

**CITY OF CORALVILLE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

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Officials

Elected Officials

| Name | Title | Term Expires |
|----------------------------------|----------------|-----------------|
| (Before November, 2013 Election) | | |
| Jim L. Fausett | Mayor | January 1, 2014 |
| Thomas Gill | Council Member | January 1, 2014 |
| William Hoeft | Council Member | January 1, 2014 |
| John Lundell | Council Member | January 1, 2014 |
| Mitch Gross | Council Member | January 1, 2016 |
| Jill Dodds | Council Member | January 1, 2016 |

(After November, 2013 Election)

| | | |
|-----------------|----------------|-----------------|
| John Lundell | Mayor | January 1, 2016 |
| Jill Dodds | Council Member | January 1, 2016 |
| Thomas Gill | Council Member | January 1, 2018 |
| Laurie Goodrich | Council Member | January 1, 2018 |
| Mitch Gross | Council Member | January 1, 2016 |
| William Hoeft | Council Member | January 1, 2018 |

Appointed Officials

| | | |
|------------------|------------------------------|------------|
| Kelly Hayworth | City Administrator | Indefinite |
| Thorsten Johnson | City Clerk | Indefinite |
| Tony Roetlin | City Finance Officer | Indefinite |
| Ellen Habel | Assistant City Administrator | Indefinite |
| Donald L. Diehl | City Attorney | Indefinite |
| Kevin Olson | Assistant City Attorney | Indefinite |
| Kathryn Scheetz | Deputy City Clerk | Indefinite |

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 Coralville as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for the retiree health plan on pages 4 through 13 and 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville's basic financial statements. We previously audited, in accordance with standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included on pages 54 through 68, including the schedule of expenditures of federal awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014 on our consideration of the City of Coralville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
March 11, 2014

Management's Discussion and Analysis

As management of the City of Coralville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City of Coralville exceeded its liabilities as of June 30, 2013 and 2012, by \$142,001,916 and \$127,626,531, respectively. Of this amount, \$7,636,066 and \$7,844,570, respectively, are unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$6,745,663, a decrease of 54% as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,531,279, or 30%, of the 2013 total General Fund expenditures. As of June 30, 2012, unassigned General Fund balance was \$4,775,726, or 33%, of the 2012 total General Fund expenditures.
- Total governmental long-term debt increased by approximately \$420,000 during the current fiscal year. The City issued \$19.9 million of new debt and retired \$19.5 million of existing debt. The new debt was issued to fund various projects within the City.
- The City's business-type activities issued the following debt to finance projects:

| | |
|----------------------------|-----------------------------|
| Sewer | \$ 1,500,000 |
| Iowa River Landing Parking | <u>28,326,392</u> |
| | <u>\$ 29,826,392</u> |

Total business-type activity debt retired was approximately \$24.8 million.

USING THIS ANNUAL REPORT

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

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of the City as a whole and presents an overall view of the City's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental funds. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the City.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents all of the City's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the City's net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The statement of net position and the statement of activities report two kinds of activities:

- Governmental activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, user charges and state and federal grants finance most of these activities.
- Business-type activities include the hotel and conference center, sanitary sewer system, Brown Deere golf course and clubhouse, water works, sanitation department, public transit and hotel parking. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year end that are available for spending. The governmental funds include: (a) the General Fund, (b) Special Revenue Funds, (c) Debt Service Fund and (d) Capital Projects Funds. These funds are reported using current financial resource measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

2. Proprietary funds account for the City's Enterprise Funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the statement of net position and the statement of activities. The major difference between the proprietary funds and the business-type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business-type activities.

Statement of Net Position

A condensed version of the statement of net position as of June 30, 2013 and 2012 follows.

City of Coralville's Net Position

| | 2013 | | | 2012 | | |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Current assets | \$ 41,112,244 | \$ 10,768,859 | \$ 51,881,103 | \$ 45,709,037 | \$ 8,720,437 | \$ 54,429,474 |
| Restricted assets | 4,910,905 | 8,415,815 | 13,326,720 | 4,875,499 | 6,735,330 | 11,610,829 |
| Capital assets | 269,485,611 | 116,011,469 | 385,497,080 | 245,216,923 | 119,485,674 | 364,702,597 |
| Other noncurrent assets | 6,198,834 | — | 6,198,834 | 6,326,455 | — | 6,326,455 |
| Total Assets | <u>\$ 321,707,594</u> | <u>\$ 135,196,143</u> | <u>\$ 456,903,737</u> | <u>\$ 302,127,914</u> | <u>\$ 134,941,441</u> | <u>\$ 437,069,355</u> |
| Current liabilities | \$ 74,866,072 | \$ 8,471,713 | \$ 83,337,785 | \$ 50,703,882 | \$ 5,706,305 | \$ 56,410,187 |
| Noncurrent liabilities | 153,759,240 | 77,804,796 | 231,564,036 | 176,551,670 | 76,480,967 | 253,032,637 |
| Total Liabilities | <u>\$ 228,625,312</u> | <u>\$ 86,276,509</u> | <u>\$ 314,901,821</u> | <u>\$ 227,255,552</u> | <u>\$ 82,187,272</u> | <u>\$ 309,442,824</u> |
| Net Position | | | | | | |
| Net investment in capital assets | \$ 77,979,634 | \$ 38,846,747 | \$ 116,826,381 | \$ 54,927,453 | \$ 47,232,031 | \$ 102,159,484 |
| Restricted | 15,523,295 | 2,016,174 | 17,539,469 | 17,622,477 | — | 17,622,477 |
| Unrestricted | (420,647) | 8,056,713 | 7,636,066 | 2,322,432 | 5,522,138 | 7,844,570 |
| Total Net Position | <u>\$ 93,082,282</u> | <u>\$ 48,919,634</u> | <u>\$ 142,001,916</u> | <u>\$ 74,872,362</u> | <u>\$ 52,754,169</u> | <u>\$ 127,626,531</u> |

