 18,592	\$ 117,900

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

CITY OF IOWA CITY

**RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

June 30, 2009
(amounts expressed in thousands)

Total governmental fund balances	\$ 42,123
Amounts reported for governmental activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	20,401
Prepaid insurance benefits future periods and is included in governmental activities in the statement of net assets.	-
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Notes receivable - Earned but unavailable	12,001
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	161,920
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,912)
Accrued post employment benefit obligations are not due and payable in the current period and therefore are not reported in the funds.	(477)
Bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(81,222)
Notes payable are not due and payable in the current period and therefore are not reported in the funds.	(211)
Accrued interest on bonds	(248)
Internal balance due to integration of internal service funds	<u>(7,110)</u>
Total net assets of governmental activities	<u>\$ 145,265</u>

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

CITY OF IOWA CITY, IOWA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Special Revenue						Total
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Debt Service	Other Governmental Funds	
Revenues							
Taxes	\$ 24,731	\$ 9,069	\$ -	\$ -	\$ 11,084	\$ 3,688	\$ 48,572
Licenses and permits	1,284	-	-	-	-	-	1,284
Intergovernmental	5,761	-	1,386	9,801	-	2,573	19,521
Charges for services	2,237	200	-	61	-	-	2,498
Use of money and property	1,817	-	-	81	447	300	2,645
Miscellaneous	4,468	5	284	75	383	87	5,302
Total revenues	<u>40,298</u>	<u>9,274</u>	<u>1,670</u>	<u>10,018</u>	<u>11,914</u>	<u>6,648</u>	<u>79,822</u>
Expenditures							
Current:							
Public safety	17,956	249	-	-	-	547	18,752
Public works	6,497	-	-	4,768	-	1,140	12,405
Culture and recreation	10,644	-	-	-	-	205	10,849
Community and economic development	1,082	-	1,612	3,659	-	1,684	8,037
General government	6,846	306	-	-	75	73	7,300
Debt service:							
Principal	-	-	-	-	8,418	-	8,418
Interest	-	-	-	-	3,364	-	3,364
Capital outlay	4,225	-	16	3,369	-	9,486	17,096
Total expenditures	<u>47,250</u>	<u>555</u>	<u>1,628</u>	<u>11,796</u>	<u>11,857</u>	<u>13,135</u>	<u>86,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,952)</u>	<u>8,719</u>	<u>42</u>	<u>(1,778)</u>	<u>57</u>	<u>(6,487)</u>	<u>(6,399)</u>
Other Financing Sources (Uses)							
Issuance of debt	-	-	-	-	-	7,190	7,190
Issuance of refunding debt	-	-	-	-	22,845	-	22,845
Sale of capital assets	194	-	-	-	-	360	554
Premium on issuance of bonds	-	-	-	-	393	159	552
Payment of refunded bonds	-	-	-	-	(23,140)	-	(23,140)
Transfers in	8,660	-	-	434	2,913	4,479	16,486
Transfers out	(919)	(8,224)	(50)	(1,497)	-	(5,696)	(16,386)
Total other financing sources and (uses)	<u>7,935</u>	<u>(8,224)</u>	<u>(50)</u>	<u>(1,063)</u>	<u>3,011</u>	<u>6,492</u>	<u>8,101</u>
Net change in fund balances	983	495	(8)	(2,841)	3,068	5	1,702
Fund Balances, Beginning	<u>14,934</u>	<u>1,741</u>	<u>8</u>	<u>2,121</u>	<u>8,691</u>	<u>12,926</u>	<u>40,421</u>
Fund Balances, Ending	<u>\$ 15,917</u>	<u>\$ 2,236</u>	<u>\$ -</u>	<u>\$ (720)</u>	<u>\$ 11,759</u>	<u>\$ 12,931</u>	<u>\$ 42,123</u>

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



CITY OF IOWA CITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

Net change in fund balances - total governmental funds	\$	1,702
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. Capital outlays and contributed capital assets exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	\$	16,879
Capital assets contributed		204
Depreciation expense		<u>(5,488)</u>
		11,595
Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Debt issued		(30,035)
Premium on bonds issued		(552)
Repayments of debt		31,558
Amortization of premium		<u>75</u>
		1,046
The issuance of notes payable are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing notes increases long-term liabilities and does not affect the statement of activities.		
		-
Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds.		
		2,584
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in accrued compensated absences		(53)
Change in accrued post employment benefit obligations		(477)
Change in accrued interest on debt		25
Impairment of capital assets		(179)
In the statement of activities, only the gain on the sale of the capital assets is recognized, whereas in the governmental funds, the proceeds from the sale increased financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.		
		(1,223)
Prepaid items in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenses in the period that the corresponding net asset is exhausted.		
		(9)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
		<u>561</u>
Change in net assets of governmental activities	\$	<u>15,572</u>

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

CITY OF IOWA CITY, IOWA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds						Governmental	
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Other Enterprise Funds	Total	Activities - Internal Service Funds
Assets								
Current assets:								
Equity in pooled cash and investments	\$ 4,511	\$ 11,704	\$ 12,132	\$ 15,845	\$ 3,409	\$ 2,583	\$ 50,184	\$ 17,005
Receivables:								
Accounts and unbilled usage	35	1,255	805	957	5	244	3,301	-
Interest	93	188	290	207	54	19	851	128
Notes	-	-	-	5	1,344	-	1,349	-
Advances to other funds	-	-	-	5,253	-	-	5,253	-
Due from other governments	-	22	15	27	52	624	740	55
Inventories	-	-	401	-	-	-	401	332
Total current assets	4,639	13,169	13,643	22,294	4,864	3,470	62,079	17,520
Noncurrent assets:								
Restricted assets:								
Equity in pooled cash and investments	2,211	12,544	4,272	12,849	1,960	120	33,956	-
Capital assets:								
Land	6,798	695	6,296	1,787	726	9,480	25,782	45
Buildings	24,908	59,485	23,461	999	5,869	4,304	119,026	831
Improvements other than buildings	166	7,365	2,331	121	9	357	10,349	50
Machinery and equipment	446	9,909	10,433	153	122	635	21,698	13,163
Infrastructure	-	86,797	47,104	10,873	-	41,146	185,920	1,006
Accumulated depreciation	(13,368)	(58,672)	(18,975)	(8,981)	(3,525)	(11,054)	(114,575)	(9,884)
Construction in progress	567	165	782	1,107	-	3,583	6,204	199
Total noncurrent assets	21,728	118,288	75,704	18,908	5,161	48,571	288,360	5,410
Total assets	26,367	131,457	89,347	41,202	10,025	52,041	350,439	22,930

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS

June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds						Governmental	
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Other Enterprise Funds	Internal Service Funds	
Liabilities								
Current liabilities:								
Accounts payable	\$ 36	\$ 133	\$ 178	\$ 141	\$ 27	\$ 270	\$ 785	\$ 261
Contracts payable	5	-	53	221	-	591	870	-
Accrued liabilities	158	170	243	234	81	61	947	2,280
Due to other governments	-	-	34	64	13	-	111	-
Interest payable	287	1,249	608	-	-	-	2,144	-
Bonded debt payable (net of unamortized discounts)	386	4,195	1,259	-	-	-	5,840	-
Total current liabilities	872	5,747	2,375	660	121	922	10,697	2,541
Noncurrent liabilities:								
Liabilities payable from restricted assets:								
Deposits	2	-	415	13	233	9	672	-
Advances from other funds	2,450	-	-	-	18	1,299	3,767	-
Bonded debt payable (net of unamortized discounts)	9,211	50,775	26,367	-	-	-	86,353	-
Other Post Employment Benefits Obligation	32	40	49	53	15	13	202	(12)
Landfill closure/postclosure liability	-	-	-	10,646	-	-	10,646	-
Total noncurrent liabilities	11,695	50,815	26,831	10,712	266	1,321	101,640	(12)
Total liabilities	12,567	56,562	29,206	11,372	387	2,243	112,337	2,529
Net Assets								
Invested in capital assets, net of related debt	9,920	50,774	43,806	6,059	3,201	48,451	162,211	5,410
Restricted by bond ordinance	1,651	11,295	3,179	-	-	-	16,125	-
Restricted by state statute	-	-	-	802	-	-	802	-
Restricted for future improvements	272	-	-	-	-	-	272	-
Restricted by grant agreement	-	-	-	-	1,960	-	1,960	-
Unrestricted	1,957	12,826	13,156	22,969	4,477	1,347	56,732	14,991
Total net assets	\$ 13,800	\$ 74,895	\$ 60,141	\$ 29,830	\$ 9,638	\$ 49,798	238,102	\$ 20,401
							7,110	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								
Net assets of business-type activities							\$ 245,212	

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



CITY OF IOWA CITY, IOWA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Parking	Wastewater		Sanitation	Housing Authority	Other Enterprise Funds	Total	
		Treatment	Water					
Operating Revenues:								
Charges for services	\$ 5,438	\$ 12,557	\$ 8,107	\$ 8,286	\$ 181	\$ 1,658	\$ 36,227	\$ 15,472
Miscellaneous	4	84	86	58	53	32	317	17
Total operating revenues	<u>5,442</u>	<u>12,641</u>	<u>8,193</u>	<u>8,344</u>	<u>234</u>	<u>1,690</u>	<u>36,544</u>	<u>15,489</u>
Operating Expenses:								
Personal services	1,845	1,848	2,316	2,363	927	695	9,994	2,010
Commodities	196	853	768	375	55	249	2,496	2,261
Services and charges	983	2,501	2,642	4,160	6,096	445	16,827	9,895
Depreciation	3,024	5,202	5,726	6,898	7,078	1,389	29,317	14,166
Total operating expenses	<u>871</u>	<u>4,155</u>	<u>2,124</u>	<u>592</u>	<u>157</u>	<u>1,156</u>	<u>9,055</u>	<u>1,131</u>
Operating income (loss)	<u>3,895</u>	<u>9,357</u>	<u>7,850</u>	<u>7,490</u>	<u>7,235</u>	<u>2,545</u>	<u>38,372</u>	<u>15,297</u>
	<u>1,547</u>	<u>3,284</u>	<u>343</u>	<u>854</u>	<u>(7,001)</u>	<u>(855)</u>	<u>(1,828)</u>	<u>192</u>
Nonoperating Revenues (Expenses):								
Gain on disposal of capital assets	214	131	-	-	15	-	360	44
Operating grants	-	1	15	607	6,668	2	7,293	-
Interest income	188	820	625	682	205	57	2,577	413
Interest expense	(578)	(2,578)	(1,351)	-	-	-	(4,507)	-
Total nonoperating revenues (expenses)	<u>(176)</u>	<u>(1,626)</u>	<u>(711)</u>	<u>1,289</u>	<u>6,888</u>	<u>59</u>	<u>5,723</u>	<u>457</u>
Income (loss) before capital contributions and transfers	<u>1,371</u>	<u>1,658</u>	<u>(368)</u>	<u>2,143</u>	<u>(113)</u>	<u>(796)</u>	<u>3,895</u>	<u>649</u>
Capital contributions	-	266	132	-	-	3,307	3,705	4
Transfers in	-	148	469	-	50	515	1,182	277
Transfers out	<u>(205)</u>	<u>(296)</u>	<u>(698)</u>	<u>(104)</u>	<u>-</u>	<u>(197)</u>	<u>(1,500)</u>	<u>(59)</u>
Change in net assets	<u>1,166</u>	<u>1,776</u>	<u>(465)</u>	<u>2,039</u>	<u>(63)</u>	<u>2,829</u>	<u>7,282</u>	<u>871</u>
Net Assets, Beginning	<u>12,634</u>	<u>73,119</u>	<u>60,606</u>	<u>27,791</u>	<u>9,701</u>	<u>46,969</u>		<u>19,530</u>
Net Assets, Ending	<u>\$ 13,800</u>	<u>\$ 74,895</u>	<u>\$ 60,141</u>	<u>\$ 29,830</u>	<u>\$ 9,638</u>	<u>\$ 49,798</u>		<u>\$ 20,401</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							310	
Change in net assets of business-type activities							<u>\$ 7,592</u>	

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

CITY OF IOWA CITY, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Other Enterprise Funds		Total
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 5,531	\$ 12,694	\$ 8,240	\$ 8,738	\$ 231	\$ 1,701	\$ 37,135	\$ 15,606
Payments to suppliers	(1,181)	(3,322)	(3,612)	(4,081)	(6,204)	(659)	(19,059)	(12,708)
Payments to employees	(1,786)	(1,772)	(2,231)	(2,292)	(902)	(692)	(9,675)	(1,906)
Net cash flows from operating activities	<u>2,564</u>	<u>7,600</u>	<u>2,397</u>	<u>2,365</u>	<u>(6,875)</u>	<u>350</u>	<u>8,401</u>	<u>992</u>
Cash Flows From Noncapital Financing Activities								
Grants received	-	-	-	609	6,644	-	7,253	-
Transfers from other funds	-	138	469	-	50	515	1,172	277
Transfers to other funds	(205)	(296)	(698)	(94)	-	(197)	(1,490)	(59)
Repayment/(payment) of notes receivable	170	-	-	4	39	-	213	-
Advances from other funds	(600)	-	-	-	-	94	(506)	-
Advances to other funds	-	-	-	721	-	-	721	-
Net cash flows from noncapital financing activities	<u>(635)</u>	<u>(158)</u>	<u>(229)</u>	<u>1,240</u>	<u>6,733</u>	<u>412</u>	<u>7,363</u>	<u>218</u>
Cash Flows From Capital and Related Financing Activities								
Capital grants received	-	-	-	-	-	3,249	3,249	-
Acquisition and construction of property and equipment	(636)	(157)	(634)	(351)	(289)	(3,909)	(5,976)	(1,002)
Proceeds from sale of property	484	131	-	-	58	6	679	55
Proceeds from issuance of refunding debt (principal plus premium & less discount)	-	33,636	17,004	-	-	-	50,640	-
Principal paid on bonded debt	(370)	(38,645)	(18,893)	-	-	-	(57,908)	-
Interest paid on bonded debt	(584)	(2,813)	(1,352)	-	-	-	(4,749)	-
Net cash flows from capital and related financing activities	<u>(1,106)</u>	<u>(7,848)</u>	<u>(3,875)</u>	<u>(351)</u>	<u>(231)</u>	<u>(654)</u>	<u>(14,065)</u>	<u>(947)</u>
Cash Flows From Investing Activities								
Interest on investments	149	1,411	561	693	200	73	3,087	428
Net increase (decrease) in cash and cash equivalents	972	1,005	(1,146)	3,947	(173)	181	4,786	691
Cash and Cash Equivalents, Beginning	5,750	23,243	17,550	24,747	5,542	2,522	79,354	16,314
Cash and Cash Equivalents, Ending	<u>\$ 6,722</u>	<u>\$ 24,248</u>	<u>\$ 16,404</u>	<u>\$ 28,694</u>	<u>\$ 5,369</u>	<u>\$ 2,703</u>	<u>\$ 84,140</u>	<u>\$ 17,005</u>

(continued)

CITY OF IOWA CITY, IOWA

**STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash flows from operating activities:								
Operating income (loss)	\$ 1,547	\$ 3,284	\$ 343	\$ 854	\$ (7,001)	\$ (855)	\$ (1,828)	\$ 192
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:								
Depreciation expense	871	4,155	2,124	592	157	1,156	9,055	1,131
Changes in:								
Receivables:								
Accounts and unbilled usage	93	55	42	379	(1)	12	580	3
Due from other governments	-	(2)	1	13	4	-	16	114
Inventories	-	-	(37)	-	-	-	(37)	(11)
Accounts payable	(2)	32	(177)	(84)	(56)	35	(252)	(541)
Accrued liabilities	27	36	36	18	10	(10)	117	116
Due to other governments	-	-	12	(10)	3	-	5	-
Deposits	(4)	-	4	2	(6)	(1)	(5)	-
Other Post Employment Benefits Obligation	32	40	49	53	15	13	202	(12)
Landfill closure/postclosure liability	-	-	-	548	-	-	548	-
Total adjustments	<u>1,017</u>	<u>4,316</u>	<u>2,054</u>	<u>1,511</u>	<u>126</u>	<u>1,205</u>	<u>10,229</u>	<u>800</u>
Net cash flows from operating activities	<u>\$ 2,564</u>	<u>\$ 7,600</u>	<u>\$ 2,397</u>	<u>\$ 2,365</u>	<u>\$ (6,875)</u>	<u>\$ 350</u>	<u>\$ 8,401</u>	<u>\$ 992</u>
Noncash Investing, Capital, and Financing Activities:								
Contributions of capital assets from government and others	\$ -	\$ 247	\$ 132	\$ -	\$ -	\$ 68	\$ 447	\$ 4

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

CITY OF IOWA CITY

**STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES**

June 30, 2009

(amounts expressed in thousands)

	<u>Agency Funds</u>
Assets	
Equity in pooled cash and investments	\$ 234
Accounts receivable	6
Interest receivable	2
Total assets	<u>\$ 242</u>
Liabilities	
Accrued liabilities	\$ 10
Due to agency	232
Total liabilities	<u>\$ 242</u>

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

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

1. Accounting Policies

The City of Iowa City, Iowa, (the City) was incorporated April 6, 1853, and operates under the Council/Manager form of government. The City provides a broad range of services to its citizens including general government, a mass transportation system, public safety, streets, parks, and cultural facilities. It also operates an airport, parking facilities, water treatment, wastewater treatment, stormwater collection, sanitation collection and disposal (including landfill operations), cable television, and a housing authority.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

The Reporting Entity

For financial reporting purposes, the City includes all of its funds, organizations, 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. There were no component units required to be included.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Description of Funds

These financial statements include all funds owned or administered by the City or for which the City acts as custodian.

The City maintains its records on a modified cash basis of accounting under which only cash receipts, cash disbursements and encumbrances, investments, and bonded debt are recorded. These modified cash basis accounting records have been adjusted to the accrual or modified accrual basis, as necessary, to prepare the accompanying financial statements in accordance with GAAP.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The fund categories are governmental, proprietary, and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures or expenses, as appropriate. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its “measurement focus.” The government-wide financial statements and proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Agency funds do not have a measurement focus and use the accrual basis of accounting. Under the accrual method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, except those that conflict with GASB pronouncements, in accounting and reporting for these funds.

All governmental funds are accounted for using a current financial resources measurement focus, which generally includes only current assets and current liabilities on the balance sheet. The modified accrual basis of accounting is used for these funds. Under the modified accrual basis, revenue is recognized when susceptible to accrual, which is in the period in which it becomes both available (collectible within the current period or soon thereafter to be used to pay liabilities of the current period) and measurable (the amount of the transaction can be determined). Revenue accrued includes property taxes, intergovernmental revenue, and interest earned on investments (if they are collected within 60 days after the year-end). Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

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

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

The *Employee Benefits Fund* is used to account for the employee benefits related to those employees who are paid through governmental fund types, which are funded by a separate property tax levy.