\$17.5 million of the City of Coralville's net position (12%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totaling \$7.6 million (5%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Statement of Activities

A condensed version of the statement of activities as of June 30, 2013 and 2012 follows:

City of Coralville's Governmental and Business-Type Activities

| | 2013 | | | 2012 | | |
|-------------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Revenue | | | | | | |
| Charges for service | \$ 4,642,704 | \$ 26,064,079 | \$ 30,706,783 | \$ 3,785,600 | \$ 23,936,891 | \$ 27,722,491 |
| Operating grants and contributions | 2,316,481 | 575,016 | 2,891,497 | 2,316,148 | 583,831 | 2,899,979 |
| Capital grants and contributions | 16,803,711 | — | 16,803,711 | 12,409,403 | — | 12,409,403 |
| Other General Revenue | | | | | | |
| Property tax | 28,274,561 | — | 28,274,561 | 27,711,527 | — | 27,711,527 |
| Other taxes | 2,900,602 | — | 2,900,602 | 2,702,006 | — | 2,702,006 |
| Other | 439,035 | 33,184 | 472,219 | 612,621 | 80,770 | 693,391 |
| Gain (loss) on sale of assets | 649,461 | 12,301 | 661,762 | (3,014,659) | — | (3,014,659) |
| Total Revenue | <u>56,026,555</u> | <u>26,684,580</u> | <u>82,711,135</u> | <u>46,522,646</u> | <u>24,601,492</u> | <u>71,124,138</u> |
| Expenses | | | | | | |
| Public safety | 4,999,942 | — | 4,999,942 | 4,717,087 | — | 4,717,087 |
| Public works | 1,440,113 | — | 1,440,113 | 1,544,789 | — | 1,544,789 |
| Health and social services | 85,599 | — | 85,599 | 94,420 | — | 94,420 |
| Culture and recreation | 8,163,088 | — | 8,163,088 | 7,647,146 | — | 7,647,146 |
| Community and economic development | 14,585,135 | — | 14,585,135 | 11,212,874 | — | 11,212,874 |
| General government | 2,779,474 | — | 2,779,474 | 2,697,627 | — | 2,697,627 |
| Depreciation - unallocated | 11,393 | — | 11,393 | 11,393 | — | 11,393 |
| Interest on long-term debt | 7,259,909 | — | 7,259,909 | 7,381,909 | — | 7,381,909 |
| Hotel and conference center | — | 17,339,213 | 17,339,213 | — | 17,170,614 | 17,170,614 |
| Sewer | — | 2,470,829 | 2,470,829 | — | 2,525,952 | 2,525,952 |
| Iowa River Landing parking | — | 1,573,594 | 1,573,594 | — | 753,582 | 753,582 |
| Water | — | 2,080,868 | 2,080,868 | — | 1,674,360 | 1,674,360 |
| Solid waste | — | 908,972 | 908,972 | — | 852,770 | 852,770 |
| Golf | — | 2,595,282 | 2,595,282 | — | 2,427,753 | 2,427,753 |
| Transit | — | 1,897,099 | 1,897,099 | — | 1,909,749 | 1,909,749 |
| Storm water | — | 145,240 | 145,240 | — | 121,680 | 121,680 |
| Total Expenses | <u>39,324,653</u> | <u>29,011,097</u> | <u>68,335,750</u> | <u>35,307,245</u> | <u>27,436,460</u> | <u>62,743,705</u> |
| Increase (Decrease) in Net Position | | | | | | |
| Before Transfers | 16,701,902 | (2,326,517) | 14,375,385 | 11,215,401 | (2,834,968) | 8,380,433 |
| Transfers | <u>1,508,018</u> | <u>(1,508,018)</u> | <u>—</u> | <u>(1,136,931)</u> | <u>1,136,931</u> | <u>—</u> |
| Increase (Decrease) in Net Position | 18,209,920 | (3,834,535) | 14,375,385 | 10,078,470 | (1,698,037) | 8,380,433 |
| Beginning net position | <u>74,872,362</u> | <u>52,754,169</u> | <u>127,626,531</u> | <u>64,793,892</u> | <u>54,452,206</u> | <u>119,246,098</u> |
| Ending Net Position | <u>\$ 93,082,282</u> | <u>\$ 48,919,634</u> | <u>\$ 142,001,916</u> | <u>\$ 74,872,362</u> | <u>\$ 52,754,169</u> | <u>\$ 127,626,531</u> |

Governmental Activities

Total governmental activities' revenue was \$55,377,094 and \$49,537,305 (before gain or loss on the sale of assets) for the years ended June 30, 2013 and 2012, respectively. The largest single revenue source for the City was property and other taxes of \$31,175,163 and \$30,413,533 recorded for the years ended June 30, 2013 and 2012, respectively, which includes property tax paid in the Tax Increment Financing areas of the City. The remaining revenue of the City comes from a Hotel/Motel tax, charges for service, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

Business-Type Activities

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

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of approximately \$6.7 million. A deficit of approximately \$11.8 million constitutes unassigned fund balance. This total deficit results primarily from capital project funds that currently have deficits which will be eliminated with state and federal grants and debt proceeds in future years. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service or for a variety of other restricted purposes which is primarily expendable trust and capital projects.

The General Fund is the chief operating fund of the City of Coralville. As of the end of the current fiscal year, unassigned fund balance of the General Fund was \$4.5 million, while total fund balance reached \$7.4 million. Unassigned fund balance represents 61.6% of total General Fund balance. The General Fund revenue increased approximately \$1 million, or 8%, over fiscal year 2012, while expenditures increased approximately \$600,000, or 4%, over the prior year. Key factors in this increase included an increase in property tax and charges for service and in culture and recreation expenditures.

The Special Revenue - Mall/Highway 6 TIF Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects and other project costs. This fund ended 2013 with a fund balance of \$6.3 million compared to the prior year ending fund balance of \$6.1 million.

The General Obligation Debt Service Fund accounts for general obligation debt issued and the subsequent principal and interest payments. Property tax and transfers in from other funds are the primary sources of cash for this fund. The fund ended 2013 with a balance of \$1.6 million, an increase of approximately \$800,000 from 2012.

The Capital Projects - Flood Mitigation Fund accounts for flood prevention and mitigation projects underway in the City, in response to the devastating floods which occurred in 2008. The fund ended 2013 with a \$11.2 million deficit fund balance compared to the prior year deficit fund balance of \$5.6 million. The increase in the deficit is a result of construction projects during the year. The deficit will be eliminated through future grant revenue and transfers from other funds.

The Capital Projects - Iowa River Landing Fund accounts for improvements being made to the area near the City-owned Marriott Hotel and Conference Center.

Proprietary Fund Highlights

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its hotel and conference center, water, sewer, solid waste, transit, hotel parking and golf course activities.

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

The Hotel and Conference Center Fund accounts for the operation and maintenance of the Marriott hotel located on East 9th Street in Coralville. The fund ended 2013 with a net position balance totaling \$12.2 million compared to the prior year ending net position balance of \$14.2 million. The decrease was the result of a net loss after transfers of \$2 million which included \$2.9 million of depreciation expense.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2013 with a net position balance of \$14.7 million compared to the prior year ending net position balance of \$14.3 million. The increase was due to an increase in rates charged to users of the system.

The Iowa River Landing Parking Fund accounts for the two parking ramps located in the Iowa River Landing development area. The net position totaled approximately \$2.9 million as of the end of 2013, a decrease of approximately \$2 million due to transfers out to other funds.

BUDGETARY HIGHLIGHTS

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

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2013 budget. The amounts in the 'Actual' column were taken from the City's annual report to the State of Iowa prepared on the cash basis of accounting.

| | Original Budget | Amended Budget | Actual | | | Over (Under) Budget |
|---|----------------------|----------------------|-------------------------|----------------------|----------------------|-----------------------|
| | | | Governmental Fund Types | Proprietary Funds | Total | |
| Receipts | | | | | | |
| Property tax | \$ 12,011,315 | \$ 12,011,315 | \$ 12,017,684 | \$ — | \$ 12,017,684 | \$ 6,369 |
| Tax increment financing | 17,120,373 | 17,120,373 | 16,152,845 | — | 16,152,845 | (967,528) |
| Other city taxes | 2,468,952 | 2,468,952 | 2,553,776 | — | 2,553,776 | 84,824 |
| Licenses and permits | 696,850 | 696,850 | 709,222 | — | 709,222 | 12,372 |
| Use of money and property | 9,472,911 | 9,472,911 | 1,550,403 | 8,076,619 | 9,627,022 | 154,111 |
| Intergovernmental | 3,896,803 | 28,896,803 | 18,087,648 | 895,691 | 18,983,339 | (9,913,464) |
| Charges for service | 12,956,741 | 12,956,741 | 2,059,110 | 8,447,931 | 10,507,041 | (2,449,700) |
| Special assessments | — | — | 68,297 | — | 68,297 | 68,297 |
| Miscellaneous | 9,405,620 | 9,405,620 | 1,212,859 | 8,349,185 | 9,562,044 | 156,424 |
| Total Receipts | 68,029,565 | 93,029,565 | 54,411,844 | 25,769,426 | 80,181,270 | (12,848,295) |
| Disbursements | | | | | | |
| Public safety | 4,981,240 | 4,981,240 | 4,745,947 | — | 4,745,947 | (235,293) |
| Public works | 1,729,100 | 2,229,100 | 1,862,267 | — | 1,862,267 | (366,833) |
| Health and social services | 97,470 | 97,470 | 85,132 | — | 85,132 | (12,338) |
| Culture and recreation | 7,540,384 | 7,540,384 | 7,189,505 | — | 7,189,505 | (350,879) |
| Community and economic development | 1,023,830 | 1,023,830 | 2,417,338 | — | 2,417,338 | 1,393,508 |
| General government | 2,672,419 | 3,448,521 | 2,775,450 | — | 2,775,450 | (673,071) |
| Debt service | 36,666,076 | 36,966,076 | 52,269,226 | — | 52,269,226 | 15,303,150 |
| Capital projects | 12,020,000 | 37,221,004 | 39,050,261 | — | 39,050,261 | 1,829,257 |
| Business-type activities | 26,326,616 | 26,326,616 | — | 23,143,574 | 23,143,574 | (3,183,042) |
| Total Disbursements | 93,057,135 | 119,834,241 | 110,395,126 | 23,143,574 | 133,538,700 | 13,704,459 |
| Receipts Over (Under) Disbursements | (25,027,570) | (26,804,676) | (55,983,282) | 2,625,852 | (53,357,430) | (26,552,754) |
| Other Financing Sources (Uses) | | | | | | |
| Other financing sources | 49,860,264 | 49,860,264 | 85,397,861 | 2,800,866 | 88,198,727 | 38,338,463 |
| Other financing uses | (23,223,014) | (23,223,014) | (35,512,807) | (4,620,385) | (40,133,192) | (16,910,178) |
| Total Other Financing Sources (Uses) | 26,637,250 | 26,637,250 | 49,885,054 | (1,819,519) | 48,065,535 | 21,428,285 |
| Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 1,609,680 | (167,426) | (6,098,228) | 806,333 | (5,291,895) | \$ (5,124,469) |
| Balance - Beginning of Year | 17,655,708 | 17,655,708 | 12,507,822 | 9,919,919 | 22,427,741 | |
| Balance - End of Year | \$ 19,265,388 | \$ 17,488,282 | \$ 6,409,594 | \$ 10,726,252 | \$ 17,135,846 | |

The fiscal year 2013 budget amendment resulted in an overall increase in total appropriations. The timing of improvements in the capital projects funds and short-term debt refinancing increased the fiscal year 2013 expenditures significantly.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