The *Community Development Block Grant Fund* accounts for revenue from the U.S. Department of Housing and Urban Development's Community Development Block Grant programs.

The *Other Shared Revenue and Grants Fund* accounts for revenue from various sources, primarily road use tax monies from the State of Iowa and reimbursable programs funded by federal and state grants.

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

The *Parking Fund* is used to account for the operation and maintenance of the "on" and "off" street public parking facilities.

The *Wastewater Treatment Fund* is used to account for the operation and maintenance of the wastewater treatment facility and sanitary sewer system.

The *Water Fund* is used to account for the operation and maintenance of the water system.

The *Sanitation Fund* is used to account for the operation and maintenance of the solid waste collection system and landfill.

The *Housing Authority Fund* is used to account for the operations and activities of the City's low and moderate income housing assistance and public housing programs.

Additionally, the City reports internal service funds to account for goods and services provided by one department to other City departments on a cost reimbursement basis. The funds in this category are the *Equipment Maintenance Fund*, *Central Services Fund*, *Loss Reserve Fund*, and the *Information Technology Fund*.

The City also reports fiduciary funds which are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds which are maintained as agency funds, with no attempt to create an ongoing fund balance.

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

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

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

Uses of Estimates

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures and expenses, as appropriate, during the reporting period. Actual results could differ from these estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of landfill closure and post-closure care costs, total capacity of the landfill at closure, and calculation of the costs of claims incurred, but not reported.

Cash and Investments

The City maintains one primary demand deposit account through which the majority of its cash resources are processed. Substantially all investment activity is carried on by the City in an investment pool, except for those funds required to maintain their investments separately. The earnings on the pooled investments are allocated to the funds on a systematic basis. All investments are stated at fair value except for the Iowa Public Agency Investment Trust (IPAIT) which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

For the purpose of the Statement of Cash Flows, restricted and nonrestricted investments with a maturity of three months or less when purchased are considered cash equivalents.

Receivables and Revenue Recognition

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

Federal and state grants are recorded as receivables and the revenue is recognized during the period in which the City fulfills the requirements for receiving the grant awards, as long as the susceptible to accrual criteria are met.

Income from investments in all fund types and from charges for services in proprietary fund types is recognized when earned. Licenses and permits, fines and forfeitures, fees and refunds, charges for services (in governmental fund types), miscellaneous, and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Inventories

Inventories are recognized only in those funds in which they are material to the extent of affecting operations. For the City, these are the General Fund, Water Fund, and the Equipment Maintenance Fund. Inventories are reported at the lower of cost (first-in, first-out) or market. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City follows the policy of not capitalizing an asset with an initial, individual cost of less than \$50,000 for infrastructure assets and \$5,000 for remaining assets. Such assets are recorded at original purchase cost or at fair value at the date of donation when received as donated properties.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Infrastructure	3 – 100 years
Buildings and structures	20 – 50 years
Improvements other than buildings	15 – 50 years
Vehicles	2 – 20 years
Other equipment	5 – 30 years

Bond Premiums and Discounts

Debt issued at a premium or discount is recorded net of the unamortized premium or discount. In the governmental funds, premiums and discounts are recorded entirely as other financing sources or uses in the year of issuance. In the proprietary funds and the government-wide statements, they are amortized over the life of the bonds.

Compensated Absences

Permanent City employees accumulate vacation and sick leave hours for subsequent use or for payment upon death, resignation, or retirement. The City pays its employees (except firefighters) one-half of the accumulated sick leave at the time of termination on the basis of the employee's then effective hourly base salary, provided that the dollar amount of the payment may be up to, but not exceed, the amount that an employee would be paid if the employee had terminated on June 28, 1985. Employees hired on or after June 29, 1985, are not eligible for payment of accumulated sick leave upon termination, death, or retirement.

Pensions

The provision for pension cost is recorded on the accrual basis (based on statutorily determined contribution rates), and the City's policy is to fund pension costs as they accrue.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Landfill Closing Costs

Costs expected to be incurred in ultimately closing the present landfill site are being systematically provided for through charges to expense over the estimated useful life of the landfill on the basis of capacity used (see Note 7).

Budgetary and Legal Appropriation and Amendment Policies

The City prepares and adopts an annual function budget, as prescribed by Iowa statutes, for all funds except internal service and agency funds. This is formalized in a separate budgetary report, the Financial Plan. This budget is adopted on or before March 15 of each year to become effective July 1, and constitutes the City's appropriation for each program and purpose specified therein until amended. The adopted budget must include the following:

- a. Expenditures for each function:
 - Public safety
 - Public works
 - Health and social services
 - Culture and recreation
 - Community and economic development
 - General government
 - Debt service
 - Capital outlay
 - Business-type
- b. The amount to be raised by property taxation
- c. Income from sources other than property taxation
- d. Transfers in and transfers out

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the function level for all funds combined, rather than at the individual fund level. Management can transfer appropriations within a function, within a fund type, and between fund types, without the approval of the governing body so long as the total budget by function area will not be exceeded. It is necessary, therefore, to aggregate the expenditures of the budgeted activities within the governmental fund types with the expenditures of the budgeted activities within the enterprise funds on a function basis, and to compare such function totals to function budgeted totals in order to demonstrate legal compliance with the budget. The City's budget for revenue focuses on the individual fund revenue rather than on aggregated fund totals.

The City formally adopts budgets for several funds that are not required by state law to be included in the annual function budget. Annual operating budgets are adopted for the internal service funds for management control purposes. Such budgets, however, are not legally required to be adopted under state statutes. These budgets are adopted and amended at the same time and in the same manner as the City's annual function budget.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

A City budget for the current fiscal year may be amended for any of the following purposes as prescribed by Iowa statute:

- a. To permit the appropriation and expenditure of unexpended, unencumbered cash balances on hand at the end of the preceding fiscal year.
- b. To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation.
- c. To permit transfers between funds.
- d. To permit transfers between programs.

A budget amendment must be prepared and adopted in the same manner as the original budget. The City's budget was amended as prescribed, and the effects of those amendments are shown in the accompanying budgetary comparison schedule. The original budget was increased by \$205,700,000 in revenues and other financing sources and by \$219,660,000 in expenditures and other financing uses. Appropriations as adopted or amended, and not encumbered, lapse at the end of the fiscal year.

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules – Perspective Differences, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

Restricted Assets

Assets within the individual funds, which can be designated by the City Council for any use within the fund's purpose, are considered to be unrestricted assets. Assets, which are restricted for specific uses by bonded debt requirements, grant provisions, or other requirements, are classified as restricted assets. Liabilities, which are payable from restricted assets, are classified as such.

2. Compliance and Accountability

At June 30, 2009 the Capital Project Fund for bridge, street, and traffic control construction reported a deficit fund balance of \$1,883,000. The deficit is due to capital expenditures. The City anticipates receiving funds from the Iowa Department of Transportation. If not, bonds will be issued in 2010 to cover the capital expenditures. At June 30, 2009 the Other Shared Revenue and Grants Fund reported a deficit balance of \$720,000. The deficit is due to flood expenditures related to home buyouts and down payment assistance. The City will be receiving funds from the Iowa Department of Economic Development and the Iowa Finance Authority to cover these expenditures.

3. Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance, national credit union administration, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

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 Iowa depository institutions approved by City Council and secured pursuant to the limitations set forth in Chapter 12C of the Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; Iowa Public Agency Investment Trust (IPAIT); certain registered open-end management investment companies registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. In addition, the City had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$31,170,349 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The City's investment policy limits the investment of general and operating funds to one year, unless a temporary extension of maturities is approved by the City Council. In such cases, the average maturity of each fund's portfolio shall not exceed 397 days. Funds not identified as operating funds may be invested in instruments whose maturities do not exceed five years at the time of purchase.

Credit risk. State law limits investments to commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with rating restrictions. The investment in Iowa Public Agency Investment Trust is not rated by Moody's Investors service as it is a state security that is backed by the full faith and credit of the issuing government and is not subject to credit risk.

Concentration of credit risk. The City investment policy limits the amount that may be invested in any one issuer to a maximum amount approved by the City Council.

The aforementioned Iowa Public Agency Investment Trust (IPAIT) represents an investment in a pool managed by others. IPAIT is a common trust established under Iowa law pursuant to Iowa Code Chapter 28E in 1987 to enable eligible Iowa public agencies to safely and effectively invest their available operating and reserve funds. IPAIT is registered under the Investment Company Act of 1940.

The IPAIT portfolios have followed established money market mutual fund investment parameters designed to maintain a \$1 per unit net asset value since inception and were registered with the Securities and Exchange Commission (SEC).

Due to legal and budgetary reasons, the general fund is assigned a portion of the investment earnings associated with other funds. These funds are the employee benefits, other shared revenue, and sanitation funds.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

4. Interfund Balances and Transfers

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

	Advances from			
	Community Development Block Grant	Debt Service	Sanitation	Total
<u>Advances to:</u>				
General	\$ -	\$ -	\$ 1,503,545	\$ 1,503,545
Other Shared Revenue and Grants	-	218,275	-	218,275
Parking	-	-	2,450,183	2,450,183
Housing Authority	18,000	-	-	18,000
Nonmajor enterprise	-	-	1,299,238	1,299,238
Total	\$ 18,000	\$ 218,275	\$ 5,252,966	\$ 5,489,241

Interfund balances at June 30, 2009, include advances due to/from other funds. Advances to/from other funds represent amounts for construction loans and land. \$1,275,068 of the \$1,299,238 advances to the Nonmajor Enterprise Funds and \$2,370,821 of the \$2,450,183 advance to the Parking Fund are not expected to be repaid within the next year. \$1,287,850 of the \$1,503,545 advances to the General Fund and \$207,973 of the \$218,275 advance to the Other Shared Revenue and Grants Fund are not expected to be repaid within the next year. None of the \$18,000 advance to Housing Authority is expected to be repaid within the next year.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

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

	Transfer from				
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Nonmajor Governmental
<u>Transfer to:</u>					
General	\$ -	\$ 7,887,662	\$ -	\$ 59,986	\$ -
Debt service	93,584	-	-	63,262	2,727,402
Other shared revenue and grants	3,826	336,262	-	-	93,798
Nonmajor governmental	359,191	-	-	1,327,269	2,136,035
Wastewater treatment	137,774	-	-	-	-
Water	110,542	-	-	-	352,236
Housing Authority	-	-	49,525	-	-
Nonmajor enterprise	128,115	-	-	-	386,861
Internal Service	86,234	-	-	46,021	-
Total Transfer to	\$ 919,266	\$ 8,223,924	\$ 49,525	\$ 1,496,538	\$ 5,696,332

(continued)

Transfers are used to move revenues and bond proceeds from the fund that State statutes or the budget requires to collect them to the fund that the State statutes or the budget requires to expend them.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Transfer from						
Parking	Wastewater Treatment	Water	Sanitation	Nonmajor Enterprise	Internal Service	Total Transfer from
\$ 200,000	\$ 171,757	\$ 172,796	\$ -	\$ 168,264	\$ -	\$ 8,660,465
-	-	-	-	28,486	-	2,912,734
-	-	-	-	-	-	433,886
-	124,684	477,000	2,734	-	52,425	4,479,338
-	-	-	9,902	-	53	147,729
-	-	-	-	-	6,274	469,052
-	-	-	-	-	137	49,662
-	-	-	-	-	-	514,976
5,250	-	47,895	91,731	-	-	277,131
<u>\$ 205,250</u>	<u>\$ 296,441</u>	<u>\$ 697,691</u>	<u>\$ 104,367</u>	<u>\$ 196,750</u>	<u>\$ 58,889</u>	<u>\$ 17,944,973</u>

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

5. Capital Assets

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

	Beginning July 1, 2008	Acquisitions and Transfers	Disposals and Transfers	Balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,481,745	\$ 2,313,900	\$ 312,739	\$ 17,482,906
Construction in progress	11,994,137	10,864,242	8,552,811	14,305,568
Total capital assets, not being depreciated	27,475,882	13,178,142	8,865,550	31,788,474
Capital assets, being depreciated:				
Buildings	58,816,250	3,378,859	913,848	61,281,261
Improvements other than buildings	5,207,991	228,574	91,267	5,345,298
Machinery and equipment	35,799,591	3,224,628	1,785,874	37,238,345
Infrastructure	90,713,853	6,628,384	-	97,342,237
Total capital assets being depreciated	190,537,685	13,460,445	2,790,989	201,207,141
Less accumulated depreciation for:				
Buildings	15,171,558	1,532,381	396,221	16,307,718
Improvements other than buildings	1,471,948	205,590	53,035	1,624,503
Machinery and equipment	23,380,199	2,714,174	1,245,002	24,849,371
Infrastructure	20,717,043	2,166,869	-	22,883,912
Total accumulated depreciation	60,740,748	6,619,014	1,694,258	65,665,504
Total capital assets, being depreciated, net	129,796,937	6,841,431	1,096,731	135,541,637
Governmental activities capital assets, net	\$ 157,272,819	\$ 20,019,573	\$ 9,962,281	\$ 167,330,111

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

	Beginning July 1, 2008	Acquisitions and Transfers	Disposals and Transfers	Balance June 30, 2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 25,920,593	\$ 55,000	\$ 192,460	\$ 25,783,133
Construction in progress	10,799,218	5,033,111	9,627,643	6,204,686
Total capital assets, not being depreciated	36,719,811	5,088,111	9,820,103	31,987,819
Capital assets, being depreciated:				
Buildings	118,764,725	526,480	265,173	119,026,032
Improvements other than buildings	10,412,335	-	63,893	10,348,442
Machinery and equipment	21,511,385	247,791	60,122	21,699,054
Infrastructure	175,345,529	11,193,401	618,153	185,920,777
Total capital assets being depreciated	326,033,974	11,967,672	1,007,341	336,994,305
Less accumulated depreciation for:				
Buildings	41,061,815	3,217,870	120,240	44,159,445
Improvements other than buildings	2,745,777	433,605	63,893	3,115,489
Machinery and equipment	11,207,464	1,271,241	44,442	12,434,263
Infrastructure	50,703,898	4,164,367	-	54,868,265
Total accumulated depreciation	105,718,954	9,087,083	228,575	114,577,462
Total capital assets, being depreciated, net	220,315,020	2,880,589	778,766	222,416,843
Business-type activities capital assets, net	\$ 257,034,831	\$ 7,968,700	\$ 10,598,869	\$ 254,404,662
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Public safety				\$ 586,320
Public works				2,719,122
Culture and recreation				1,875,677
Community and economic development				37,060
General government				269,897
Internal service funds				1,130,938
Total depreciation expense - governmental activities				\$ 6,619,014
Business-type activities:				
Parking				\$ 871,351
Wastewater treatment				4,154,961
Water				2,123,530
Sanitation				591,679
Housing authority				156,690
Nonmajor enterprise				1,155,537
Total depreciation expense - business-type activities				\$ 9,053,748

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

As a result from last year's flood to the Iowa River it was determined that the City had multiple assets that were impaired and recorded a total impairment loss of \$820,510. The total amount of impairment was calculated from the following funds: Governmental Activities \$178,562, Water \$618,153, and Sewer \$23,795. As of June 30th, 2009, the carrying value of the impaired assets is \$2,102,950. As a result the City did receive insurance proceeds and are broken out as follows: Governmental Activities \$33,684, Water \$156,078, and Sewer \$155,039.

6. Long Term Debt

Changes in Debt for Bonds

Bond debt activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u>	<u>Issues</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 82,177,395	\$ 30,035,000	\$ 31,558,235	\$ 80,654,160	\$ 9,354,538
Plus: Unamortized Premium	91,137	551,525	74,289	568,373	74,289
	<u>\$ 82,268,532</u>	<u>\$ 30,586,525</u>	<u>\$ 31,632,524</u>	<u>\$ 81,222,533</u>	<u>\$ 9,428,827</u>
Business-type activities:					
General obligation bonds	\$ 4,912,605	\$ -	\$ 571,765	\$ 4,340,840	\$ 590,462
Less: Unamortized Discounts	26,895	-	3,842	23,053	3,842
Total general obligation bonds	<u>4,885,710</u>	<u>-</u>	<u>567,923</u>	<u>4,317,787</u>	<u>586,620</u>
Revenue bonds	95,345,000	49,805,000	57,335,000	87,815,000	5,275,000
Less: Unamortized Discounts (Premium)	795,614	(834,874)	21,595	(60,855)	21,595
Total revenue bonds	<u>94,549,386</u>	<u>50,639,874</u>	<u>57,313,405</u>	<u>87,875,855</u>	<u>5,253,405</u>
	<u>\$ 99,435,096</u>	<u>\$ 50,639,874</u>	<u>\$ 57,881,328</u>	<u>\$ 92,193,642</u>	<u>\$ 5,840,025</u>

General Obligation Bonds

Various issues of general obligation bonds totaling \$84,995,000 are outstanding as of June 30, 2009. The bonds have interest rates ranging from 1.5% to 5.6% and mature in varying annual amounts ranging from \$90,000 to \$2,195,000 per issue, with the final maturities due in the year ending June 30, 2023. Interest and principal payments on all general obligation bonds, except tax abated portions recorded in the enterprise funds, are accounted for through the Debt Service Fund.

Portions of several general obligation bond issues have been used to acquire or expand the enterprise fund facilities. In some instances, revenue generated by the enterprise funds is used to pay the general long-term debt principal and interest. The liability for those bonds that are expected to be paid by enterprise funds is included in those funds.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	9,354,538	3,063,930	590,462	161,826
2011	9,570,840	2,756,034	604,160	140,850
2012	9,877,143	2,427,730	622,857	119,247
2013	8,853,445	2,082,934	641,554	96,592
2014	8,558,446	1,771,924	636,555	71,997
2015-2019	29,249,748	4,396,151	1,245,252	80,623
2020-2024	5,190,000	541,079	-	-
Total	<u>\$ 80,654,160</u>	<u>\$ 17,039,782</u>	<u>\$ 4,340,840</u>	<u>\$ 671,135</u>

On October 15, 2008, the City issued \$17,005,000 of general obligation bonds for a current refunding of \$17,080,000 of general obligation bonds. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$1,649,714 in future debt service payments and an economic gain of \$1,416,867.

On June 8, 2009, the City issued \$5,840,000 of general obligation bonds for a current refunding of \$6,060,000 of general obligation bonds. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$607,283 in future debt service payments and an economic gain of \$560,372.

Revenue Bonds

As of June 30, 2009, the following unmatured revenue bond issues are outstanding:

	Parking	Wastewater Treatment	Water
Original issue amount	\$ 11,350,000	\$ 68,975,000	\$ 25,365,000
Interest rates	5.9% to 6.0%	3.0% to 5.0%	2.0% to 4.65%
Annual maturities	\$ 390,000 to	\$ 260,000 to	\$ 330,000 to
	\$ 895,000	\$ 3,010,000	\$ 835,000
Amount outstanding	\$ 9,665,000	\$ 54,770,000	\$ 23,380,000

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	5,275,000	3,924,037
2011	6,240,000	3,472,389
2012	6,575,000	3,231,351
2013	6,795,000	2,975,848
2014	5,035,000	2,746,075
2015-2019	28,625,000	10,356,513
2020-2024	24,635,000	3,697,709
2025-2029	4,635,000	190,744
	<u>\$ 87,815,000</u>	<u>\$ 30,594,666</u>

The revenue bond ordinances required that wastewater treatment, parking system, and water revenues be set aside into separate and special accounts as they are received. The use and the amounts to be included in the accounts are as follows:

Account	Amount
(a) Revenue Bond and Interest Sinking Reserve	Amount sufficient to pay current bond and interest maturities.
(b) Revenue Debt Service Reserve	Amount required to be deposited in the Revenue Bond and Interest Reserve until the reserve fund equals: Parking Revenue and Water Revenue bonds – maximum debt service due on the bonds in any succeeding fiscal year. Wastewater Revenue bonds – 125% of the average principal and interest payments over the life of all the Wastewater Revenue bonds.
(c) Improvement Reserve	\$20,000 per month until the reserve balance equals or exceeds \$2,000,000 for Wastewater Revenue bonds, \$5,000 per month until the reserve balance equals or exceeds \$300,000 for Parking Revenue bonds and \$450,000 for Water Revenue bonds, with no further deposits once the minimum balance is reached. If the reserve falls below the required minimum, monthly transfers in the aforementioned amounts will resume.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

On October 15, 2008, the City issued \$24,280,000 of wastewater revenue bonds for a current refunding of \$24,810,000 of wastewater revenue bonds. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$3,245,227 in future debt service payments and an economic gain of \$2,516,712.

Also, on October 15, 2008, the City issued \$7,115,000 of water revenue bonds for a current refunding of \$7,045,000 of water revenue bonds. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$571,390 in future debt service payments and an economic gain of \$424,441.

On May 18, 2009, the City issued \$8,660,000 of wastewater revenue bonds for a current refunding of \$9,220,000 of wastewater revenue bonds on July 1, 2009. As a result, the refunded wastewater revenue bonds from that issue are considered to be defeased and the liability has been removed from the financial statements. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$1,479,329 in future debt service payments and an economic gain of \$1,148,058.

Also, on May 18, 2009, the City issued \$9,750,000 of water revenue bonds for a current refunding of \$9,895,000 of water revenue bonds on July 1, 2009. As a result, the refunded water revenue bonds from that issue are considered to be defeased and the liability has been removed from the financial statements. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$1,407,282 in future debt service payments and an economic gain of \$1,040,086.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Summary of Bond Issues

General obligation and revenue bonds payable at June 30, 2009, are comprised of the following issues:

	Date of Issue	Amount Issued	Interest Rates	Final Maturity	Outstanding June 30, 2009
General Obligation Bonds:					
Multi-Purpose and Library					
Construction	May 2002	\$ 29,100,000	3.5 - 5.0	6/21	\$ 16,895,000
Refunded Multi-Purpose (1)					
Multi-Purpose	Oct. 2002	10,600,000	2.5 - 4.0	6/15	2,470,000
Multi-Purpose	Nov. 2003	5,570,000	2.5 - 3.6	6/14	2,710,000
Taxable-Urban Renewal					
Multi-Purpose	Mar. 2004	7,305,000	4.0 - 5.4	6/23	6,660,000
Multi-Purpose	Mar. 2005	7,020,000	3.0 - 4.0	6/15	4,505,000
Multi-Purpose	Jun. 2006	6,265,000	3.625 - 4.0	6/16	4,690,000
Multi-Purpose	Jun. 2006	1,000,000	5.5 - 5.6	6/16	765,000
Refunded Water					
Construction (2)	Sep. 2006	3,350,000	3.6 - 3.75	6/17	2,415,000
Multi-Purpose	May 2007	8,870,000	3.75	6/17	7,350,000
Multi-Purpose	June 2008	9,150,000	3.25 - 3.75	6/18	8,355,000
Refunded Multi-Purpose					
Multi-Purpose	Oct. 2008	17,005,000	3.0 - 3.75	6/18	15,150,000
Multi-Purpose	June 2009	6,685,000	2.5 - 4.0	6/19	6,685,000
Taxable- Housing Improvemnts	June 2009	505,000	1.5 - 3.0	6/14	505,000
Refunded Multi-Purpose	June 2009	5,840,000	2.0 - 4.0	6/16	5,840,000
Total General Obligation Bonds					<u>\$ 84,995,000</u>
Revenue Bonds:					
Parking Bonds	Dec. 1999	\$ 11,350,000	5.875 - 6.0	7/24	\$ 9,665,000
Wastewater Treatment					
Bonds	Dec. 2001	10,250,000	4.5 - 5.0	7/20	10,250,000
Refunded Wastewater					
Treatment Bonds (3)	Apr. 2002	25,785,000	3.25 - 4.1	7/12	11,580,000
Refunded Wastewater					
Treatment Bonds (4)	Oct. 2008	24,280,000	3.0 - 5.0	7/22	24,280,000
Refunded Wastewater					
Treatment Bonds (5)	May 2009	8,660,000	3.5 - 5.0	7/25	8,660,000
Water Bonds	Oct. 2002	8,500,000	2.0 - 4.65	7/22	6,515,000
Refunded Water Bonds (6)	Oct. 2008	7,115,000	3.0 - 4.375	7/24	7,115,000
Refunded Water Bonds (7)	May 2009	9,750,000	4.0 - 4.5	7/25	9,750,000
Total Revenue Bonds					<u>87,815,000</u>
					<u><u>\$ 172,810,000</u></u>

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

- (1) This bond issue has a portion of the general obligation bonds payable shown as a liability on the balance sheet of the Water Fund.
- (2) This bond issue has the general obligation bonds payable shown as a liability on the balance sheet of the Water Fund. Also, this bond issue refunds the November 1997 Water Construction General Obligation Bonds.
- (3) This bond issue refunds the January 1993 Wastewater Revenue Bonds.
- (4) This bond issue refunds the March 1996, May 1997, and January 1999 Wastewater Revenue Bonds.
- (5) This bond issue refunds the October 2000 Wastewater Revenue Bonds.
- (6) This bond issue refunds the May 1999 Water Revenue Bonds.
- (7) This bond issue refunds the December 2000 Water Revenue Bonds.

Conduit Debt Obligations

From time to time, the City has issued Industrial Development Revenue Bonds and Facility Refunding Revenue Bonds to provide financial assistance to private sector entities for the acquisition, construction, and renovation of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. All payments on the bonds are made by the private sector entities directly to a bond trustee, who is a third party financial institution, and in turn, disburses the payment to the respective bond holders. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there were two series of Industrial Development Revenue Bonds and Facility Refunding Revenue Bonds outstanding, with an aggregate principal amount payable of \$39,501,549.

Debt Legal Compliance

Legal Debt Margin:

As of June 30, 2009, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Assessed valuation:	
Real property	\$ 4,215,084,214
Utilities	<u>65,749,643</u>
Total valuation	<u>\$ 4,280,833,857</u>
Debt limit, 5% of total assessed valuation	\$ 214,041,693
Debt applicable to debt limit:	
General obligation bonds	<u>84,995,000</u>
Legal debt margin	<u>\$ 129,046,693</u>

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

7. Other Long-term Liabilities

Notes Payable

Changes in Long-Term Liabilities - Notes Payable

Note Payable activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u>	<u>Issues</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities:	<u>211,000</u>	<u>-</u>	<u>-</u>	<u>211,000</u>	<u>-</u>

A note payable was issued to Greater Iowa City Housing Fellowship for the purchase of an 11 unit apartment building for low income and disabled housing in the Peninsula Neighborhood. The terms of the loan are 1%, interest only payments for twenty years with a final balloon payment of \$211,000 due on August 1, 2025.

Employee Vested Benefits

Changes in Long-Term Liabilities - Employee Vested benefits

Employee Vested Benefits activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u>	<u>Issues</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities:	<u>\$ 1,962,290</u>	<u>\$ 1,117,493</u>	<u>\$ 1,049,665</u>	<u>\$ 2,030,118</u>	<u>\$ 1,087,269</u>
Business-type activities:	<u>\$ 494,369</u>	<u>\$ 282,016</u>	<u>\$ 265,936</u>	<u>\$ 510,449</u>	<u>\$ 278,551</u>

For the governmental activities, employee vested benefits are generally liquidated by the General Fund and Community Development Block Grant Fund.

Landfill Closure / Post-Closure Care Costs

Changes in Long-Term Liabilities - Landfill Closure Post-closure Care Costs

Landfill Closure Post-closure care activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u>	<u>Issues</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Business-type activities:	<u>\$ 10,097,691</u>	<u>\$ 548,244</u>	<u>\$ -</u>	<u>\$ 10,645,935</u>	<u>\$ -</u>

In August 1993, the GASB issued Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs* (the Statement). Under these rules, in addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

The estimated liability for landfill closure and post-closure care costs as of June 30, 2009, is approximately \$10,645,935, which is based on 81.9% usage (filled) of the landfill and is included in accrued liabilities within the Sanitation Fund. It is estimated that an additional amount of approximately \$4,688,700 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity by the year ended June 30, 2019. The estimated total current cost of the landfill closure and post-closure care costs at June 30, 2009, was determined by engineers from Howard R. Green Company and approximated \$12,998,700. It is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2009. These amounts are based on an estimated post-closure care and monitoring period of 30 years, consistent with current State Department of Natural Resources regulations. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by federal and state laws and regulations to provide some form of financial assurance to finance closure and post-closure care. The City will meet its financial assurance obligations through the issuance of general obligation bonds. As of June 30, 2009, the Sanitation Fund had \$12,033,534 in related equity in pooled cash and investments, at fair value designated for satisfaction of post-closure costs. The City estimates that these cash reserves will only provide a fraction of the dollars needed to close and monitor the landfill. The remaining portion of post-closure care costs, anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users as well as City taxpayers.

Other Post Employment Benefits

Changes in Long-Term Liabilities - Other Post Employment Benefits

	July 1, 2008	Issues	Retirements	June 30, 2009	Due Within One Year
Governmental activities:	\$ -	\$ 464,700	\$ -	\$ 464,700	\$ -
Business-type activities:	\$ -	\$ 201,091	\$ -	\$ 201,091	\$ -

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 two self-funded medical and dental plans, one for Police and Fire Union employees and one for all other employees, which are offered to current and retired employees and their dependents. All full-time employees who retire or terminate/resign and their eligible dependents are offered the following post-employment benefit options:

Health insurance and dental insurance – The option of continuing with the City’s health insurance plan at the individual’s expense. These benefits cease upon Medicare eligibility.

Life insurance – The option of converting the employee’s City-paid policy to an individual policy at the individual’s expense with the City’s life insurance carrier.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Long-term disability – For employees who terminate/resign and have been on the plan for a minimum of one year, the option of converting the employee’s City-paid group policy to a personal policy at the individual’s expense with the City’s long-term disability insurance carrier.

The above options, while at the individual’s own expense, are included within the City’s overall insurance package, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plans members are established and may be amended by the City. The City currently finances the benefit plans 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 costs 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 plans, and changes in the City’s net OPEB obligation:

Annual required contribution	\$1,288,466
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB costs	<u>1,288,466</u>
Contributions made	<u>622,675</u>
Increase in net OPEB obligation	665,791
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	\$ 665,791

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 plans and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed from City</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$1,288,466	51.67%	\$665,791

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 \$15,235,196, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,235,196. The covered payroll (annual payroll of active employees covered by the plans) was \$32,804,905 and the ration of the UAAL to covered payroll was 46.44%. As of June 30, 2009, there were no trust fund assets.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumption about future employments, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future.

The required schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plans members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plans members in the future.

As of the July 1, 2008 actuarial valuation date, the actuarial cost method used is the entry age normal method. The actuarial assumption includes a 4% discount rate. The projected annual medical trend rate is 10.5%. The ultimate medical trend rate is 6%. The medical trend rate is reduced by 0.5% each year until reaching the 6% ultimate trend rate. The projected annual dental trend rate is 6.0%. The ultimate dental trend rate is 4%. The dental trend rate is reduced by 0.5% each year until reaching the 4% ultimate trend rate.

Mortality rates for active employees are from the RP-2000 Employee Table and for retirees are from RP-2000 Healthy Annuitant Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the MFPRSI and IPERS pension plan turnover tables, adjusted to be consistent with recent City experience.

Projected claim costs of the health and dental plans are \$980.70 per month. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses over 30 years.

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; workplace accidents, errors and omissions; and natural disasters. During fiscal year 1988 the City established the Loss Reserve Fund, an internal service fund, to account for and finance its uninsured risks of loss. During the year ended June 30, 2009 the City purchased property, liability, and workers' compensation insurance under the program that provides for a \$100,000 self-insured retention per occurrence on property losses, a \$500,000 self-insured retention per occurrence on liability, and a \$400,000 self-insured retention on workers' compensation losses. The liability insurance provides coverage for claims in excess of the aforementioned self-insured retention up to a maximum of \$21,000,000 annual aggregate of losses paid. The operating funds pay annual premiums to the Loss Reserve Fund. Accumulated monies in the Loss Reserve Fund are available to cover the self-insured retention amounts and any uninsured losses. Settled claims have not exceeded this commercial coverage in any of the past sixteen fiscal years.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

The Housing Authority Fund is insured under a separate policy with the Assisted Housing Risk Management Association. The remaining funds participate in the Loss Reserve Fund. The funds make payments to the Loss Reserve Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. The Fund's accrued liabilities balance includes a claims liability at June 30, 2009 based on the requirements of GASB Statement No. 10, as amended, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Loss Reserve

Fund's claims liability amount for property, liability, and workers' compensation for the years ended June 30, 2009 and 2008 are as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2007 – 2008	\$ 1,237,000	\$ 876,000	\$ 813,000	\$ 1,300,000
2008 – 2009	1,300,000	889,000	952,000	1,237,000

Also, the City is partially self-insured, through stop-loss insurance, for employee health care coverage, which is available to all of its permanent employees. This insurance provides stop-loss coverage for claims in excess of \$100,000 per employee with an aggregate stop-loss of \$7,355,786. The operating funds are charged premiums by the Loss Reserve Fund. The City reimburses a health insurance provider for actual medical costs incurred, plus a claims processing\administrative fee. Changes in the Loss Reserve Fund's claims liability amount for health care coverage for the years ended June 30, 2009 and 2008 are as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2007 – 2008	\$ 589,000	\$ 5,901,000	\$ 5,802,000	\$ 688,000
2008 – 2009	688,000	6,649,000	6,500,000	837,000

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

9. Contractual Commitments and Contingencies

The total outstanding contractual commitments as of June 30, 2009 are as follows:

<u>Fund</u>	<u>Project</u>	<u>Amount</u>
Bridge, street and traffic control construction	Paving and bridge construction, engineering design and consulting	\$ 2,054,138
Other construction	Public works construction, culture & recreation construction, and fire station construction	402,027
Water	Water main construction	139,708
Parking	Garage access controls and repair & maintenance	121,516
Sanitation	Landfill consulting	416,608
Airport	Runway extension consulting, grading and paving	3,211,097
		<u>\$ 6,345,094</u>

10. Contingent Liabilities

Litigation

The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees, with such lawsuits typically involving claims of improper police action, unlawful taking of property by zoning, negligence, appeals of condemnations, and discrimination. Total damages claimed are substantial; however, it has been the City's experience that such actions are settled for amounts substantially less than claimed amounts. The City's management estimates that the potential claims against the City, not covered by various insurance policies, would not materially affect the financial condition of the City. The City has the authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

11. Pension and Retirement Systems

Municipal Fire and Police Retirement System of Iowa

The City is a participating employer in the Municipal Fire and Police Retirement System of Iowa (MFPRSI or the Plan), which is a cost-sharing multiple-employer defined benefit public police and fire employees retirement system. All fire fighters and police officers appointed under civil service participate in the Plan. The Plan provides retirement, disability, and death benefits that are established under state statute. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Retirement System of Iowa, 7155 Lake Drive Suite 201, West Des Moines, Iowa 50266 or the report may be obtained from website www.mfprsi.org under the publications link. A member may retire at age 55 with 22 years of employment, and receive full benefits that are equal to 66% of the member's average final compensation. Additionally, members retiring with more than 22 years of service will receive an additional 2% of the member's average final compensation for up to 8 years of additional service. Other benefits are also calculated at varying percentages of the average final compensation. Benefits vest after four years of service.

Member contribution rates are established by state statute. For the fiscal year ended June 30, 2009, members contributed 9.35%. The City's contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the state to the plan may further reduce the City's contribution rate. However, the City's contribution rate may not be less than 17% of earnable compensation.

The City was required to contribute 18.75% of earnable compensation of each member in 2009, 25.48% of earnable compensation in 2008, and 27.75% of earnable compensation in 2007. The contributions paid by the City for the years ended June 30, 2007, 2008, and 2009, were \$1,954,182, \$1,910,454, and \$1,434,031 respectively, and was equal to the required contributions for each year.

Iowa Public Employees 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.

All employees, except temporary employees of six months or less of employment duration, who do not participate in any other public retirement system in the state are eligible and must participate in IPERS. The pension plan provides retirement and death benefits that are established by state statute. Generally, a member may retire at the age of 65, or any time after age 62 and 20 years or more of service, or when age plus years of service equals or exceeds 88, and receive unreduced (for age) benefits. Members may also retire at the age of 55 or more at reduced benefits. Benefits vest after four years of service or after attaining the age of 55. Full benefits are equal to 60% of the average of the highest three years of covered wages times years of service divided by 30.

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2008, and 2009, were \$1,384,110, \$1,534,552, and \$1,668,173 respectively, and were equal to the required contributions for each year.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

12. Municipal Utility Systems

Water System

The Water Division is comprised of five parts: Administration, Treatment Plant, Customer Service, Distribution, and Public Information/Education. There are a total of 32.75 (FTE) employees who work in the Water Division. This division serves 67,831 people and has over 22,000 customers. The average daily use for 2009 was 5.51 million gallons per day (MGD). A peak flow of 10.6 MGD was experienced during the summer of 1989.

Water Sources: The primary source of water for the City is the alluvial collector wells along the Iowa River. Four collector wells can provide approximately 11.0 MGD. Additional sources include two Jordan aquifer wells which can provide 2.0 MGD; four Siluran aquifer wells which can provide 1.0 MGD; a sand pit that can provide 3.0 MGD; a river intake that can provide 3.0 MGD; for a total of approximately 20 MGD maximum capacity.

Water Treatment Processes: The facilities include one treatment plant (constructed in 2003) located at 80 Stephen Atkins Drive. The plant is a surface water plant design that includes aeration, lime softening (coagulation/flocculation/sedimentation), and granular activated charcoal filtration processes with fluoridation and free chlorination. The grade four water facility employs operators that perform over 200 water quality tests per day in-house and collect samples for testing at the University Hygienic Laboratory. This testing ensures that the water meets all of the Safe Drinking Water Act Standards.