Capital Assets as of Fiscal Year End (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 76,734,781 | \$ 68,834,393 | \$ 5,645,327 | \$ 5,645,327 | \$ 82,380,108 | \$ 74,479,720 |
| Land improvements | 43,091,035 | 24,497,263 | — | — | 43,091,035 | 24,497,263 |
| Buildings and improvements | 39,861,141 | 37,585,975 | 102,347,027 | 92,309,934 | 142,208,168 | 129,895,909 |
| Infrastructure | 67,110,346 | 69,071,244 | — | — | 67,110,346 | 69,071,244 |
| Machinery and equipment | 8,785,685 | 6,666,674 | 7,002,213 | 8,973,072 | 15,787,898 | 15,639,746 |
| Construction-in-progress | <u>33,902,623</u> | <u>38,561,374</u> | <u>1,016,902</u> | <u>12,557,341</u> | <u>34,919,525</u> | <u>51,118,715</u> |
| Total | <u>\$ 269,485,611</u> | <u>\$ 245,216,923</u> | <u>\$ 116,011,469</u> | <u>\$ 119,485,674</u> | <u>\$ 385,497,080</u> | <u>\$ 364,702,597</u> |

Long-Term Debt

The following summarizes maturities of principal and interest on bonded debt outstanding as of June 30, 2013:

| Year Ending June 30, | Governmental Activities | | | | Business-Type Activities | | Total | |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|------------------------------|-----------------------------|
| | General Obligation Bonds | | Tax Increment Revenue Bonds | | Revenue Bonds | | Principal | Interest |
| | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2014 | \$ 15,665,000 | \$ 5,215,473 | \$ 2,115,000 | \$ 1,506,656 | \$ 4,635,000 | \$ 867,444 | \$ 22,415,000 | \$ 7,589,573 |
| 2015 | 12,592,874 | 4,798,103 | 2,195,000 | 1,400,906 | 1,639,000 | 788,472 | 16,426,874 | 6,987,481 |
| 2016 | 11,140,000 | 4,379,491 | 2,350,000 | 1,291,156 | 1,681,000 | 746,590 | 15,171,000 | 6,417,237 |
| 2017 | 11,570,000 | 3,959,854 | 2,960,000 | 1,173,656 | 1,717,000 | 701,104 | 16,247,000 | 5,834,614 |
| 2018 | 12,495,000 | 3,528,228 | 3,215,000 | 1,025,656 | 1,765,000 | 654,274 | 17,475,000 | 5,208,158 |
| 2019-2023 | 31,965,000 | 12,719,805 | — | 4,324,530 | 8,351,000 | 2,846,353 | 40,316,000 | 19,890,688 |
| 2024-2028 | 18,835,000 | 7,540,620 | — | 4,324,530 | 7,572,000 | 2,256,710 | 26,407,000 | 14,121,860 |
| 2029-2033 | 20,000,000 | 2,456,213 | — | 4,324,530 | 4,855,000 | 463,140 | 24,855,000 | 7,243,883 |
| 2034-2038 | — | — | 4,805,000 | 3,838,906 | — | — | 4,805,000 | 3,838,906 |
| 2039-2043 | — | — | 6,400,000 | 2,483,750 | — | — | 6,400,000 | 2,483,750 |
| 2044-2048 | — | — | <u>5,945,000</u> | <u>767,000</u> | — | — | <u>5,945,000</u> | <u>767,000</u> |
| | 134,262,874 | 44,597,787 | 29,985,000 | 26,461,276 | 32,215,000 | 9,324,087 | 196,462,874 | 80,383,150 |
| Net unamortized bond premium (discount) | <u>2,134,724</u> | — | <u>626,595</u> | — | — | — | <u>2,761,319</u> | — |
| Net | <u>\$ 136,397,598</u> | <u>\$ 44,597,787</u> | <u>\$ 30,611,595</u> | <u>\$ 26,461,276</u> | <u>\$ 32,215,000</u> | <u>\$ 9,324,087</u> | <u>\$ 199,224,193</u> | <u>\$ 80,383,150</u> |

The City also had outstanding as of June 30, 2013, bond anticipation notes totaling \$19,260,000 which will be replaced with general obligation bonds in 2014 and other long-term debt totaling \$4,436,784.

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

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is below its constitutional debt limit of approximately \$102 million.

The City of Coralville maintains a Baa2 rating from Moody's Investor Services and an AA- rating from Standard & Poors for general obligation debt.

For more information on the City's debt and amortization terms, please refer to page 35 of the notes to the financial statements.

ECONOMIC FACTORS

Retail sales for the City of Coralville for calendar year 2012 were approximately \$755,000,000 compared to \$722,000,000 for 2011.

NEXT YEAR'S BUDGET AND RATES

- Water, Solid Waste Sewer and Storm Water Management rates will remain the same for fiscal year 2014 as fiscal year 2013. Public transit rates will increase from \$0.75 to \$1.00 per ride for the basic fare.
- The City tax levy rate for fiscal year 2014 will be \$13.5227 which is the same as 2013.
- Property tax provided about 54% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 3%, while taxable values have had an average annual growth rate of 4.4%.

FINANCIAL INFORMATION CONTACT

The City's financial statements are designed to provide a general overview of the finances and accountability for all those interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Officer, City of Coralville, P.O. Box 5127, Coralville, IA 52241.

Basic Financial Statements

Statement of Net Position

As of June 30, 2013

| | Governmental Activities | Business- Type Activities | Total |
|--|----------------------------------|----------------------------------|----------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and pooled investments | \$ 3,899,270 | \$ 100 | \$ 3,899,370 |
| Receivables | | | |
| Property Tax | | | |
| Current year delinquent, net of allowance for uncollectible taxes | 149,956 | — | 149,956 |
| Succeeding year | 30,520,611 | — | 30,520,611 |
| Assets held by property manager..... | — | 1,129,777 | 1,129,777 |
| Customer accounts, net of allowance for uncollectible accounts | — | 1,510,251 | 1,510,251 |
| Internal balances..... | (5,515,473) | 5,515,473 | — |
| Due from other governments..... | 10,013,511 | 28,046 | 10,041,557 |
| Special assessments | 15,179 | — | 15,179 |
| Other..... | 46,215 | — | 46,215 |
| Inventories and prepaids..... | 666,649 | 2,585,212 | 3,251,861 |
| Deferred charges | 1,316,326 | — | 1,316,326 |
| Total Current Assets | <u>41,112,244</u> | <u>10,768,859</u> | <u>51,881,103</u> |
| Noncurrent Assets | | | |
| Restricted Assets | | | |
| Cash and pooled investments..... | 4,910,905 | 2,016,174 | 6,927,079 |
| Beneficial interest in a trust | — | 6,399,641 | 6,399,641 |
| Loans, net of allowance for uncollectible amounts..... | 6,017,417 | — | 6,017,417 |
| Special assessments..... | 181,417 | — | 181,417 |
| Capital assets, net of accumulated depreciation | <u>269,485,611</u> | <u>116,011,469</u> | <u>385,497,080</u> |
| Total Noncurrent Assets | <u>280,595,350</u> | <u>124,427,284</u> | <u>405,022,634</u> |
| Total Assets | <u>\$ 321,707,594</u> | <u>\$ 135,196,143</u> | <u>\$ 456,903,737</u> |

See accompanying notes to the financial statements.

| | Governmental Activities | Business- Type Activities | Total |
|---|------------------------------------|--|------------------------------|
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts and retainages payable | \$ 4,647,734 | \$ 1,313,345 | \$ 5,961,079 |
| Accrued expenses | 1,769,573 | 1,398,801 | 3,168,374 |
| Revenue bonds payable | — | 2,618,826 | 2,618,826 |
| General obligation bonds payable | 15,665,000 | — | 15,665,000 |
| Bond anticipation notes | 19,260,000 | — | 19,260,000 |
| Other loans payable | 706,737 | 9,567 | 716,304 |
| Capital leases | — | 1,115,000 | 1,115,000 |
| Deferred Revenue | | | |
| Succeeding year property tax | 30,520,611 | — | 30,520,611 |
| Special assessments | 181,417 | — | 181,417 |
| Current Liabilities Payable From Restricted Assets | | | |
| Tax increment financing bonds payable .. | 2,115,000 | — | 2,115,000 |
| Revenue bonds payable | — | 2,016,174 | 2,016,174 |
| Total Current Liabilities | <u>74,866,072</u> | <u>8,471,713</u> | <u>83,337,785</u> |
| Noncurrent Liabilities | | | |
| Revenue bonds payable | — | 27,580,000 | 27,580,000 |
| General obligation bonds payable | 120,732,598 | — | 120,732,598 |
| Tax increment financing bonds payable | 28,496,595 | — | 28,496,595 |
| Other loans payable | 4,530,047 | 106,553 | 4,636,600 |
| Capital leases | — | 50,118,243 | 50,118,243 |
| Total Noncurrent Liabilities | <u>153,759,240</u> | <u>77,804,796</u> | <u>231,564,036</u> |
| Total Liabilities | <u>228,625,312</u> | <u>86,276,509</u> | <u>314,901,821</u> |
| Net Position | | | |
| Net investment in capital assets | 77,979,634 | 38,846,747 | 116,826,381 |
| Restricted For | | | |
| Debt service | 10,975,179 | 2,016,174 | 12,991,353 |
| Expendable trust | 485,017 | — | 485,017 |
| Road use purposes | 882,002 | — | 882,002 |
| Employee benefits | 15,854 | — | 15,854 |
| Economic development | 146,992 | — | 146,992 |
| Special assessments | 552,252 | — | 552,252 |
| Capital projects | 2,374,306 | — | 2,374,306 |
| Other | 91,693 | — | 91,693 |
| Unrestricted | (420,647) | 8,056,713 | 7,636,066 |
| Total Net Position | <u>93,082,282</u> | <u>48,919,634</u> | <u>142,001,916</u> |
| Total Liabilities and Net Position | <u>\$ 321,707,594</u> | <u>\$ 135,196,143</u> | <u>\$ 456,903,737</u> |

Statement of Activities

Year Ended June 30, 2013

| Programs | Expenses | Program Revenue | | | Net (Expenses), Revenue and Changes in Net Position | | |
|---|----------------------|------------------------|--|--|--|---------------------------------|-----------------------|
| | | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities | | | | | | | |
| Public safety | \$ 4,999,942 | \$ 44,938 | \$ 260,892 | \$ — | \$ (4,694,112) | \$ — | \$ (4,694,112) |
| Public works | 1,440,113 | — | 1,854,673 | — | 414,560 | — | 414,560 |
| Health and social services | 85,599 | — | — | — | (85,599) | — | (85,599) |
| Culture and recreation | 8,163,088 | 2,240,406 | 176,850 | — | (5,745,832) | — | (5,745,832) |
| Community and economic development | 14,585,135 | 1,476,987 | 15,876 | 16,741,751 | 3,649,479 | — | 3,649,479 |
| General government | 2,779,474 | 880,373 | 8,190 | 61,960 | (1,828,951) | — | (1,828,951) |
| Depreciation - unallocated* | 11,393 | — | — | — | (11,393) | — | (11,393) |
| Interest on long-term debt | 7,259,909 | — | — | — | (7,259,909) | — | (7,259,909) |
| Total Governmental Activities | 39,324,653 | 4,642,704 | 2,316,481 | 16,803,711 | (15,561,757) | — | (15,561,757) |
| Business-Type Activities | | | | | | | |
| Hotel and conference center | 17,339,213 | 14,673,284 | — | — | — | (2,665,929) | (2,665,929) |
| Sewer | 2,470,829 | 2,852,489 | — | — | — | 381,660 | 381,660 |
| Iowa River Landing parking | 1,573,594 | 2,095,656 | — | — | — | 522,062 | 522,062 |
| Water | 2,080,868 | 2,415,166 | — | — | — | 334,298 | 334,298 |
| Solid waste | 908,972 | 968,543 | — | — | — | 59,571 | 59,571 |
| Golf | 2,595,282 | 2,212,650 | — | — | — | (382,632) | (382,632) |
| Transit | 1,897,099 | 529,302 | 575,016 | — | — | (792,781) | (792,781) |
| Storm water | 145,240 | 316,989 | — | — | — | 171,749 | 171,749 |
| Total Business-Type Activities | 29,011,097 | 26,064,079 | 575,016 | — | — | (2,372,002) | (2,372,002) |
| Total | \$ 68,335,750 | \$ 30,706,783 | \$ 2,891,497 | \$ 16,803,711 | (15,561,757) | (2,372,002) | (17,933,759) |
| General Revenue | | | | | | | |
| Taxes | | | | | | | |
| Property tax levied for general purposes | | | | | 9,230,944 | — | 9,230,944 |
| Property tax levied for debt service | | | | | 2,899,815 | — | 2,899,815 |
| Tax increment financing taxes | | | | | 16,143,802 | — | 16,143,802 |
| Other taxes | | | | | 2,900,602 | — | 2,900,602 |
| Investment earnings | | | | | 141,945 | 33,184 | 175,129 |
| Miscellaneous | | | | | 297,090 | — | 297,090 |
| Gain on sale of land | | | | | 649,461 | 12,301 | 661,762 |
| Total General Revenue | | | | | 32,263,659 | 45,485 | 32,309,144 |
| Change in Net Position Before Other Financing Sources (Uses) | | | | | 16,701,902 | (2,326,517) | 14,375,385 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers | | | | | 1,508,018 | (1,508,018) | — |
| Change in Net Position | | | | | 18,209,920 | (3,834,535) | 14,375,385 |
| Net Position - Beginning of Year | | | | | 74,872,362 | 52,754,169 | 127,626,531 |
| Net Position - End of Year | | | | | \$ 93,082,282 | \$ 48,919,634 | \$ 142,001,916 |