Distribution System: The water flows through approximately 288 miles of water mains and includes over 25,000 service connections. The distribution piping consists of cast iron, ductile and PVC main that ranges in size from 2” to 30”. The treatment plant site has effective water storage capacity of 1.75 million gallons of water; in addition there are four remote ground storage reservoirs (with pumping stations) that add up to remote effective storage capacity of 6.0 million gallons of water. The water system also provides for fire protection with approximately 3,100 hydrants located throughout the community.

Billing and Collections: Customers are billed monthly on a combined utility statement which includes charges for sewer, water, solid waste, and curbside recycling. Under present City policy and City ordinances, utility bills are due when received but contain a delinquency date which provides 15 days for payment. If payment is not made in full within 22 days, a notice is mailed which allows 25 calendar days before service is disconnected. The City’s bad debt write-offs have been less than 0.5% of gross revenues for the past three years.

Rates:

The following rates and charges were effective July 1, 2008.

Water Service Charge Minimums (includes up to the first 100 cubic feet (c.f.))

Meter Size		Meter Size	
<u>(Inches)</u>	<u>Charge</u>	<u>(Inches)</u>	<u>Charge</u>
5/8”	\$6.41	2”	\$22.14
3/4”	7.00	3”	40.91
1”	8.26	4”	71.37
1 1/2”	16.47	6”	143.61

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Monthly Usage in excess of 100 cubic feet (c.f.)	
101 – 3,000	\$2.99 per 100 c.f.
3,001 and over	\$2.15 per 100 c.f.

Single Purpose Meter Charges	
First 100 (c.f.)	Minimum Monthly Charge
Usage in excess of 100 cubic feet (c.f.)	\$2.99 per 100 c.f.

Changes in water rates over the last ten fiscal years.

2000	10%
2001	0%
2002	0%
2003	- 5%
2004	- 5%
2005	0%
2006	0%
2007	- 5%
2008	0%
2009	0%

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Financial Information: The following table summarizes the results of operations for the Water System for the fiscal years ended June 30, 2009, 2008, and 2007.

**WATER SYSTEM
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

Last Three Fiscal Years
(amounts expressed in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues:			
Charges for services	\$ 8,107	\$ 8,195	\$ 8,240
Miscellaneous	<u>86</u>	<u>134</u>	<u>51</u>
Total operating revenues	<u>8,193</u>	<u>8,329</u>	<u>8,291</u>
 Operating Expenses:			
Personal services	2,316	2,160	2,091
Commodities	768	1,348	1,463
Services and charges	<u>2,642</u>	<u>1,840</u>	<u>1,802</u>
	5,726	5,348	5,356
Depreciation	<u>2,124</u>	<u>2,065</u>	<u>2,024</u>
Total operating expenses	<u>7,850</u>	<u>7,413</u>	<u>7,380</u>
 Operating income	<u>343</u>	<u>916</u>	<u>911</u>
 Nonoperating Revenues (Expenses):			
Loss on disposal of capital assets	-	(2)	-
Operating Grants	15	-	-
Interest income	625	931	929
Interest expense	<u>(1,351)</u>	<u>(1,426)</u>	<u>(1,549)</u>
Total nonoperating revenues (expenses)	<u>(711)</u>	<u>(497)</u>	<u>(620)</u>
 Income before capital contributions and transfers	(368)	419	291
 Capital contributions	132	314	845
Transfers in	469	689	3,045
Transfers out	<u>(698)</u>	<u>(820)</u>	<u>(237)</u>
 Change in net assets	(465)	602	3,944
 Net Assets, Beginning	<u>60,606</u>	<u>60,004</u>	<u>56,060</u>
 Net Assets, Ending	<u>\$ 60,141</u>	<u>\$ 60,606</u>	<u>\$ 60,004</u>

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

The following table summarizes the budget and actual figures for the Water System for the fiscal year ended June 30, 2008 and the budget for the fiscal year ended June 30, 2009 on a cash basis.

**WATER SYSTEM
BUDGET AND ACTUALS (CASH BASIS)**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>	<u>FY10 Budget</u>
Charges for services	\$ 8,144	\$ 8,425	96.66%	\$ 8,390
Interest income	561	1,025	54.73%	515
Miscellaneous	92	49	187.76%	1,799
Operating grants	-	169	0.00%	1,749
Bond sales	16,952	17,251	98.27%	-
Total Receipts	<u>\$ 25,749</u>	<u>\$ 26,919</u>	<u>95.65%</u>	<u>\$ 12,453</u>
Personal services	\$ 2,353	\$ 2,371	99.24%	\$ 2,492
Commodities	652	768	84.90%	708
Services and charges	2,185	2,582	84.62%	2,574
Capital outlay	994	4,318	23.02%	4,502
Transfer to capital project funds	477	1,101	43.32%	1,524
Operating subsidy	17	17	100.00%	20
Debt service payments	19,790	20,152	98.20%	2,833
Total Disbursements	<u>\$ 26,468</u>	<u>\$ 31,309</u>	<u>84.54%</u>	<u>\$ 14,653</u>

Sewer System

The City of Iowa City operates a municipal Sewer Utility System consisting of approximately 300 miles of sanitary sewers, 14 lift stations, and 2 treatment plants. There are a total of 25.60 (FTE) employees who work in the Wastewater Division. This division serves 67,831 people and has over 23,000 customers. The average daily treatment for 2009 was 12.34 million gallons per day (MGD).

The North Plant was constructed in 1935 and the South Plant was completed in 1990 and upgraded in 2002. The connecting of the North and South Plants was completed in 1998. The City has the capability to divert treatment to the South Plant and control all operations remotely through computer systems. The combined wastewater treatment system has a maximum daily capacity of 41.00 MGD. Both plants are in compliance with federal clean water standards.

Billing and Collections: Customers are billed monthly on a combined utility statement which includes charges for sewer, water, solid waste, and curbside recycling. Under present City policy and City ordinances, utility bills are due when received but contain a delinquency date which provides 15 days for payment. If payment is not made in full within 22 days, a notice is mailed which allows 25 calendar days before service is disconnected. The City's bad debt write-offs have been less than 0.5% of gross revenues for the past three years.

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Rates:

The following rates and charges were effective July 1, 2008.

Sewer Service Charge Minimum (includes up to the first 100 cubic feet (c.f.))	\$8.15
Monthly Usage in excess of 100 cubic feet (c.f.)	\$3.99

Changes in sewer rates over the last ten fiscal years.

2000	20%
2001	5%
2002	5%
2003	0%
2004	0%
2005	0%
2006	0%
2007	8%
2008	0%
2009	5%

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

Financial Information: The following table summarizes the results of operations for the Sewer System for the fiscal years ended June 30, 2009, 2008, and 2007.

**SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

Last Three Fiscal Years
(amounts expressed in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues:			
Charges for services	\$ 12,557	\$ 12,318	\$ 12,535
Miscellaneous	84	75	53
Total operating revenues	<u>12,641</u>	<u>12,393</u>	<u>12,588</u>
Operating Expenses:			
Personal services	1,848	1,651	1,497
Commodities	853	606	554
Services and charges	<u>2,501</u>	<u>2,324</u>	<u>2,185</u>
	5,202	4,581	4,236
Depreciation	<u>4,155</u>	<u>4,181</u>	<u>4,209</u>
Total operating expenses	<u>9,357</u>	<u>8,762</u>	<u>8,445</u>
Operating income	<u>3,284</u>	<u>3,631</u>	<u>4,143</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on disposal of capital assets	131	(5)	-
Operating grants	1	-	1
Interest income	820	944	1,119
Interest expense	<u>(2,578)</u>	<u>(3,041)</u>	<u>(3,213)</u>
Total nonoperating revenues (expenses)	<u>(1,626)</u>	<u>(2,102)</u>	<u>(2,093)</u>
Income before capital contributions and transfers	1,658	1,529	2,050
Capital contributions	266	577	1,539
Transfers in	148	30	928
Transfers out	<u>(296)</u>	<u>(69)</u>	<u>(97)</u>
Change in net assets	1,776	2,067	4,420
Net Assets, Beginning	<u>73,119</u>	<u>71,052</u>	<u>66,632</u>
Net Assets, Ending	<u>\$ 74,895</u>	<u>\$ 73,119</u>	<u>\$ 71,052</u>

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

The following table summarizes the budget and actual figures for the Sewer System for the fiscal year ended June 30, 2008 and the budget for the fiscal year ended June 30, 2009 on a cash basis.

**SEWER SYSTEM
BUDGET AND ACTUALS (CASH BASIS)**

For the Year Ended June 30, 2009

(amounts expressed in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>	<u>FY10 Budget</u>
Charges for services	\$ 12,611	\$ 13,575	92.90%	\$ 13,413
Interest income	1,411	915	154.21%	672
Miscellaneous	84	-	0.00%	-
Operating grants	-	1,063	0.00%	20,563
Local option sales tax	-	-	0.00%	3,900
Bond sales	33,590	34,365	97.74%	-
Total Receipts	<u>\$ 47,696</u>	<u>\$ 49,918</u>	<u>95.55%</u>	<u>\$ 38,548</u>
Personal services	\$ 1,778	\$ 1,802	98.67%	\$ 1,895
Commodities	564	473	119.24%	580
Services and charges	2,476	2,461	100.61%	2,578
Capital outlay	275	2,300	11.96%	27,884
Transfer to capital project funds	125	500	25.00%	624
Operating subsidy	17	17	100.00%	20
Debt service payments	40,822	41,513	98.34%	6,883
Total Disbursements	<u>\$ 46,057</u>	<u>\$ 49,066</u>	<u>93.87%</u>	<u>\$ 40,464</u>

13. Subsequent events

On November 23, 2009, the City of Iowa City received and awarded capital loan notes for Parking Revenue Refunding Capital Loan Notes, Series 2009F in the amount of \$9,110,000. The notes were issued to current refund on November 23, 2009, \$9,275,000 of the City's outstanding Parking Revenue Bonds, Series 1999, dated December 1, 1999.

14. New Governmental Accounting Standards Board (GASB) Standards

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

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

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

CITY OF IOWA CITY, IOWA

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009

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

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



CITY OF IOWA CITY
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS
BUDGETARY BASIS
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009
(dollar amounts expressed in thousands)

	Governmental Fund Types Actual Budgetary Basis	Enterprise Fund Types Actual Budgetary Basis	Total Actual Budgetary Basis
Revenues:			
Property Tax	\$ 43,137	\$ -	\$ 43,137
Tax increment financing taxes	3,693	-	3,693
Other city taxes	1,597	-	1,597
Licenses and permits	1,272	8	1,280
Intergovernmental	21,353	10,696	32,049
Charges for services	4,758	34,830	39,588
Use of money and property	1,543	3,379	4,922
Miscellaneous	3,412	2,090	5,502
Total revenues	80,765	51,003	131,768
Expenditures/Expenses:			
Public safety	20,025	-	20,025
Public works	11,958	-	11,958
Culture and recreation	10,577	-	10,577
Community and economic development	13,893	-	13,893
General government	7,183	-	7,183
Debt service	35,740	-	35,740
Capital outlay	12,693	-	12,693
Business-type	-	76,186	76,186
Total expenditures/expenses	112,069	76,186	188,255
Excess (deficiency) of revenues over (under) expenditures/expenses	(31,304)	(25,183)	(56,487)
Other financing sources and uses, net	32,647	49,801	82,448
Net change in fund balances	1,343	24,618	25,961
Balances, beginning of year	47,221	78,239	125,460
Balances, end of year	48,564	102,857	151,421

See Note to Required Supplementary Information.

Budgeted Amounts

Original	Final	Final to Actual Variance - Positive (Negative)
\$ 43,168	\$ 43,168	\$ (31)
2,478	3,809	(116)
1,587	1,586	11
1,308	1,308	(28)
22,537	63,944	(31,895)
40,342	39,926	(338)
5,504	5,150	(228)
5,698	6,722	(1,220)
122,622	165,613	(33,845)
18,116	26,277	6,252
12,577	13,467	1,509
11,332	11,603	1,026
5,051	31,023	17,130
8,183	8,264	1,081
12,662	36,660	920
12,863	28,611	15,918
60,429	118,228	42,042
141,213	274,133	85,878
(18,591)	(108,520)	52,033
9,619	85,587	(3,139)
(8,972)	(22,933)	48,894
104,586	125,460	
95,614	102,527	

CITY OF IOWA CITY

**BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2009
(dollar amounts expressed in thousands)

	Governmental Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 80,765	\$ (943)	\$ 79,822
Expenditures	112,069	(25,848)	86,221
Net	(31,304)	24,905	(6,399)
Other financing sources (uses)	32,647	(24,546)	8,101
Beginning Fund Balances	\$ 47,221	\$ (6,800)	\$ 40,421
Ending Fund Balances	\$ 48,564	\$ (6,441)	\$ 42,123

	Enterprise Fund Types		
	Budget Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 51,003	\$ (4,229)	\$ 46,774
Expenditures	76,186	(33,307)	42,879
Net	(25,183)	29,078	3,895
Other financing sources (uses)	49,801	(46,414)	3,387
Beginning Fund Balances	78,239	\$ 152,581	230,820
Ending Fund Balances	\$ 102,857	\$ 135,245	\$ 238,102

See Note to Required Supplementary Information.

City of Iowa City, Iowa
Note to Required Supplementary Information - Budgetary Reporting
For the Year Ended June 30, 2009

In accordance with Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which includes all funds, except internal service funds and agency funds. The budget basis of accounting is cash basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. The legal level control is at the aggregated function level, not at the fund or fund type level.

During the year, budget amendments increased budgeted revenues by \$42,991,000 and expenditures by \$175,911,000. The budget amendments were primarily due to changes in breadth and timing of capital improvement projects and repair and clean-up costs and related grants due to the flood in the summer of 2008.

City of Iowa City, Iowa

Note to Required Supplementary Information – Schedule of Funding Progress for Health and Dental Plans

For the Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
July 1, 2008	\$ -	\$15,235,196	\$15,235,196	0.0%	\$32,804,905	46.44%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues derived from specific sources that are required to be accounted for as separate funds. The funds in this category and their purpose are as follows:

Other Shared Revenue and Grants Fund – accounts for revenue from various sources, primarily road use tax monies from the State of Iowa and reimbursable programs funded by federal and state grants.

Economic Development Fund – accounts for revenue and expenditures of economic development activities.

Johnson County Council of Governments Fund – accounts for the financial activities of the metropolitan/rural cooperative planning organization.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other major fixed assets, with the exception of those that are financed by proprietary fund monies. The fund in this category is as follows:

Other Construction Fund – accounts for the construction or replacement of other City general fixed assets, such as administrative buildings with various funding sources, including general obligation bonds, intergovernmental revenues and contributions.

CITY OF IOWA CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009
(amounts expressed in thousands)

	Special Revenue		Capital Projects		Total
	Economic Development	Johnson County Council of Governments	Bridge, Street, and Traffic Control Construction	Other Construction	
Assets					
Equity in pooled cash and investments	\$ 325	\$ 49	\$ 637	\$ 213	\$ 1,224
Receivables:					
Property tax	29	-	-	-	29
Accounts and unbilled usage	-	-	155	5	160
Interest	24	-	-	18	42
Due from other governments	-	39	2,061	403	2,503
Restricted assets:					
Equity in pooled cash and investments	-	-	-	14,634	14,634
Total assets	<u>\$ 378</u>	<u>\$ 88</u>	<u>\$ 2,853</u>	<u>\$ 15,273</u>	<u>\$ 18,592</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 1	\$ 13	\$ 142	\$ 156
Contracts payable	-	-	686	340	1,026
Accrued liabilities	-	22	21	8	51
Due to other governments	-	-	1,963	-	1,963
Deferred revenue	-	-	2,053	412	2,465
Total liabilities	<u>-</u>	<u>23</u>	<u>4,736</u>	<u>902</u>	<u>5,661</u>
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	1,528	1,528
Unreserved					
Undesignated	378	65	(1,883)	12,843	11,403
Total fund balances	<u>378</u>	<u>65</u>	<u>(1,883)</u>	<u>14,371</u>	<u>12,931</u>
Total liabilities and fund balances	<u>\$ 378</u>	<u>\$ 88</u>	<u>\$ 2,853</u>	<u>\$ 15,273</u>	<u>\$ 18,592</u>

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Special Revenue		Capital Projects		Total
	Economic Development	Johnson County Council of Governments	Bridge, Street, and Traffic Control Construction	Other Construction	
Revenues					
Property taxes	\$ 3,688	\$ -	\$ -	\$ -	\$ 3,688
Intergovernmental	-	272	2,107	194	2,573
Use of money and property	36	-	20	244	300
Miscellaneous	40	3	31	13	87
Total revenues	3,764	275	2,158	451	6,648
Expenditures					
Current:					
Public safety	-	-	-	547	547
Public works	-	-	1,044	96	1,140
Culture and recreation	-	-	-	205	205
Community and economic development	1,031	614	-	39	1,684
General government	-	-	-	73	73
Capital outlay	-	4	4,592	4,890	9,486
Total expenditures	1,031	618	5,636	5,850	13,135
Excess (deficiency) of revenues over (under) expenditures	2,733	(343)	(3,478)	(5,399)	(6,487)
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	7,190	7,190
Sale of capital assets	-	-	-	360	360
Premium on issuance of bonds	-	-	-	159	159
Transfers in	-	338	3,862	279	4,479
Transfers out	(2,727)	-	(672)	(2,297)	(5,696)
Total other financing sources and (uses)	(2,727)	338	3,190	5,691	6,492
Net change in fund balances	6	(5)	(288)	292	5
Fund Balances, Beginning	372	70	(1,595)	14,079	12,926
Fund Balances, Ending	\$ 378	\$ 65	\$ (1,883)	\$ 14,371	\$ 12,931



NONMAJOR ENTERPRISE FUNDS

Enterprise Funds account for operations and activities of the City that are financed and operated in a manner similar to a private business enterprise, and where the costs of providing services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges, or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The funds in this category are as follows:

Airport Fund – accounts for the operation and maintenance of the airport facility.

Stormwater Fund – accounts for the operation and maintenance of the stormwater operation.

Cable Television Fund – accounts for the operation and maintenance of the Broadband Telecommunications Commission that oversees the franchise agreement with the cable television company, including production and broadcasting on the government television channels.

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

June 30, 2009

(amounts expressed in thousands)

	Airport	Stormwater	Cable Television	Total
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 80	\$ 1,349	\$ 1,154	\$ 2,583
Receivables:				
Accounts and unbilled usage	-	67	177	244
Interest	1	9	9	19
Due from other governments	624	-	-	624
Total current assets	<u>705</u>	<u>1,425</u>	<u>1,340</u>	<u>3,470</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and investments	9	-	111	120
Capital assets:				
Land	7,324	2,156	-	9,480
Buildings	3,563	-	741	4,304
Improvements other than buildings	357	-	-	357
Machinery and equipment	281	260	94	635
Infrastructure	7,122	34,024	-	41,146
Accumulated depreciation	(3,706)	(7,072)	(276)	(11,054)
Construction in progress	3,243	340	-	3,583
Total noncurrent assets	<u>18,193</u>	<u>29,708</u>	<u>670</u>	<u>48,571</u>
Total assets	<u>18,898</u>	<u>31,133</u>	<u>2,010</u>	<u>52,041</u>
Liabilities				
Current liabilities:				
Accounts payable	35	123	112	270
Contracts payable	591	-	-	591
Accrued liabilities	3	14	44	61
Total current liabilities	<u>629</u>	<u>137</u>	<u>156</u>	<u>922</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Deposits	9	-	-	9
Advances from other funds	1,299	-	-	1,299
Other Post Employment Benefits Obligation	1	2	10	13
Total noncurrent liabilities	<u>1,309</u>	<u>2</u>	<u>10</u>	<u>1,321</u>
Total liabilities	<u>1,938</u>	<u>139</u>	<u>166</u>	<u>2,243</u>
Net Assets				
Invested in capital assets, net of related debt	18,184	29,708	559	48,451
Unrestricted	(1,224)	1,286	1,285	1,347
Total net assets	<u>\$ 16,960</u>	<u>\$ 30,994</u>	<u>\$ 1,844</u>	<u>\$ 49,798</u>

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Airport	Stormwater	Cable Television	Total
Operating Revenues:				
Charges for services	\$ 248	\$ 622	\$ 788	\$ 1,658
Miscellaneous	29	3	-	32
Total operating revenues	<u>277</u>	<u>625</u>	<u>788</u>	<u>1,690</u>
Operating Expenses:				
Personal services	61	155	479	695
Commodities	20	202	27	249
Services and charges	198	157	90	445
	<u>279</u>	<u>514</u>	<u>596</u>	<u>1,389</u>
Depreciation	415	709	32	1,156
Total operating expenses	<u>694</u>	<u>1,223</u>	<u>628</u>	<u>2,545</u>
Operating income (loss)	<u>(417)</u>	<u>(598)</u>	<u>160</u>	<u>(855)</u>
Nonoperating Revenues (Expenses):				
Operating grants	2	-	-	2
Interest income	-	30	27	57
Total nonoperating revenues (expenses)	<u>2</u>	<u>30</u>	<u>27</u>	<u>59</u>
Income (loss) before capital contributions and transfers	(415)	(568)	187	(796)
Capital contributions	3,239	68	-	3,307
Transfers in	195	320	-	515
Transfers out	(37)	-	(160)	(197)
Change in net assets	2,982	(180)	27	2,829
Net Assets, Beginning	<u>13,978</u>	<u>31,174</u>	<u>1,817</u>	<u>46,969</u>
Net Assets, Ending	<u>\$ 16,960</u>	<u>\$ 30,994</u>	<u>\$ 1,844</u>	<u>\$ 49,798</u>

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2009

(amounts expressed in thousands)

	<u>Airport</u>	<u>Stormwater</u>	<u>Cable Television</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 280	\$ 626	\$ 795	\$ 1,701
Payments to suppliers	(262)	(284)	(113)	(659)
Payments to employees	(67)	(146)	(479)	(692)
Net cash flows from operating activities	<u>(49)</u>	<u>196</u>	<u>203</u>	<u>350</u>
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	195	320	-	515
Transfers to other funds	(37)	-	(160)	(197)
Advances from other funds	94	-	-	94
Net cash flows from noncapital financing activities	<u>252</u>	<u>320</u>	<u>(160)</u>	<u>412</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants received	3,249	-	-	3,249
Acquisition and construction of property and equipment	(3,475)	(428)	(6)	(3,909)
Proceeds from sale of property	-	6	-	6
Net cash flows from capital and related financing activities	<u>(226)</u>	<u>(422)</u>	<u>(6)</u>	<u>(654)</u>
Cash Flows From Investing Activities				
Interest on investments	12	31	30	73
Net increase (decrease) in cash and cash equivalents	(11)	125	67	181
Cash and Cash Equivalents, Beginning	<u>100</u>	<u>1,224</u>	<u>1,198</u>	<u>2,522</u>
Cash and Cash Equivalents, Ending	<u>\$ 89</u>	<u>\$ 1,349</u>	<u>\$ 1,265</u>	<u>\$ 2,703</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (417)	\$ (598)	\$ 160	\$ (855)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	415	709	32	1,156
Changes in:				
Receivables:				
Accounts and unbilled usage	4	1	7	12
Accounts payable	(44)	75	4	35
Accrued liabilities	(7)	7	(10)	(10)
Deposits	(1)	-	-	(1)
Other Post Employment Benefits Obligation	1	2	10	13
Total adjustments	<u>368</u>	<u>794</u>	<u>43</u>	<u>1,205</u>
Net cash flows from operating activities	<u>\$ (49)</u>	<u>\$ 196</u>	<u>\$ 203</u>	<u>\$ 350</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets from government and others	\$ -	\$ 68	\$ -	\$ 68

INTERNAL SERVICE FUNDS

Internal Service Funds account for goods and services provided by one department to other City departments on a cost-reimbursement basis. The funds in this category are:

Equipment Maintenance Fund – accounts for the provision of maintenance for City vehicles and equipment and vehicle rental to other City departments from a central vehicle pool.

Central Services Fund – accounts for the support services of photocopying, paper supplies, mail, overnight shipping, and two-way radios provided to other City departments.

Loss Reserve Fund – accounts for the property, liability, Workers' Compensation and health insurance premiums and claims activity for City departments, including the self-insured retention portion.

Information Technology Fund – accounts for the accumulation and allocation of costs associated with telecommunications and data processing, including the operation and replacement of equipment.

CITY OF IOWA CITY

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

June 30, 2009

(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Assets					
Current assets:					
Equity in pooled cash and investments	\$ 6,721	\$ 608	\$ 6,979	\$ 2,697	\$ 17,005
Receivables:					
Interest	47	4	57	20	128
Due from other governments	55	-	-	-	55
Inventories	332	-	-	-	332
Total current assets	<u>7,155</u>	<u>612</u>	<u>7,036</u>	<u>2,717</u>	<u>17,520</u>
Noncurrent assets:					
Capital assets:					
Land	45	-	-	-	45
Buildings	578	-	-	253	831
Improvements other than buildings	50	-	-	-	50
Machinery and equipment	11,528	226	8	1,401	13,163
Infrastructure	-	-	-	1,006	1,006
Accumulated depreciation	(8,306)	(134)	(2)	(1,442)	(9,884)
Construction in progress	199	-	-	-	199
Total noncurrent assets	<u>4,094</u>	<u>92</u>	<u>6</u>	<u>1,218</u>	<u>5,410</u>
Total assets	<u>11,249</u>	<u>704</u>	<u>7,042</u>	<u>3,935</u>	<u>22,930</u>
Liabilities					
Current liabilities:					
Accounts payable	175	21	34	31	261
Accrued liabilities	102	3	2,084	91	2,280
Total current liabilities	<u>277</u>	<u>24</u>	<u>2,118</u>	<u>122</u>	<u>2,541</u>
Noncurrent liabilities:					
Other Post Employment Benefits Obligation	(17)	1	(17)	21	(12)
Total liabilities	<u>260</u>	<u>25</u>	<u>2,101</u>	<u>143</u>	<u>2,529</u>
Net Assets					
Invested in capital assets, net of related debt	4,094	92	6	1,218	5,410
Unrestricted	6,895	587	4,935	2,574	14,991
Total net assets	<u>\$ 10,989</u>	<u>\$ 679</u>	<u>\$ 4,941</u>	<u>\$ 3,792</u>	<u>\$ 20,401</u>

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Operating Revenues:					
Charges for services	\$ 4,847	\$ 344	\$ 8,399	\$ 1,882	\$ 15,472
Miscellaneous	-	-	17	-	17
Total operating revenues	<u>4,847</u>	<u>344</u>	<u>8,416</u>	<u>1,882</u>	<u>15,489</u>
Operating Expenses:					
Personal services	831	41	152	986	2,010
Commodities	2,004	21	13	223	2,261
Services and charges	423	221	8,786	465	9,895
	<u>3,258</u>	<u>283</u>	<u>8,951</u>	<u>1,674</u>	<u>14,166</u>
Depreciation	956	19	1	155	1,131
Total operating expenses	<u>4,214</u>	<u>302</u>	<u>8,952</u>	<u>1,829</u>	<u>15,297</u>
Operating income (loss)	<u>633</u>	<u>42</u>	<u>(536)</u>	<u>53</u>	<u>192</u>
Nonoperating Revenues (Expenses):					
Gain (loss) on disposal of capital assets	45	(1)	-	-	44
Interest income	148	15	178	72	413
Total nonoperating revenues (expenses)	<u>193</u>	<u>14</u>	<u>178</u>	<u>72</u>	<u>457</u>
Income (loss) before capital contributions and transfers	826	56	(358)	125	649
Capital contributions	4	-	-	-	4
Transfers in	277	-	-	-	277
Transfers out	-	-	-	(59)	(59)
Change in net assets	<u>1,107</u>	<u>56</u>	<u>(358)</u>	<u>66</u>	<u>871</u>
Net Assets, Beginning	<u>9,882</u>	<u>623</u>	<u>5,299</u>	<u>3,726</u>	<u>19,530</u>
Net Assets, Ending	<u>\$ 10,989</u>	<u>\$ 679</u>	<u>\$ 4,941</u>	<u>\$ 3,792</u>	<u>\$ 20,401</u>

CITY OF IOWA CITY, IOWA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 4,964	\$ 344	\$ 8,416	\$ 1,882	\$ 15,606
Payments to suppliers	(2,729)	(227)	(8,891)	(861)	(12,708)
Payments to employees	(831)	(39)	(80)	(956)	(1,906)
Net cash flows from operating activities	<u>1,404</u>	<u>78</u>	<u>(555)</u>	<u>65</u>	<u>992</u>
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	277	-	-	-	277
Operating transfers to other funds	-	-	-	(59)	(59)
Net cash flows from noncapital financing activities	<u>277</u>	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>218</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of property and equipment	(951)	(42)	-	(9)	(1,002)
Proceeds from sale of property	51	-	-	4	55
Net cash flows from capital and related financing activities	<u>(900)</u>	<u>(42)</u>	<u>-</u>	<u>(5)</u>	<u>(947)</u>
Cash Flows From Investing Activities					
Interest on investments	149	16	188	75	428
Net increase in cash and cash equivalents	930	52	(367)	76	691
Cash and Cash Equivalents, Beginning	<u>5,791</u>	<u>556</u>	<u>7,346</u>	<u>2,621</u>	<u>16,314</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,721</u>	<u>\$ 608</u>	<u>\$ 6,979</u>	<u>\$ 2,697</u>	<u>\$ 17,005</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 633	\$ 42	\$ (536)	\$ 53	\$ 192
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	956	19	1	155	1,131
Changes in:					
Receivables:					
Accounts and unbilled usage	3	-	-	-	3
Due from other governments	114	-	-	-	114
Inventories	(11)	-	-	-	(11)
Accounts payable	(291)	15	(92)	(173)	(541)
Accrued liabilities	17	1	89	9	116
Other Post Employment Benefits Obligation	(17)	1	(17)	21	(12)
Total adjustments	<u>771</u>	<u>36</u>	<u>(19)</u>	<u>12</u>	<u>800</u>
Net cash flows from operating activities	<u>\$ 1,404</u>	<u>\$ 78</u>	<u>\$ (555)</u>	<u>\$ 65</u>	<u>\$ 992</u>
Noncash Investing, Capital, and Financing Activities:					
Contributions of fixed assets from government and others	\$ 4	\$ -	\$ -	\$ -	\$ 4

AGENCY FUNDS

The Agency Funds account for assets held by the City in a trustee or custodial capacity for other entities, such as individuals, private organizations, or other governmental units. The funds in this category are:

Project Green Fund – accounts for donations that are received to plant and develop yards and lawns, both public and private, within Iowa City.

Library Foundation – accounts for donations that are made to support the library development office.

CITY OF IOWA CITY

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended June 30, 2009
(amounts expressed in thousands)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Project Green				
Assets				
Equity in pooled cash and investments	\$ 212	\$ 67	\$ 49	\$ 230
Interest receivable	2	2	2	2
Total assets	<u>\$ 214</u>	<u>\$ 69</u>	<u>\$ 51</u>	<u>\$ 232</u>
Liabilities				
Due to agency	\$ 214	\$ 69	\$ 51	\$ 232
Total liabilities	<u>\$ 214</u>	<u>\$ 69</u>	<u>\$ 51</u>	<u>\$ 232</u>
Library Foundation				
Assets				
Equity in pooled cash and investments	\$ 4	\$ 9	\$ 9	\$ 4
Accounts receivable	5	1	-	6
	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 10</u>
Liabilities				
Accrued liabilities	\$ 9	\$ 10	\$ 9	\$ 10
Total liabilities	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 10</u>
Total Agency Funds				
Assets				
Equity in pooled cash and investments	\$ 216	\$ 76	\$ 58	\$ 234
Accounts receivable	5	1	-	6
Interest receivable	2	2	2	2
Total assets	<u>\$ 223</u>	<u>\$ 79</u>	<u>\$ 60</u>	<u>\$ 242</u>
Liabilities				
Accrued liabilities	\$ 9	\$ 10	\$ 9	\$ 10
Due to agency	214	69	51	232
Total liabilities	<u>\$ 223</u>	<u>\$ 79</u>	<u>\$ 60</u>	<u>\$ 242</u>

Statistical Section

This part of the City of Iowa City’s comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	99
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	104
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	114
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	124
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	126

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The city implemented GASB 34 in FY03; schedules presenting government-wide information include information beginning in that year.*



CITY OF IOWA CITY, IOWA

NET ASSETS BY COMPONENT

Last Seven Fiscal Years
(Accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 73,447	\$ 67,090	\$ 84,768	\$ 95,227	\$ 101,027	\$ 104,833	\$ 100,741
Restricted	22,499	17,705	16,973	6,852	8,181	23,741	26,586
Unrestricted	16,926	11,700	3,793	10,827	11,043	1,119	17,938
Total governmental activities net assets	\$ 112,872	\$ 96,495	\$ 105,534	\$ 112,906	\$ 120,251	\$ 129,693	\$ 145,265
Business-type activities							
Invested in capital assets, net of related debt	\$ 111,487	\$ 150,817	\$ 150,797	\$ 155,346	\$ 172,518	\$ 156,075	\$ 162,211
Restricted	24,420	14,932	15,038	15,682	23,893	21,320	19,159
Unrestricted	33,339	36,246	40,780	42,988	33,695	60,225	63,842
Total business-type activities net assets	\$ 169,246	\$ 201,995	\$ 206,615	\$ 214,016	\$ 230,106	\$ 237,620	\$ 245,212
Primary government							
Invested in capital assets, net of related debt	\$ 184,934	\$ 217,907	\$ 235,565	\$ 250,573	\$ 273,545	\$ 260,908	\$ 262,952
Restricted	46,919	32,637	32,011	22,534	32,074	45,061	45,025
Unrestricted	50,265	47,946	44,573	53,815	44,738	61,344	82,500
Total primary government net assets	\$ 282,118	\$ 298,490	\$ 312,149	\$ 326,922	\$ 350,357	\$ 367,313	\$ 390,477

CITY OF IOWA CITY, IOWA

CHANGES IN NET ASSETS

Last Seven Fiscal Years
(Accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
Public safety	\$ 13,844	\$ 15,015	\$ 15,286	\$ 16,690	\$ 16,694	\$ 20,504	\$ 20,730
Public works	11,539	10,423	11,521	12,723	13,560	13,727	15,177
Culture and recreation	10,131	12,051	11,341	11,458	11,970	13,460	9,574
Community and economic development	3,133	2,580	6,960	6,264	4,680	1,850	8,726
General government	6,251	6,527	6,500	6,892	7,258	7,433	7,600
Debt service	3,662	3,440	3,602	3,404	3,459	3,517	3,264
Total governmental activities expenses	48,560	50,036	55,210	57,431	57,621	60,491	65,071
Business-type activities:							
Wastewater	12,086	12,344	12,214	11,710	11,537	11,757	11,925
Water	7,861	8,011	8,313	9,324	8,823	8,804	9,185
Sanitation	4,082	6,103	6,031	6,101	6,684	6,868	7,296
Housing authority	6,519	7,219	7,466	7,026	6,884	7,374	7,238
Parking	3,554	3,898	3,989	3,884	4,403	3,913	4,489
Airport	431	515	520	512	418	560	693
Stormwater	-	652	1,452	817	932	1,072	1,223
Cable television	687	549	607	576	525	598	633
Total business-type activities expenses	35,220	39,291	40,592	39,950	40,206	40,946	42,682
Total primary government expenses	\$ 83,780	\$ 89,327	\$ 95,802	\$ 97,381	\$ 97,827	\$ 101,437	\$ 107,753
Program Revenues							
Governmental activities:							
Charges for services							
Public safety	\$ 2,507	\$ 3,038	\$ 2,928	\$ 2,971	\$ 3,088	\$ 3,019	\$ 2,968
Public works	1,118	1,006	1,076	1,062	1,229	1,047	1,392
Culture and recreation	1,145	630	653	707	712	680	715
Community and economic development	192	-	-	-	-	-	-
General government	1,416	1,428	1,482	1,556	1,569	1,633	1,626
Operating grants and contributions	2,965	2,150	2,592	2,937	3,215	3,611	8,185
Capital grants and contributions	2,205	6,198	7,679	3,849	4,283	1,747	3,773
Total governmental activities program revenues	11,548	14,450	16,410	13,082	14,096	11,737	18,659
Business-type activities:							
Charges for services:							
Wastewater	12,445	12,580	12,145	12,145	12,535	12,318	12,557
Water	9,677	9,164	8,602	9,012	8,240	8,195	8,107
Sanitation	6,531	7,111	7,154	7,133	7,204	7,853	8,286
Housing authority	221	219	181	168	132	149	181
Parking	3,636	4,011	4,045	3,936	4,704	4,673	5,438
Airport	180	213	220	264	234	258	248
Stormwater	-	104	592	597	622	616	622
Cable Television	298	673	708	718	726	814	788

(continued)

CITY OF IOWA CITY, IOWA

CHANGES IN NET ASSETS (continued)