* This amount excludes depreciation included in the direct expenses of the various programs.

Balance Sheet - Governmental Funds

As of June 30, 2013

| | General Fund | Special Revenue - Mall/Highway 6 TIF Fund | General Obligation Debt Service | Capital Projects | | Nonmajor Governmental Funds | Total |
|--|----------------------|---|---------------------------------------|---------------------|-----------------------|-----------------------------------|----------------------|
| | | | | Flood Mitigation | Iowa River Landing | | |
| Assets | | | | | | | |
| Cash and pooled investments | \$ 3,028,172 | \$ — | \$ 865,550 | \$ — | \$ — | \$ 5,548 | \$ 3,899,270 |
| Receivables | | | | | | | |
| Property Tax | | | | | | | |
| Current year delinquent..... | 73,448 | 20,495 | 19,277 | — | — | 36,736 | 149,956 |
| Succeeding year | 7,918,520 | 14,420,982 | 3,051,976 | — | — | 5,129,133 | 30,520,611 |
| Loans..... | — | 2,902,727 | — | — | — | 3,114,690 | 6,017,417 |
| Due from other funds | 3,401,810 | — | — | — | 1,176,541 | 4,519,556 | 9,097,907 |
| Due from other governments..... | 1,017,037 | — | — | 6,706,758 | 196,000 | 2,093,716 | 10,013,511 |
| Other..... | 46,215 | — | — | — | — | — | 46,215 |
| Special assessments | — | — | — | — | — | 196,596 | 196,596 |
| Inventories and prepaids | 652,164 | — | — | — | — | 14,485 | 666,649 |
| Restricted Assets | | | | | | | |
| Cash and pooled investments | — | 3,363,718 | 722,750 | — | — | 824,437 | 4,910,905 |
| Total Assets | \$ 16,137,366 | \$ 20,707,922 | \$ 4,659,553 | \$ 6,706,758 | \$ 1,372,541 | \$ 15,934,897 | \$ 65,519,037 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 648,872 | \$ 17,512 | \$ 9,750 | \$ 1,257,870 | \$ 780,876 | \$ 1,932,854 | \$ 4,647,734 |
| Accrued liabilities..... | 217,074 | — | — | — | — | — | 217,074 |
| Due to other funds..... | — | — | — | 9,982,468 | — | 4,630,912 | 14,613,380 |
| Deferred Revenue | | | | | | | |
| Succeeding years property tax..... | 7,918,520 | 14,420,982 | 3,051,976 | — | — | 5,129,133 | 30,520,611 |
| Special assessments | — | — | — | — | — | 181,417 | 181,417 |
| Other..... | — | — | — | 6,706,758 | 196,000 | 1,690,400 | 8,593,158 |
| Total Liabilities | 8,784,466 | 14,438,494 | 3,061,726 | 17,947,096 | 976,876 | 13,564,716 | 58,773,374 |
| Fund Balances | | | | | | | |
| Nonspendable | 652,164 | 2,902,727 | — | — | — | 3,129,175 | 6,684,066 |
| Restricted | | | | | | | |
| Debt service..... | — | 3,366,701 | 1,597,827 | — | — | 308,234 | 5,272,762 |
| Expendable trust..... | — | — | — | — | — | 485,107 | 485,107 |
| Road use purposes..... | — | — | — | — | — | 882,002 | 882,002 |
| Employee benefits | — | — | — | — | — | 15,854 | 15,854 |
| Special assessments | — | — | — | — | — | 552,252 | 552,252 |
| Capital projects | — | — | — | — | — | 2,374,306 | 2,374,306 |
| Other..... | — | — | — | — | — | 91,693 | 91,693 |
| Committed for capital asset acquisition..... | 2,169,457 | — | — | — | — | — | 2,169,457 |
| Unassigned | 4,531,279 | — | — | (11,240,338) | 395,665 | (5,468,442) | (11,781,836) |
| Total Fund Balances | 7,352,900 | 6,269,428 | 1,597,827 | (11,240,338) | 395,665 | 2,370,181 | 6,745,663 |
| Total Liabilities and Fund Balances | \$ 16,137,366 | \$ 20,707,922 | \$ 4,659,553 | \$ 6,706,758 | \$ 1,372,541 | \$ 15,934,897 | \$ 65,519,037 |