Last Seven Fiscal Years
(Accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Capital grants and contributions: Wastewater	1,077	968	761	773	1,539	577	266
Capital grants and contributions: Water	640	452	588	606	845	314	132
Capital grants and contributions: Sanitation	-	-	-	46	-	-	-
Capital grants and contributions: Airport	-	116	283	1,125	1,231	1,580	3,239
Capital grants and contributions: Stormwater	-	717	755	468	1,251	302	68
Capital grants and contributions: Housing authority	-	-	-	-	-	17	-
Capital grants and contributions: Parking	-	-	-	-	-	8	-
Operating grants and contributions: Housing authority	6,291	6,950	7,012	7,414	7,165	6,281	6,668
Operating grants and contributions: Water	131	-	-	-	-	-	15
Operating grants and contributions: Airport	36	-	-	-	-	-	2
Operating grants and contributions: Sanitation	201	9	-	3	6	-	607
Operating grants and contributions: Wastewater	-	-	-	-	1	-	1
Total business-type activities program revenues	41,364	43,287	43,046	44,408	46,435	43,955	47,225
Total primary government revenues	\$ 52,912	\$ 57,737	\$ 59,456	\$ 57,490	\$ 60,531	\$ 55,692	\$ 65,884
Net (Expense) / Revenues	\$ (37,012)	\$ (35,586)	\$ (38,800)	\$ (44,349)	\$ (43,525)	\$ (48,754)	\$ (46,412)
Governmental activities	6,144	3,996	2,454	4,458	6,229	3,009	4,543
Business-type activities	\$ (30,868)	\$ (31,590)	\$ (36,346)	\$ (39,891)	\$ (37,296)	\$ (45,745)	\$ (41,869)
Total primary government net expense	\$ 32,257	\$ 34,173	\$ 35,327	\$ 37,770	\$ 41,492	\$ 43,400	\$ 47,085
General Revenues and Other Changes in Net Assets	5,144	5,311	5,269	5,303	5,305	5,432	5,254
Governmental activities:	1,399	1,609	1,351	1,240	1,412	1,435	1,489
General revenues:	1,207	1,056	1,576	2,678	4,045	3,932	3,057
Property taxes	3,174	3,746	3,994	4,422	3,656	3,516	4,894
Road use tax	(1,726)	65	95	100	281	(7)	-
Other taxes	1,444	(1,840)	645	208	(5,321)	488	205
Earnings on investments	42,899	44,120	48,257	51,721	50,870	58,196	61,984
Miscellaneous							
Gain on sale of assets							
Transfers							
Total governmental activities	1,305	991	1,771	2,575	3,606	3,279	2,577
Business-type activities:	315	1,009	304	185	591	1,260	360
General revenues:	994	335	418	391	343	454	317
Earnings on investments	(1,444)	1,840	(645)	(208)	5,321	(488)	(205)
Miscellaneous	1,170	4,175	1,848	2,943	9,861	4,505	3,049
Transfers							
Total business-type activities	\$ 44,069	\$ 48,295	\$ 50,105	\$ 54,664	\$ 60,731	\$ 62,701	\$ 65,033
Total primary government	\$ 5,887	\$ 8,534	\$ 9,457	\$ 7,372	\$ 7,345	\$ 9,442	\$ 15,572
Change in Net Assets	7,314	8,171	4,302	7,401	16,090	7,514	7,592
Governmental activities	\$ 13,201	\$ 16,705	\$ 13,759	\$ 14,773	\$ 23,435	\$ 16,956	\$ 23,164
Business-type activities							
Total primary government							

CITY OF IOWA CITY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Seven Fiscal Years
(Modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 1,094	\$ 396	\$ 362	\$ 570	\$ 568	\$ 446	\$ 555
Unreserved	13,012	14,301	15,525	16,551	18,528	14,488	15,362
Total general fund	<u>\$ 14,106</u>	<u>\$ 14,697</u>	<u>\$ 15,887</u>	<u>\$ 17,121</u>	<u>\$ 19,096</u>	<u>\$ 14,934</u>	<u>\$ 15,917</u>
All other Governmental Funds							
Reserved	\$ 11,536	\$ 1,677	\$ 2,198	\$ 1,592	\$ 1,984	\$ 3,107	\$ 5,339
Designated for long-term debt	4,448	6,930	3,067	2,725	4,289	8,691	11,759
Unreserved, reported in:							
Special revenue funds	3,819	9,379	6,222	3,422	3,366	2,571	(1,852)
Capital projects funds	1,047	3,882	6,143	7,093	7,894	11,118	10,960
Total all other governmental funds	<u>\$ 20,850</u>	<u>\$ 21,868</u>	<u>\$ 17,630</u>	<u>\$ 14,832</u>	<u>\$ 17,533</u>	<u>\$ 25,487</u>	<u>\$ 26,206</u>

CITY OF IOWA CITY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Seven Fiscal Years
(modified accrual basis of accounting)

(amounts expressed in thousands)

	2003	2004	2005	Fiscal Year			2009
				2006	2007	2008	
Revenues:							
Property taxes and assessments	\$ 31,966	\$ 35,538	\$ 36,677	\$ 39,011	\$ 42,905	\$ 44,835	\$ 48,572
Licenses and permits	961	1,361	1,255	1,279	1,404	1,270	1,284
Intergovernmental	12,193	12,058	15,546	14,260	13,455	12,764	19,521
Charges for services	4,674	3,240	3,301	2,227	2,423	2,228	2,498
Use of money and property	997	1,002	1,354	2,203	3,378	3,206	2,645
Miscellaneous	2,558	4,377	4,121	4,176	3,858	3,977	5,302
Total governmental activities expenses	\$ 53,349	\$ 57,576	\$ 62,254	\$ 63,156	\$ 67,423	\$ 68,280	\$ 79,822
Expenditures							
Current							
Public safety	\$ 13,115	\$ 14,025	\$ 14,601	\$ 15,819	\$ 16,412	\$ 18,705	\$ 18,752
Public works	8,149	9,156	9,698	10,351	12,452	12,108	12,405
Culture and recreation	8,061	9,392	9,183	10,122	10,261	10,703	10,849
Community and economic development	3,715	3,486	6,375	4,698	3,445	4,437	8,037
General government	5,887	6,080	6,282	6,510	7,194	7,207	7,300
Debt service							
Principal	4,742	5,172	9,349	6,099	6,700	7,323	8,418
Interest	3,683	3,336	3,676	3,458	3,464	3,556	3,364
Capital projects	20,095	16,065	13,939	15,153	13,000	11,811	17,096
Total expenditures	\$ 67,447	\$ 66,712	\$ 73,103	\$ 72,210	\$ 72,928	\$ 75,850	\$ 86,221
Excess (deficiency) of revenues over (under) expenditures	\$ (14,098)	\$ (9,136)	\$ (10,849)	\$ (9,054)	\$ (5,505)	\$ (7,570)	\$ (6,399)
Other financing sources (uses):							
Issuance of long-term debt	\$ 10,600	\$ 12,875	\$ 7,020	\$ 7,265	\$ 8,870	\$ 9,150	\$ 30,035
Sale of capital assets	-	384	406	109	470	111	554
Issuance of note payable	-	-	211	-	-	-	-
Premium (discount) on issuance of bonds	93	(19)	43	29	-	16	552
Payment of refunded bonds	(6,415)						(23,140)
Transfers in	15,172	14,614	15,776	21,627	21,552	25,413	16,486
Transfers out	(14,554)	(16,733)	(15,237)	(21,540)	(20,711)	(23,328)	(16,386)
Total other financing sources (uses)	\$ 4,896	\$ 11,121	\$ 8,219	\$ 7,490	\$ 10,181	\$ 11,362	\$ 8,101
Net change in fund balances	\$ (9,202)	\$ 1,985	\$ (2,630)	\$ (1,564)	\$ 4,676	\$ 3,792	\$ 1,702
Debt service as a percentage of noncapital expenditures	17.0%	16.3%	21.5%	16.6%	17.0%	16.6%	17.0%

CITY OF IOWA CITY, IOWA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified accrual basis of accounting)

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Road Use Tax</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
2000	24,271	4,928	554	29,753
2001	27,071	4,852	497	32,420
2002	28,623	5,077	646	34,346
2003	31,966	5,103	559	37,628
2004	34,958	5,311	580	40,849
2005	36,076	5,269	611	41,956
2006	38,336	5,303	674	44,313
2007	42,221	5,305	683	48,209
2008	44,101	5,432	734	50,267
2009	47,861	5,254	713	53,828

CITY OF IOWA CITY, IOWA

ASSESSED AND TAXABLE VALUE OF PROPERTY

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended <u>June 30</u>	Taxable Property Assessed Value/ <u>Estimated Actual Value</u>¹	Exempt Property Value ²	Total Taxable Assessed Value	Total Direct Tax Rate
2000	2,699,944	136,493	2,563,451	13.851
2001	2,920,580	137,713	2,782,867	14.757
2002	2,975,254	152,991	2,822,263	14.850
2003	3,214,973	155,407	3,059,566	16.813
2004	3,322,001	176,188	3,145,813	17.596
2005	3,834,435	181,186	3,653,249	17.314
2006	3,953,781	183,799	3,769,982	17.729
2007	4,280,834	212,203	4,068,631	17.302
2008	4,365,626	215,955	4,149,671	17.297
2009	4,424,355	217,904	4,206,451	17.717

Sources:

¹Johnson County Abstract Assessment

²City of Iowa City Assessor's Office - Annual Report

Notes:

Property is reassessed in the odd numbered years to make adjustments to all property values, according to current market values.

As per the Code of Iowa, all real and tangible personal property subject to taxation shall be valued at its actual value and, except as otherwise provided, shall be reassessed at 100% of its actual value, and the value so assessed shall be taken and considered as the assessed value and taxable value of the property upon which the levy shall be made.

Taxable property includes real property, buildings and structures, industrial plant and fixtures, commercial equipment assessed as real property, agriculture, residential on agriculture, and utilities distribution property.

Exempt property includes all property that is owned by religious and educational institutions, charitable and benevolent societies, low-rent housing and associations for war veterans. Each must apply for property tax exempt status with the City Assessor, who determines if the property qualifies under state guidelines. Exempt property is assessed each year like other taxable property. Property owned by governmental entities is not taxable and is not included in "Exempt Property".

CITY OF IOWA CITY, IOWA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

(per \$1,000 assessed valuation)

Fiscal Year	City of Iowa City			Overlapping Rates			Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	Iowa City School District	Kirkwood Community College	State of Iowa		
2000	11.551	2.300	13.851	5.947	11.696	0.613	0.005	32.112
2001	11.767	2.990	14.757	5.901	11.833	0.607	0.005	33.103
2002	11.905	2.945	14.850	5.802	11.540	0.607	0.005	32.804
2003	12.652	4.161	16.813	6.061	12.210	0.666	0.004	35.754
2004	13.026	4.570	17.596	6.102	12.865	0.679	0.004	37.246
2005	13.360	3.954	17.314	6.166	12.875	0.668	0.004	37.027
2006	13.580	4.149	17.729	6.391	13.582	0.649	0.004	38.355
2007	13.423	3.879	17.302	6.415	13.632	0.872	0.004	38.225
2008	13.931	3.786	17.717	7.803	14.192	0.852	0.004	40.568
2009	14.216	3.637	17.853	7.708	14.191	0.840	0.003	40.595

Source: "Tax Levies for Johnson County, Iowa," compiled by the Johnson County Auditor. On web Johnson-county.com Depis/Auditor/Real Estate

Note:

¹Includes Johnson County, City of Iowa City Assessor, and Agricultural Extension levies.

CITY OF IOWA CITY, IOWA

PROPERTY TAX BUDGETS AND COLLECTIONS

Last Ten Fiscal Years
(Cash basis of accounting)

(amounts expressed in thousands)

<u>Collection Year</u>	<u>Total Tax Levied</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total as a Percent of Levy</u>
2000	\$ 23,945	\$ 23,989	100.2	\$ 5	\$ 23,994	100.2 %
2001	26,089	25,684	98.4	31	25,715	98.6
2002	27,920	28,423	101.8	5	28,428	101.8
2003	31,975	31,863	99.6	16	31,879	99.7
2004	34,073	34,009	99.8	23	34,032	99.9
2005	34,403	34,814	101.2	15	34,829	101.2
2006	36,460	36,654	100.5	44	36,698	100.7
2007	39,094	38,947	99.6	13	38,960	99.7
2008	39,973	39,768	99.5	70	39,838	99.7
2009	43,168	43,118	99.9	18	43,136	99.9

Source: Certificate of City Taxes and Johnson County Treasurer's Office

Note: Collection of Delinquent Taxes not available by levy year. Presented in year collected.

CITY OF IOWA CITY, IOWA

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

(amounts expressed in thousands)

	2000				2009			
	Taxable		% of Total		Taxable		% of Total	
	Valuation	Rank	Valuation	Assessed	Valuation	Rank	Valuation	Assessed
Ten largest taxpayers¹								
Mid-American Energy Company ²	\$ 45,257	1	1.74 %		\$ 45,048	1	1.03 %	
ACT Inc. (formerly American College Testing Program)	17,447	6	0.67		44,435	2	1.02	
Southgate Development Company	20,204	4	0.78		20,265	3	0.46	
Russell Gerdin	-	-	N/A		16,939	4	0.39	
NCS Pearson	16,129	7	0.62		16,430	5	0.38	
MEHSM LC (Sycamore Mall)	-	-	N/A		14,954	6	0.34	
Plaza Towers LLC/Meristar	13,198	9	0.51		14,168	7	0.32	
United Natural Foods	-	-	N/A		13,095	8	0.30	
Proctor & Gamble LLC	22,116	3	0.85		12,688	9	0.29	
Alpha Inc	-	-	N/A		11,715	10	0.27	
Jame A Clark	23,971	2	0.92		-	-	N/A	
Heitman Properties	19,793	5	0.76		-	-	N/A	
Hy-Vee	13,496	8	0.52		-	-	N/A	
Edwin and Ethel Barker & Barker Partnership	11,567	10	0.45		-	-	N/A	
Total	\$ 203,178		7.82 %		\$ 209,737		4.80 %	

Sources:

¹City of Iowa City Assessor's Office - 2004 Annual Report - Assessment January 1, 2004 - Payable 2006

²State Department of Revenue



CITY OF IOWA CITY, IOWA

PRINCIPAL WATER SYSTEM CUSTOMERS

Current Year and Nine Years Ago

<u>Customer Name</u>	2000			2009		
	<u>Charges</u>	<u>Rank</u>	<u>Percentage</u>	<u>Charges</u>	<u>Rank</u>	<u>Percentage</u>
Proctor & Gamble	\$ 387,786	1	4.81 %	\$ 624,483	1	8.33 %
Veterans Administration Medical Center	174,538	2	2.16	91,529	2	1.22
University of Iowa/Mayflower Apartments	67,121	6	0.83	90,330	3	1.20
Mercy Hospital	74,942	4	0.93	71,622	4	0.96
Campus Apartments	-	-	N/A	66,600	5	0.89
Robert's Dairy	60,068	7	0.74	63,517	6	0.85
Mark IV Apts	56,138	8	0.70	53,273	7	0.71
Sheraton Inn	47,917	9	0.59	35,806	8	0.48
Rus Property Management/Lakeside	71,145	5	0.88	37,843	9	0.50
Seville Apts	-	-	N/A	31,885	10	0.43
Lear Corporation	76,248	3	0.95	-	-	N/A
Release International	45,409	10	0.56	-	-	N/A
	<u>\$ 1,061,312</u>		<u>13.15 %</u>	<u>\$ 1,166,888</u>		<u>15.57 %</u>
Total Water System Charges	\$ 8,414,310			\$ 7,497,903		

Sources:

City of Iowa City Revenue Department
 December 2000 Water Revenue Bond Transcript Official Statement

CITY OF IOWA CITY, IOWA

SALES HISTORY AND TOTAL WATER CHARGES

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Sales Cubic Feet Sold</u>	<u>Water System Charges</u>
2000	N/A	N/A
2001	245,725,159	\$8,837,339
2002	253,409,874	9,049,700
2003	257,788,030	9,308,824
2004	253,454,012	8,850,608
2005	254,560,239	8,315,719
2006	267,107,998	8,844,993
2007	261,072,632	8,414,310
2008	249,361,929	7,976,536
2009	234,804,167	7,497,903

Sources:

Sources:

City of Iowa City Revenue Department

Notes:

N/A Not available

CITY OF IOWA CITY, IOWA

PRINCIPAL SEWER SYSTEM CUSTOMERS

Current Year and Nine Years Ago

<u>Customer Name</u>	2000			2009		
	<u>Charges</u>	<u>Rank</u>	<u>Percentage</u>	<u>Charges</u>	<u>Rank</u>	<u>Percentage</u>
University of Iowa	\$ 2,137,135	1	20.04 %	\$ 1,953,325	1	15.63 %
Proctor & Gamble	821,777	2	7.71	1,443,652	2	11.55
University of Iowa/Mayflower Apartments	91,196	6	0.86	163,776	3	1.31
Robert's Dairy	113,434	4	1.06	155,192	4	1.24
Mercy Hospital	84,014	7	0.79	122,737	5	0.98
Iowa City Landfill Division	-	-	N/A	92,318	6	0.74
Campus Apartments	52,902	10	0.50	91,889	7	0.74
Veterans Administration Medical Center	195,951	3	1.84	88,204	8	0.71
Mark IV Apartments	59,405	9	0.56	73,987	9	0.59
Sheraton Iowa City Hotel	-	-	N/A	62,698	10	0.50
United Tech Auto	106,703	5	1.00	-	-	N/A
Release International	63,106	8	0.59	-	-	N/A
	<u>\$ 3,725,623</u>		<u>34.95 %</u>	<u>\$ 4,247,778</u>		<u>33.99 %</u>
Total Sewer System Charges	\$ 11,084,369			\$ 12,499,949		

Sources:

City of Iowa City Revenue Department
 October 2000 Sewer Revenue Bond Transcript Official Statement

CITY OF IOWA CITY, IOWA

SALES HISTORY AND TOTAL SEWER CHARGES

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sewer Sales Cubic Feet Sold</u>	<u>Sewer System Charges</u>
2000	N/A	N/A
2001	299,381,463	\$11,111,313
2002	292,323,306	11,431,949
2003	297,084,229	12,015,122
2004	294,683,685	12,482,393
2005	297,714,953	12,557,646
2006	302,925,357	12,373,762
2007	315,199,203	11,084,369
2008	285,492,596	12,221,769
2009	276,455,246	12,499,949

Sources:

Sources:

City of Iowa City Revenue Department

Notes:

N/A Not available

CITY OF IOWA CITY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Capital Loan Note	General Obligation Bonds	Revenue Bonds					
2000	\$ 24,363,329	\$ 65,000	\$ 16,761,671	\$ 89,375,000		\$ 130,565,000	3.42%	\$ 2,171	
2001	46,697,343		14,867,657	111,245,000		172,810,000	4.39%	2,777	
2002	72,198,652		13,061,348	141,410,000		226,670,000	5.56%	3,643	
2003	71,641,169		11,358,831	120,310,000		203,310,000	4.84%	3,259	
2004	79,344,600		9,640,400	115,710,000		204,695,000	4.55%	3,281	
2005	77,015,379	211,000	8,274,622	110,930,000		196,431,001	4.21%	3,149	
2006	78,181,155	211,000	6,878,845	105,915,000		191,186,000	3.89%	3,040	
2007	80,350,630	211,000	5,489,370	100,760,000		186,811,000	3.52%	2,786	
2008	82,177,395	211,000	4,912,605	95,345,000		182,646,000	3.27%	2,693	
2009	80,654,160	211,000	4,340,840	87,815,000		173,021,000	2.95%	2,551	

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements

¹ Population and personal income information can be found on page 124.