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of June 30, 2013

| | |
|---|-----------------------------|
| Total Fund Balances for Governmental Funds (Page 16).... | \$ 6,745,663 |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i> | |
| Certain receivables are not available financial resources and, therefore, are reported as deferred revenue in governmental funds..... | 8,593,158 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds..... | 269,485,611 |
| Debt issuance costs are capitalized as deferred charges and amortized to expense | 1,316,326 |
| Long-term liabilities, accrued interest and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | |
| General obligation bonds payable | (136,397,598) |
| Tax increment financing bonds payable | (30,611,595) |
| Bond anticipation notes | (19,260,000) |
| Other loans payable | (5,236,784) |
| Accrued interest payable | (760,871) |
| Compensated absences..... | <u>(791,628)</u> |
| Net Position of Governmental Activities (Page 14) | <u>\$ 93,082,282</u> |

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

Year Ended June 30, 2013

| | General Fund | Special Revenue - Mall/Highway 6 TIF Fund | General Obligation Debt Service | Capital Projects | | Nonmajor Governmental Funds | Total |
|---|---------------------|---|---------------------------------------|------------------------|-----------------------|-----------------------------------|---------------------|
| | | | | Flood Mitigation | Iowa River Landing | | |
| Revenue | | | | | | | |
| Property tax | \$ 7,542,275 | \$ — | \$ 2,868,158 | \$ — | \$ — | \$ 1,711,795 | \$ 12,122,228 |
| TIF and other city taxes | 2,908,699 | 12,826,035 | — | — | — | 3,317,767 | 19,052,501 |
| Special assessments | — | — | — | — | — | 71,790 | 71,790 |
| Licenses and permits | 549,717 | — | — | — | — | — | 549,717 |
| Use of money and property | 226,047 | 16,803 | 102,965 | 35,000 | 381,590 | — | 762,405 |
| Intergovernmental | 520,713 | — | 2,700 | 9,558,203 | — | 6,097,992 | 16,179,608 |
| Charges for service | 2,093,277 | — | — | — | — | 916,475 | 3,009,752 |
| Miscellaneous | 153,365 | 10,202 | — | — | 137,839 | 435,664 | 737,070 |
| Total Revenue | 13,994,093 | 12,853,040 | 2,973,823 | 9,593,203 | 519,429 | 12,551,483 | 52,485,071 |
| Expenditures | | | | | | | |
| Operating | | | | | | | |
| Public safety | 4,722,539 | — | — | — | — | 38,575 | 4,761,114 |
| Public works | — | — | — | — | — | 1,729,154 | 1,729,154 |
| Health and social services | 85,599 | — | — | — | — | — | 85,599 |
| Culture and recreation | 7,006,324 | — | — | — | — | 194,525 | 7,200,849 |
| Community and economic development | 687,422 | 789,379 | — | — | — | 1,488,904 | 2,965,705 |
| General government | 2,756,732 | — | — | — | — | — | 2,756,732 |
| Debt Service | | | | | | | |
| Principal | — | — | 19,303,437 | — | — | — | 19,303,437 |
| Interest and other charges | — | — | 7,405,597 | — | — | — | 7,405,597 |
| Capital projects | 800,000 | — | — | 18,452,850 | 14,378,847 | 5,772,320 | 39,404,017 |
| Total Expenditures | 16,058,616 | 789,379 | 26,709,034 | 18,452,850 | 14,378,847 | 9,223,478 | 85,612,204 |
| Revenue Over (Under) Expenditures | (2,064,523) | 12,063,661 | (23,735,211) | (8,859,647) | (13,859,418) | 3,328,005 | (33,127,133) |
| Other Financing Sources (Uses) | | | | | | | |
| General obligation bond proceeds | — | — | 15,074,153 | — | — | — | 15,074,153 |
| Land purchase contracts | 800,000 | — | — | 4,200,000 | 666,250 | — | 5,666,250 |
| Premium on general obligation bonds issued | — | — | 50,986 | — | — | — | 50,986 |
| Cost of debt issuance | — | — | (174,381) | — | — | — | (174,381) |
| Proceeds from sale of assets | — | — | — | — | 3,079,080 | — | 3,079,080 |
| Transfers in | 2,503,312 | 1,062,952 | 19,195,674 | — | 13,120,363 | 386,070 | 36,268,371 |
| Transfers out | (1,442,082) | (12,955,890) | (9,609,723) | (1,001,610) | (2,679,057) | (7,071,991) | (34,760,353) |
| Total Other Financing Sources (Uses) | 1,861,230 | (11,892,938) | 24,536,709 | 3,198,390 | 14,186,636 | (6,685,921) | 25,204,106 |
| Net Change in Fund Balance | (203,293) | 170,723 | 801,498 | (5,661,257) | 327,218 | (3,357,916) | (7,923,027) |
| Fund Balance - Beginning of Year | 7,556,193 | 6,098,705 | 796,329 | (5,579,081) | 68,447 | 5,728,097 | 14,668,690 |
| Fund Balance - End of Year | \$ 7,352,900 | \$ 6,269,428 | \$ 1,597,827 | \$ (11,240,338) | \$ 395,665 | \$ 2,370,181 | \$ 6,745,663 |

See accompanying notes to the financial statements.