CITY OF IOWA CITY, IOWA

**RATIOS OF GENERAL OBLIGATION BONDED DEBT¹
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

Fiscal Year	Property Assessed Value²	Gross Bonded Debt	Debt		Debt Service Fund Balance	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita³
			Payable from Proprietary	Proprietary				
2000	\$ 2,699,944	\$ 41,190	\$ 16,762	\$ 192	\$ 24,236	8.98:1000	\$ 403	
2001	2,920,580	61,565	14,868	494	46,203	15.82:1000	743	
2002	2,975,254	85,260	13,061	464	71,735	24.11:1000	1,153	
2003	3,214,973	83,000	11,359	4,448	67,193	20.90:1000	1,077	
2004	3,322,001	85,085	9,640	6,930	68,515	20.62:1000	1,098	
2005	3,834,435	85,290	8,275	3,067	73,948	19.29:1000	1,185	
2006	3,953,781	85,060	6,879	2,725	75,456	19.08:1000	1,200	
2007	4,280,834	85,840	5,489	4,289	76,062	17.77:1000	1,134	
2008	4,365,626	87,090	4,913	8,691	73,486	16.83:1000	1,083	
2009	4,424,355	84,995	4,341	11,759	68,895	15.57:1000	1,016	

Notes:

¹ General Obligation bonds.

² Obtained from the City of Iowa City Assessor's Office.

³ Population data can be found on page 124.

CITY OF IOWA CITY, IOWA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES¹**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures and Transfers</u>	<u>Ratio of Debt Service to General Expenditures</u>
2000	\$ 2,918	\$ 1,360	\$ 4,278	\$ 52,727	.08 : 1.00
2001	3,541	1,763	5,304	53,898	.10 : 1.00
2002	3,599	2,136	5,735	53,462	.11 : 1.00
2003 ²	4,742	3,683	8,425	82,001	.10 : 1.00
2004	5,172	3,336	8,508	83,445	.10 : 1.00
2005	9,349	3,676	13,025	88,342	.15 : 1.00
2006	6,099	3,458	9,557	93,360	.10 : 1.00
2007	6,700	3,464	10,164	93,639	.11 : 1.00
2008	7,323	3,556	10,879	99,178	.11 : 1.00
2009	8,418	3,364	11,782	102,607	.11 : 1.00

Notes:

¹ General Fund, Special Revenue Funds and Debt Service Fund.

² Beginning in FY03, Capital Projects Funds are also included.

CITY OF IOWA CITY, IOWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2009

(amounts expressed in thousands, except per capita)

<u>Name of Governmental Unit</u>	<u>Total General Long-Term Bonded Debt Outstanding</u>	<u>% Applicable to the City of Iowa City</u>	<u>Amount Applicable to the City of Iowa City</u>	<u>Per Capita</u>
City of Iowa City	\$ 84,995	100.00%	\$ 84,995	\$ 1,253
Iowa City Community School District	<u>26,690</u>	59.85%	<u>15,974</u>	<u>235</u>
Total	<u>\$ 111,685</u>		<u>\$ 100,969</u>	<u>\$ 1,489</u>
Per capita assessed value				<u>\$ 64,360</u>

Source: Johnson County Auditor's Office

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

CITY OF IOWA CITY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 121,178	\$ 129,891	\$ 134,997	\$ 146,029	\$ 148,763	\$ 160,749	\$ 186,630	\$ 191,722	\$ 197,689	\$ 214,042
Total net debt applicable to limit	41,190	61,565	85,260	83,000	85,085	85,290	85,060	85,840	87,090	84,995
Legal debt margin	<u>\$ 79,988</u>	<u>\$ 68,326</u>	<u>\$ 49,737</u>	<u>\$ 63,029</u>	<u>\$ 63,678</u>	<u>\$ 75,459</u>	<u>\$ 101,570</u>	<u>\$ 105,882</u>	<u>\$ 110,599</u>	<u>\$ 129,047</u>
Total net debt applicable to the limit as a percentage of debt limit	33.99%	47.40%	63.16%	56.84%	57.20%	53.06%	45.58%	44.77%	44.05%	39.71%

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed Valuation	\$ 4,280,833,857
Debt Limit - 5% of Total Assessed Valuation	214,041,693
Less: Amount of Debt Applicable to Debt Limit	84,995,000
Legal Debt Margin	<u>\$ 129,046,693</u>

Note: Under Iowa code, the city's outstanding general obligation debt should not exceed 5 percent of total assessed property value.

CITY OF IOWA CITY, IOWA

GENERAL OBLIGATION DEBT ANNUAL MATURITY SCHEDULE

Fiscal Year	Payments			Funding Source(s)			Principal Outstanding at Beginning of Fiscal Year
	Principal	Interest	Total	Property Tax Revenue	Tax Increment Financing	Water Revenue	
2009 ¹	\$ 32,130,000	\$ 3,545,798	\$ 35,675,798	\$ 13,224,462	\$ 671,753	\$ 753,258	\$ 87,090,000
2010	9,945,000	3,225,756	13,170,756	11,749,915	668,553	752,288	84,995,000
2011	10,175,000	2,896,884	13,071,884	11,656,922	669,953	745,009	75,050,000
2012	10,500,000	2,546,976	13,046,976	11,635,894	668,978	742,104	64,875,000
2013	9,495,000	2,179,526	11,674,526	10,269,976	666,403	738,147	54,375,000
2014	9,195,000	1,843,921	11,038,921	9,662,254	668,115	708,552	44,880,000
2015	8,805,000	1,492,746	10,297,746	8,926,181	668,878	702,687	35,685,000
2016	7,825,000	1,152,151	8,977,151	7,986,336	673,690	317,125	26,880,000
2017	6,225,000	844,846	7,069,846	6,086,693	677,090	306,063	19,055,000
2018	5,070,000	599,996	5,669,996	4,991,062	678,934	-	12,830,000
2019	2,570,000	387,034	2,957,034	2,277,600	679,434	-	7,760,000
2020	1,900,000	266,184	2,166,184	1,483,000	683,184	-	5,190,000
2021	2,005,000	170,490	2,175,490	1,485,750	689,740	-	3,290,000
2022	625,000	68,765	693,765	-	693,765	-	1,285,000
2023	660,000	35,640	695,640	-	695,640	-	660,000
Total	\$ 117,125,000	\$ 21,256,713	\$ 138,381,713	\$ 101,436,045	\$ 10,154,110	\$ 5,765,233	

Notes:

¹ Additional principal and interest payments above the funding sources for 2009 were funded through the refunding of bonds issued October 2008 and June 2009.

CITY OF IOWA CITY, IOWA
SCHEDULE OF REVENUE BOND COVERAGE

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended <u>June 30</u>	<u>Revenue</u>	<u>Expenses</u> ¹	Net Revenue Available for <u>Debt Service</u>	Annual Debt Service ²			Ratio of <u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
Parking Revenue³							
2000	\$ 3,716	\$ 1,861	\$ 1,855	\$ 455	\$ 139	\$ 594	3.12
2001	4,309	2,176	2,133	485	836	1,321	1.61
2002	4,272	1,960	2,312	510	746	1,256	1.84
2003	4,198	1,953	2,245	375	715	1,090	2.06
2004	4,164	2,319	1,845	395	687	1,082	1.71
2005	4,360	2,377	1,983	305	663	968	2.05
2006	4,161	2,380	1,781	320	645	965	1.85
2007	5,035	2,973	2,062	335	626	961	2.15
2008	4,995	2,454	2,541	355	606	961	2.64
2009	5,630	3,024	2,606	370	584	954	2.73
Wastewater Treatment Revenue⁴							
2000	\$ 11,872	\$ 3,259	\$ 8,613	\$ 2,160	\$ 3,691	\$ 5,851	1.47
2001	12,824	3,248	9,576	2,505	3,589	6,094	1.57
2002	12,501	3,389	9,112	3,005	4,236	7,241	1.26
2003	13,000	4,463	8,537	3,060	4,385	7,445	1.15
2004	12,947	4,523	8,424	3,280	3,672	6,952	1.21
2005	12,600	4,432	8,168	3,630	3,537	7,167	1.14
2006	12,798	4,260	8,538	3,815	3,390	7,205	1.19
2007	13,708	4,236	9,472	3,905	3,234	7,139	1.33
2008	13,332	4,581	8,751	4,105	3,071	7,176	1.22
2009 ⁶	13,462	5,202	8,260	4,260	2,813	7,073	1.17
Water Revenue⁵							
2000	\$ 9,626	\$ 3,384	\$ 6,242	\$ -	\$ 299	\$ 299	20.88
2001	10,629	3,410	7,219	140	445	585	12.34
2002	10,179	3,428	6,751	705	1,175	1,880	3.59
2003	10,241	4,361	5,880	500	1,088	1,588	3.70
2004	10,627	4,360	6,267	925	1,427	2,352	2.66
2005	9,287	4,783	4,504	845	1,340	2,185	2.06
2006	9,918	5,722	4,196	880	1,305	2,185	1.92
2007	9,220	5,356	3,864	915	1,268	2,183	1.77
2008	9,258	5,348	3,910	955	1,229	2,184	1.79
2009 ⁶	8,833	5,726	3,107	995	1,171	2,166	1.43

Notes:

¹ Excludes depreciation and interest.

² Includes principal and interest of revenue bonds only.

³ Parking Revenue bonds ratio of "Net Revenue Available for Debt Service" to "Total Annual Debt Service" is required to be at least 1.25.

⁴ Wastewater Treatment Revenue bonds ratio of "Net Revenue Available for Debt Service" to "Total Annual Debt Service" is required to be at least 1.10.

⁵ Water Revenue bonds ratio of "Net Revenue Available for Debt Service" to "Total Annual Debt Service" is required to be at least 1.10.

⁶ Refunded Revenue Bonds paid are excluded from the principal of Annual Debt Service.

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY SCHEDULE

Fiscal Year	Payments			Funding Source(s)			Principal Outstanding at Beginning of Fiscal Year
	Principal	Interest	Total	Sewer Revenue	Parking Revenue	Water Revenue	
2009 ¹	\$ 57,335,000	\$ 4,568,299	\$ 61,903,299	\$ 7,072,609	\$ 954,298	\$ 2,166,392	\$ 95,345,000
2010	5,275,000	3,924,038	9,199,038	6,512,469	951,973	1,734,596	87,815,000
2011	6,240,000	3,472,389	9,712,389	6,751,945	948,473	2,011,971	82,540,000
2012	6,575,000	3,231,352	9,806,352	6,801,145	943,798	2,061,409	76,300,000
2013	6,795,000	2,975,849	9,770,849	6,765,193	942,801	2,062,855	69,725,000
2014	5,035,000	2,746,075	7,781,075	4,773,934	940,335	2,066,806	62,930,000
2015	5,245,000	2,542,811	7,787,811	4,783,615	936,401	2,067,795	57,895,000
2016	5,480,000	2,323,578	7,803,578	4,801,959	935,851	2,065,768	52,650,000
2017	5,705,000	2,087,153	7,792,153	4,793,155	933,468	2,065,530	47,170,000
2018	5,975,000	1,835,064	7,810,064	4,804,683	934,100	2,071,281	41,465,000
2019	6,220,000	1,567,910	7,787,910	4,791,608	927,815	2,068,487	35,490,000
2020	6,535,000	1,274,157	7,809,157	4,807,173	929,465	2,072,519	29,270,000
2021	6,320,000	964,391	7,284,391	4,283,688	928,400	2,072,303	22,735,000
2022	5,025,000	688,356	5,713,356	2,717,288	924,600	2,071,468	16,415,000
2023	3,885,000	469,660	4,354,660	1,361,250	923,250	2,070,160	11,390,000
2024	2,870,000	301,147	3,171,147	793,250	924,050	1,453,847	7,505,000
2025	3,025,000	152,581	3,177,581	797,250	921,850	1,458,481	4,635,000
2026	1,610,000	38,163	1,648,163	794,375	-	853,788	1,610,000
Total	\$ 145,150,000	\$ 35,162,973	\$ 180,312,973	\$ 78,206,589	\$ 15,900,928	\$ 34,495,456	

Notes:

¹ Additional principal and interest payments above the funding sources for 2009 were funded through the refunding of bonds issued October 2008 and May 2009.

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY BY FUNDING SOURCE

Parking

<u>Fiscal Year</u>	<u>Outstanding</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 370,000	\$ 584,298	\$ 954,298
2010	390,000	561,973	951,973
2011	410,000	538,473	948,473
2012	430,000	513,798	943,798
2013	455,000	487,801	942,801
2014	480,000	460,335	940,335
2015	505,000	431,401	936,401
2016	535,000	400,851	935,851
2017	565,000	368,468	933,468
2018	600,000	334,100	934,100
2019	630,000	297,815	927,815
2020	670,000	259,465	929,465
2021	710,000	218,400	928,400
2022	750,000	174,600	924,600
2023	795,000	128,250	923,250
2024	845,000	79,050	924,050
2025	895,000	26,850	921,850
Total	\$ 10,035,000	\$ 5,865,928	\$ 15,900,928

Sewer

<u>Fiscal Year</u>	<u>Outstanding</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009 ¹	\$ 4,260,000	\$ 2,812,609	\$ 7,072,609
2010	4,205,000	2,307,469	6,512,469
2011	4,720,000	2,031,945	6,751,945
2012	4,945,000	1,856,145	6,801,145
2013	5,095,000	1,670,193	6,765,193
2014	3,260,000	1,513,934	4,773,934
2015	3,395,000	1,388,615	4,783,615
2016	3,550,000	1,251,959	4,801,959
2017	3,690,000	1,103,155	4,793,155
2018	3,860,000	944,683	4,804,683
2019	4,015,000	776,608	4,791,608
2020	4,220,000	587,173	4,807,173
2021	3,895,000	388,688	4,283,688
2022	2,485,000	232,288	2,717,288
2023	1,220,000	141,250	1,361,250
2024	700,000	93,250	793,250
2025	740,000	57,250	797,250
2026	775,000	19,375	794,375
Total	\$ 59,030,000	\$ 19,176,589	\$ 78,206,589

(continued)

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY BY FUNDING SOURCE (continued)

Water

<u>Fiscal Year</u>	<u>Outstanding</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009 ¹	\$ 995,000	\$ 1,171,392	\$ 2,166,392
2010	680,000	1,054,596	1,734,596
2011	1,110,000	901,971	2,011,971
2012	1,200,000	861,409	2,061,409
2013	1,245,000	817,855	2,062,855
2014	1,295,000	771,806	2,066,806
2015	1,345,000	722,795	2,067,795
2016	1,395,000	670,768	2,065,768
2017	1,450,000	615,530	2,065,530
2018	1,515,000	556,281	2,071,281
2019	1,575,000	493,487	2,068,487
2020	1,645,000	427,519	2,072,519
2021	1,715,000	357,303	2,072,303
2022	1,790,000	281,468	2,071,468
2023	1,870,000	200,160	2,070,160
2024	1,325,000	128,847	1,453,847
2025	1,390,000	68,481	1,458,481
2026	835,000	18,788	853,788
Total	<u>\$ 24,375,000</u>	<u>\$ 10,120,456</u>	<u>\$ 34,495,456</u>

Notes:

¹Amounts for Principal excludes called revenue bonds.

CITY OF IOWA CITY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	<u>Population</u>⁶	Per Capita		<u>School Enrollment</u>²	<u>Unemployment Rate</u>³	<u>Retail Sales</u>⁴
		<u>Personal Income</u>¹	<u>Personal Income</u>¹			
2000	60,148	3,815,300	28,907	11,543	2.0	\$ 756,054,331
2001	62,220	3,934,971	29,388	11,603	2.4	780,591,426
2002	62,220	4,079,158	30,224	11,697	3.2	766,901,892
2003	62,380	4,197,024	30,831	11,700	3.5	776,693,440
2004	62,380	4,502,187	32,729	11,885	4.0	854,156,442
2005	62,380	4,662,000	32,706	11,866	2.9	878,009,171
2006	62,887	4,912,000	34,046	11,988	2.4	901,481,066
2007	67,062	5,305,000	36,164	12,824	2.9	934,971,428
2008	67,831	5,589,000	37,398	12,911	3.1	958,509,729
2009 ⁵	67,831	5,873,368	38,716	13,049	4.3	965,248,903

Sources and Notes:

¹ Personal Income and Per Capita Personal Income based on metropolitan Iowa City / Coralville and based on figures from Bureau of Economic Analysis. Personal Income expressed in thousands.

² Iowa City Community School District and local private schools

³ Iowa Workforce Development Center

⁴ Iowa Retail Sales & Use Report, Iowa Department of Revenue and Finance. Fiscal year ending March 31.

CITY OF IOWA CITY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employers</u>	2000		2009		<u>Percentage</u>
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	
University of Iowa	23,168	1	28,781	1	31.9 %
Iowa City Community School District	1,600	2	1,700	2	1.9
ACT Inc. (formerly American College Testing Program)	1,142	4	1,427	3	1.6
Mercy Hospital	1,100	5	1,305	4	1.4
Veterans Administration Medical Center	1,285	3	1,351	5	1.5
Hy-Vee	931	7	1,166	6	1.3
NCS Pearson	1,080	6	1,152	7	1.3
City of Iowa City	604	10	982	8	1.1
Internaltion Automotive Components (formerly Lear Corp)	930	8	805	9	0.9
Systems Unlimited	-	-	700	10	0.8
Gillette Canada (Oral B Laboratories)	810	9	-	-	N/A
Total Employees	32,650		39,369		43.7 %
			90,300		

Sources:

City of Iowa City Economic Development Division Community Profile (including full and part-time employees).

Note:

Total number of employees is not available for 2000, percentage of total city employment by employer is not presented.

CITY OF IOWA CITY, IOWA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Full-Time Equivalent Employees as of June 30

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety						
Police	96.25	96.25	97.25	97.25	97.25	94.25
Fire	52	52	58	58	58	56
Animal shelter	5.5	5.5	5.5	6	6	6
Inspection services	14.13	14.13	14.13	14.13	14.13	13.88
Public Works						
Public works admin	2	3	2	2	2	2
Engineering	10.6	11.6	13.6	13.6	13.6	11.6
Traffic engineering	4.15	4.15	4.15	5.65	5.65	5.65
Streets	23.5	23.5	23.5	22	22	22
Culture and Recreation						
Parks and rec admin	2	2	2	2	2	2
Recreation	14.67	15.17	15.17	15.17	15.17	15.17
Parks	13	13	13	13	13	12
Forestry	3	3	3	3	3	3
Cemetery	3	3	3	3	3	3
CBD maintenance	3	3	3	3	3	3
Library	40.25	40.25	41.25	41.25	43.25	42.63
Senior center	6	6	6	5.81	5.81	6.31
Community and Economic Developmen	8.55	8.55	9.05	8.35	9.45	8.45
General Government						
City council	7	7	7	7	7	7
City manager	3	3	3	3	3	3
City clerk	5	4.5	4.5	4	4	4
City attorney	6	6	6.6	6.6	6.6	6.6
Tort liability, insurance						
Personnel	4	4	4	4	4	4
Finance	27.71	27.36	28.61	28.61	28.61	26.61
Government buildings	4.08	4.97	4.96	4.96	4.96	4.96
Energy conservation	0.5	0.5	0.5	0.5	0.5	0.5
Human rights	2	2	2	2.5	2.5	2.5
Transit	48.25	48.25	48.5	48.5	48.5	50.5
Special Revenue						
Employee benefits	0.45	0.45	0.4	0.34	0.34	0.34
CIP / roads	7	6	7	7	7	3
Community development	4.75	4.75	4.75	5.45	5.35	4.35
JCCOG	6.1	6.1	6.1	6.1	6.1	6.1
Library development	1.5	1.5	1.5	1.5	1.5	0.8
Internal Service Funds						
Information technology	7.95	7.5	7.5	7.5	7.5	8
Equipment	9.5	9.5	10.25	11.25	11.26	11.25
Central services	2.1	2.25	0.75	0.75	0.75	0.75
Risk management	1.56	1.46	1.26	1.33	1.33	1.32
Business-Type Activities						
Parking	30.5	37	37	31.5	31.5	32.75
Wastewater treatment	25.3	25.3	26.3	26.3	27.3	27.3
Water	26.2	26.2	28.2	30.7	31.7	31.7
Sanitation	31.85	32.35	32.35	32.35	32.35	34.35
Airport	1.75	2	2	2	2	2
Cable television	5.25	5.25	5.25	6.19	6.19	6.19
Stormwater						
Housing authority	10.75	12.5	12.5	12.5	12.5	12.75
Total	<u>581.65</u>	<u>591.79</u>	<u>606.38</u>	<u>605.64</u>	<u>610.65</u>	<u>599.56</u>

Full-Time Equivalent Employees as of June 30

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
94.25	96.25	96.25	103.25
57	57	57	57
6	6	6	6
14.88	14.88	15.38	15.55
2	2	2	2
11.6	11.6	11.35	11.35
4.15	4.15	4.15	4.15
23.5	23.5	23.5	25.5
2	2	2	2
15.17	15.42	15.42	15.42
13	13	13	13
3	3	3	3
3	3	3	3
3	3	3	3
42.63	42.89	43.14	43.14
6.31	6.31	6.31	6.31
8.45	8.45	8.95	9.05
7	7	7	7
3	3	3	3
4	4	4	4
6.6	6.6	6.6	6
			1
4	4	4	4
26.75	26.75	26.5	25.3
4.96	4.96	4.96	4.96
0.5	0.5	0.25	0.25
2.5	2.5	2.5	2.5
50.5	50.5	54.75	58.5
0.39	0.39	0.29	0.29
2	2	1	2
4.35	4.35	3.98	3.88
6.6	6.6	6.6	6.6
1	1	1	1
11.75	12	12.3	12.3
11.26	11.26	11.26	11.26
0.75	0.75	0.75	0.75
1.38	1.38	1.73	1.93
32.75	32.75	32.75	33.25
25.5	25.5	25.5	25.6
32.5	32	32.75	32.75
33.85	33.85	34.85	35.85
1.6	1.6	1.6	1.75
6.19	6.19	6.19	6.44
0.5	1	2	1.9
13.25	13.25	13.25	13.25
<u>605.37</u>	<u>608.13</u>	<u>614.81</u>	<u>630.03</u>

CITY OF IOWA CITY, IOWA

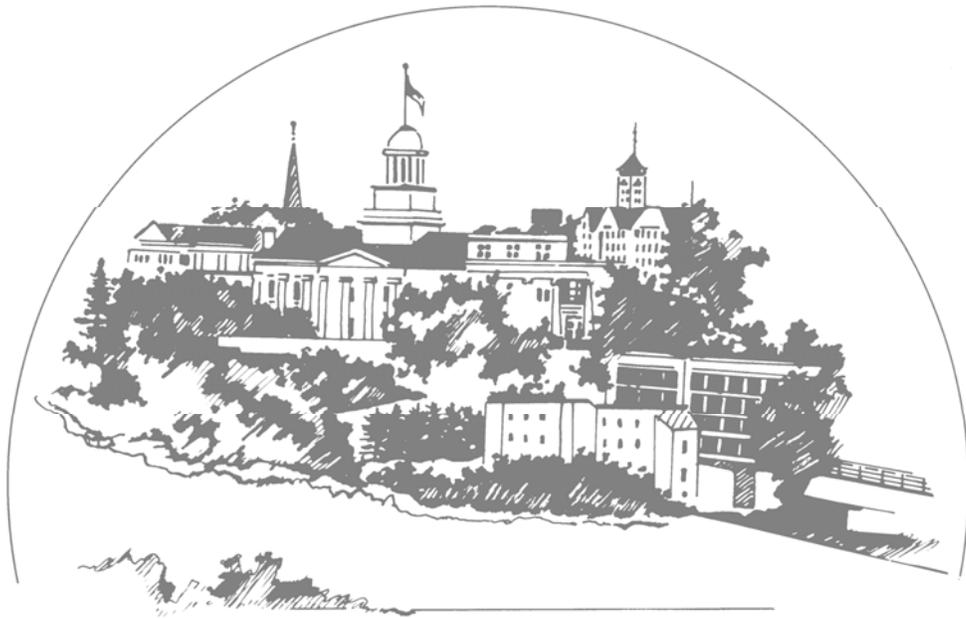
OPERATING INDICATORS BY FUNCTION

	Last Ten Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police ¹										
Physical arrests	7,835	7,339	8,929	8,016	7,288	7,528	6,833	6,479	6,354	6,126
Traffic Violations	8,061	8,047	7,639	7,428	8,515	7,428	8,170	6,634	5,811	4,086
Fire ²										
Number of calls answered	3,768	3,570	3,519	3,546	3,518	3,596	3,679	4,136	4,257	3,066
Inspections conducted	926	1,079	989	936	975	1,083	1,232	1,495	1,712	915
Parking										
Parking Violations ³	N/A	N/A	N/A	186,674	155,338	145,033	139,338	166,187	147,673	126,050
Wastewater Treatment										
Daily average treatment in gallons ⁴	4,500,000	5,710,000	5,110,000	4,530,000	4,960,000	4,870,000	4,580,000	9,430,000	12,810,000	12,340,000
Maximum daily capacity of plant in gallons	35,000,000	35,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	41,000,000	41,000,000
Number of sewer system customers	19,136	19,480	20,106	20,708	21,165	21,552	22,046	22,481	22,909	23,161
Water										
Daily average consumption in gallons	5,890,000	5,717,000	6,000,000	6,034,000	5,742,000	5,448,500	5,680,600	5,516,238	5,475,122	5,508,077
Maximum daily capacity of plant in gallons	10,500,000	10,500,000	10,500,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000
Water System Customers by Classification										
Residential	19,211	19,600	20,308	20,992	21,527	21,972	22,529	22,973	21,454	21,334
Commercial	1,289	1,325	1,341	1,358	1,377	1,400	1,408	1,448	1,378	1,385
Industrial	11	12	12	12	13	13	13	13	13	14
Other	124	124	124	127	125	129	134	137	139	142
Total Customers	20,635	21,061	21,785	22,489	23,042	23,514	24,084	24,571	22,984	22,875
Sanitation										
Number of Customers	13,457	13,555	13,668	13,806	13,983	14,158	14,371	14,556	14,574	14,700
Tons	7,869	7,905	8,138	8,062	8,716	8,667	8,463	8,722	8,834	8,747
Landfill										
Tonnage	84,704	97,208	103,404	103,585	108,155	113,356	111,124	135,315	132,760	140,810

Sources: Various city divisions.

Notes:

- ¹ Numbers are based on a calendar year and 2009 figures are compiled through 11/30/09.
- ² Numbers are based on a calendar year and 2009 figures are compiled through 10/01/09 for inspection and 10/01/09 for calls.
- ³ Information on the number of parking violations not available for years prior to FY03.
- ⁴ FY07 AND FY08 numbers are based on both the North and South Wastewater Plants.



CITY OF IOWA CITY, IOWA

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	17	17	17	17	17
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire apparatus	8	8	8	8	8	8	8	8	9	9
Public Works										
Streets										
Miles	246	249	251	256	259	262	262	268	269	270
Street Lights	2,717	2,863	2,920	2,919	3,352	3,357	3,378	3,395	3,403	3,408
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Acreage	37	40	40	40	40	40	40	40	40	40
Parks	50	50	50	50	61	61	61	61	61	61
Acreage	1,322	1,322	1,322	1,322	1,400	1,400	1,400	1,600	1,603	1,603
Recreation										
Recreation center	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Ball diamonds	29	29	29	29	29	29	29	29	31	30
Tennis courts	12	12	12	12	12	12	12	12	12	12
Soccer fields	25	25	25	25	25	25	25	25	25	20

(continued)

CITY OF IOWA CITY, IOWA

CAPITAL ASSETS BY FUNCTION (continued)

	Last Ten Fiscal Years									
	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Parking Facilities Spaces	3 1,975	4 2,537	4 2,537	4 2,537	4 2,537	4 2,537	5 3,137	5 3,100	5 3,085	5 3086
Wastewater Treatment										
Miles of sanitary sewer	260	263	266	269	274	277	280	286	288	289
Miles of storm sewer ¹	N/A	91	94	98	102	105	110	117	118	120
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of service connectors	20,635	21,061	21,785	22,514	23,077	23,558	24,113	24,903	25,104	23,161
Water										
Miles of water mains	244	252	260	265	269	272	277	283	284	288
Number of city owned fire hydrants	2,029	2,109	2,182	2,243	2,340	2,448	2,474	2,569	2,575	2,635
Sanitation										
Landfills	1	1	1	1	1	1	1	1	1	1
Acreage	200	200	200	200	200	200	200	200	395	395

Sources: Various city divisions.

Notes:

¹ Information on the number of miles of storm sewer not available for years prior to FY01.





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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Iowa City, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and 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's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

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 of Iowa City, Iowa, and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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



Dubuque, Iowa

December 14, 2009, except for Note 3 to the Schedule of Expenditures of Federal Awards which is dated May 31, 2012



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

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

Compliance

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

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

In our opinion, the City of Iowa City, 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.

Subsequent to the issuance of the City's 2009 financial statements and our report dated December 14, 2009, we became aware that certain testing procedures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, had not been performed. Upon performing those procedures, we determined that finding II-A-09 should be included within this report. In our original report we expressed an unqualified opinion on the 2009 compliance, and our opinion on compliance, as expressed herein, remains unqualified.

Internal Control Over Compliance

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

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

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

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

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

Eide Bailly LLP

Dubuque, Iowa

December 14, 2009, except for Note 3 to the Schedule of Expenditures of Federal Awards and the major program CFDA 97.039 Hazard Mitigation Grant (B) which is dated May 31, 2012

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Program			
Community Development Block Grants/ Entitlement Grants	14.218		\$ 278,735
Community Development Block Grants/ Entitlement Grants	14.218		<u>565,079</u>
			<u>843,814</u>
Passed through program from			
Iowa Department of Economic Development			
Community Development Block Grants/ State's Program	14.228	08-DRMH-015	310,374
Community Development Block Grants/ State's Program	14.228	08-DRH-210	35,066
Community Development Block Grants/ State's Program	14.228	08-DRB-204	155
Community Development Block Grants/ State's Program	14.228	08-DRH-010	<u>780,733</u>
			<u>1,126,328</u>
Direct Program			
HOME Investment Partnerships Program	14.239		78,666
HOME Investment Partnerships Program	14.239		162,683
HOME Investment Partnerships Program	14.239		458,122
HOME Investment Partnerships Program	14.239		<u>130,917</u>
			<u>830,388</u>
Direct Program			
Public and Indian Housing	14.850		105,480
Public and Indian Housing	14.850		<u>105,336</u>
			<u>210,816</u>
Direct Program			
Section 8 Housing Choice Vouchers	14.871		<u>6,383,303</u>
Direct Program			
Public Housing Capital Fund	14.872		30,883
Public Housing Capital Fund	14.872		<u>39,274</u>
			<u>70,157</u>
Direct Program			
Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885		<u>3,336</u>
Total U.S. Department of Housing and Urban Development			<u>9,468,142</u>

CITY OF IOWA CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Justice			
Passed through program from			
Iowa Department of Justice			
Violence Against Women Formula Grants	16.588	VW-09-34	\$ <u>42,948</u>
Direct Program			
Bulletproof Vest Partnership Program	16.607		4,884
Bulletproof Vest Partnership Program	16.607		<u>548</u>
			<u>5,432</u>
Passed through program from			
Governor's Office of Drug Control Policy			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	08JAG/C06-A20	17,931
Direct Program			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		6,626
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>7,257</u>
			<u>31,814</u>
Total U.S. Department of Justice			<u>80,194</u>
U.S. Department of Transportation			
Direct Program			
Airport Improvement Program	20.106		317,576
Airport Improvement Program	20.106		208,927
Airport Improvement Program	20.106		533,510
Airport Improvement Program	20.106		1,326,962
Airport Improvement Program	20.106		505,290
Airport Improvement Program	20.106		1,791
Airport Improvement Program	20.106		<u>191,014</u>
			<u>3,085,070</u>

CITY OF IOWA CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Transportation (continued)			
Passed through program from			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	FHWAIA08-06	\$ 2,305
Highway Planning and Construction	20.205	FHWAIA08-05	2,603
Highway Planning and Construction	20.205	FHWAIA08-02	2,706
Highway Planning and Construction	20.205	FHWAIA08-03	5,060
Highway Planning and Construction	20.205	FHWAIA08-04	8,079
Highway Planning and Construction	20.205	FHWAIA08-01- DDIR RRW-3715-001	53,215
Highway Planning and Construction	20.205	09MPO-JCCOG	113,350
Highway Planning and Construction	20.205	STP-E-3715(635)--8V-52	266,690
Highway Planning and Construction	20.205	HDP-3715(628)--71-52	1,250,474
Highway Planning and Construction	20.205	HDP-3715(634)--71-52	<u>1,589,068</u>
			<u>3,293,550</u>
Federal Transit – Capital Investment Grants	20.500	IA-04-0013-371-07	<u>107,365</u>
Federal Transit – Metropolitan Planning Grants	20.505	09MPO-JCCOG	<u>33,200</u>
Direct Program			
Federal Transit – Formula Grants	20.507		<u>993,132</u>
Passed through program from			
Iowa Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	IA-16-X001-371-09	<u>79,104</u>
Job Access – Reverse Commute Project	20.516	IA-37-X012-371-09	55,502
Job Access – Reverse Commute Project	20.516	IA-37-X017-371-09	93,942
Job Access – Reverse Commute Project	20.516	IA-37-X012-371-07	<u>29,946</u>
			<u>179,390</u>
New Freedom Program	20.521	IA-57-X001-371-07	<u>4,440</u>

CITY OF IOWA CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Transportation (continued)			
Passed through program from			
Iowa Department of Public Safety, Governor's			
Traffic Safety Bureau			
State and Community Highway Safety	20.600	PAP 08-02, Task 13	\$ <u>3,408</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP-09-410, Task 36	<u>15,071</u>
Total U.S. Department of Transportation			<u>7,793,730</u>
U.S. Department of Homeland Security			
Passed through program from			
Iowa Homeland Security & Emergency			
Management Division			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	<u>1,884,079</u>
Hazard Mitigation Grant (B)	97.039	FEMA-DR-1763-0015 01	1,551,868
Hazard Mitigation Grant (B)	97.039	DR-1737-0001-01	<u>1,729</u>
			<u>1,553,597</u>
Total U.S. Department of Homeland Security			<u>3,437,676</u>
Total			<u>\$ 20,779,742</u>

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF IOWA CITY, IOWA
NOTES TO THE 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 Iowa City, Iowa, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 585,699
HOME Investment Partnerships Program	14.239	568,014
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12,894

NOTE 3. RESTATEMENT

The City's 2009 Schedule of Expenditures of Federal Awards was reissued to report \$1,551,868 of expenditures under CFDA# 97.039 Hazard Mitigation Grant (B), instead of CFDA# 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters). CFDA# 97.039 Hazard Mitigation Grant (B) was audited as a major program. In addition, a material weakness was added to the Schedule of Findings and Questioned Costs as finding II-A-09.

**CITY OF IOWA CITY, IOWA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009**

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant deficiency None reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major programs:

CFDA Number

14.228

Name of Federal Program or Cluster

Community Development Block Grants/
 State's Program

14.239

HOME Investment Partnerships Program

20.106

Airport Improvement Program

20.205

Highway Planning and Construction

97.039

Hazard Mitigation Grant (B)

Dollar threshold used to distinguish between Type A and Type B programs \$623,392

Auditee qualified as low-risk auditee Yes

CITY OF IOWA CITY, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

II-A-09 Material Adjustment to the Schedule of Expenditures of Federal Awards

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

Condition – An adjustment was made to the Schedule of Expenditures of Federal Awards to correct a data entry error that was not identified through the City’s existing internal controls and resulted in a material misstatement of the City’s Schedule of Expenditures of Federal Awards.

Cause – There is no formal internal review process for the Schedule of Expenditures of Federal Awards over City personnel administering the grant reporting. The cause of this error was a data entry error on a CFDA number that was entered in the software used to prepare the Schedule of Expenditures of Federal Awards. CFDA number 97.036 was entered rather than 97.039. Third party verification by the grant awarding agency also confirmed the incorrect CFDA number.

Effect – The effect of this condition was that the federal expenditures were reported under an incorrect CFDA number which resulted in a major program not being identified as such.

Recommendation – We recommend that finance staff develop a review procedure to insure that all information included in the Schedule of Expenditures of Federal Awards is correctly reported.

Response – Due to an increase in Federal and State funding for flood and stimulus grants, the Accounting Division hired an additional accountant in January 2011 whose primary responsibility is grants and who is able to commit more time to grant reporting. Going forward, this grant accountant will look at CFDA numbers entered into the software used to prepare the Schedule of Expenditure of Federal Awards to verify data entry.

Conclusion – Response accepted.

CITY OF IOWA CITY, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget – Disbursements before the March 24, 2009, amendment exceeded the original amount budgeted in the community and economic development and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

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

Conclusion – Response accepted.

III-B-09 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

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

III-D-09 Business Transactions – No business transactions between the City and City officials or employees were noted.

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

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

III-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

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