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

Year Ended June 30, 2013

Changes in Fund Balances - Total Governmental Funds (Page 18) \$ (7,923,027)

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

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

| | | |
|--|----------------|------------|
| Capital outlay | \$ 32,286,074 | |
| Depreciation expense..... | (5,391,767) | |
| Proceeds from sale of capital assets | (3,079,080) | |
| Gain on sale of capital assets..... | <u>649,461</u> | 24,464,688 |

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

| | | |
|--|-----------------|-------------|
| Long-term debt issued..... | \$ (15,074,153) | |
| Land purchase contracts | (5,666,250) | |
| Long-term debt principal repaid..... | 19,303,437 | |
| Amortization of discounts and premiums | 220,459 | |
| Debt issuance costs capitalized | 110,620 | |
| Amortization of deferred charges..... | (92,282) | |
| Decrease in accrued interest..... | <u>17,512</u> | (1,180,657) |

Certain receivables are reported in the statement of activities net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds..... 2,904,797

Increase in compensated absences expenses reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds..... (55,881)

Change in Net Position of Governmental Activities (Page 15) \$ 18,209,920

Statement of Net Position - Proprietary Funds

As of June 30, 2013

| | Hotel and Conference Center | Sewer | Iowa River Landing Parking | Nonmajor Proprietary Funds | Total |
|---|-----------------------------------|-----------------------------|----------------------------------|----------------------------------|------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and pooled investments | \$ — | \$ 50 | \$ — | \$ 50 | \$ 100 |
| Receivables | | | | | |
| Assets held by property manager | 928,571 | — | — | 201,206 | 1,129,777 |
| Customer accounts | 482,058 | 464,554 | — | 563,639 | 1,510,251 |
| Due from other governments | — | 28,046 | — | — | 28,046 |
| Due from other funds | — | 1,747,959 | 445,518 | 3,767,325 | 5,960,802 |
| Inventories and prepaids | 857,699 | 91,162 | 1,228,351 | 408,000 | 2,585,212 |
| Total Current Assets | <u>2,268,328</u> | <u>2,331,771</u> | <u>1,673,869</u> | <u>4,940,220</u> | <u>11,214,188</u> |
| Noncurrent Assets | | | | | |
| Restricted Assets | | | | | |
| Cash and pooled investments | — | 280,535 | 1,543,506 | 192,133 | 2,016,174 |
| Beneficial interest in a trust | 5,689,517 | — | — | 710,124 | 6,399,641 |
| Capital assets (net of accumulated depreciation) | <u>49,056,935</u> | <u>21,531,800</u> | <u>21,082,578</u> | <u>24,340,156</u> | <u>116,011,469</u> |
| Total Noncurrent Assets | <u>54,746,452</u> | <u>21,812,335</u> | <u>22,626,084</u> | <u>25,242,413</u> | <u>124,427,284</u> |
| Total Assets | <u>\$ 57,014,780</u> | <u>\$ 24,144,106</u> | <u>\$ 24,299,953</u> | <u>\$ 30,182,633</u> | <u>\$ 135,641,472</u> |
| Liabilities and Net Position | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 458,869 | \$ 63,622 | \$ 80,268 | \$ 710,586 | \$ 1,313,345 |
| Accrued liabilities and compensated absences | 787,153 | 48,753 | 52,394 | 273,586 | 1,161,886 |
| Due to other funds | 243,270 | — | — | 202,059 | 445,329 |
| Current maturities of long-term debt | 925,000 | 3,516,000 | 914,000 | 404,567 | 5,759,567 |
| Customer deposits | — | — | — | 236,915 | 236,915 |
| Total Current Liabilities | <u>2,414,292</u> | <u>3,628,375</u> | <u>1,046,662</u> | <u>1,827,713</u> | <u>8,917,042</u> |
| Long-Term Debt | <u>42,429,242</u> | <u>5,856,000</u> | <u>20,399,000</u> | <u>9,120,554</u> | <u>77,804,796</u> |
| Total Liabilities | <u>44,843,534</u> | <u>9,484,375</u> | <u>21,445,662</u> | <u>10,948,267</u> | <u>86,721,838</u> |
| Net Position | | | | | |
| Net investment in capital assets | 11,392,210 | 12,159,800 | (230,422) | 15,525,159 | 38,846,747 |
| Restricted for debt service | — | 280,535 | 1,543,506 | 192,133 | 2,016,174 |
| Unrestricted | <u>779,036</u> | <u>2,219,396</u> | <u>1,541,207</u> | <u>3,517,074</u> | <u>8,056,713</u> |
| Total Net Position | <u>12,171,246</u> | <u>14,659,731</u> | <u>2,854,291</u> | <u>19,234,366</u> | <u>48,919,634</u> |
| Total Liabilities and Net Position | <u>\$ 57,014,780</u> | <u>\$ 24,144,106</u> | <u>\$ 24,299,953</u> | <u>\$ 30,182,633</u> | <u>\$ 135,641,472</u> |

See accompanying notes to the financial statements.

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

Year Ended June 30, 2013

| | Hotel and Conference Center | Sewer | Iowa River Landing Parking | Nonmajor Proprietary Funds | Total |
|--|-----------------------------------|-----------------------------|----------------------------------|----------------------------------|-----------------------------|
| Operating Revenue | | | | | |
| Charges for Sales and Service | <u>\$ 14,673,284</u> | <u>\$ 2,852,489</u> | <u>\$ 2,095,656</u> | <u>\$ 6,442,650</u> | <u>\$ 26,064,079</u> |
| Operating Expenses | | | | | |
| Salaries and employee benefits | — | 524,723 | 295,263 | 2,383,479 | 3,203,465 |
| Contractual services | 1,329,915 | 571,627 | 141,380 | 1,347,283 | 3,390,205 |
| Commodities | 10,939,314 | 231,703 | 118,501 | 2,303,647 | 13,593,165 |
| Depreciation | <u>2,866,510</u> | <u>931,931</u> | <u>480,715</u> | <u>1,074,601</u> | <u>5,353,757</u> |
| Total Operating Expenses | <u>15,135,739</u> | <u>2,259,984</u> | <u>1,035,859</u> | <u>7,109,010</u> | <u>25,540,592</u> |
| Operating Income (Loss) | <u>(462,455)</u> | <u>592,505</u> | <u>1,059,797</u> | <u>(666,360)</u> | <u>523,487</u> |
| Nonoperating Revenue (Expenses) | | | | | |
| Intergovernmental Revenue | | | | | |
| Federal | — | — | — | 346,101 | 346,101 |
| State | — | — | — | 228,915 | 228,915 |
| Gain on sale of assets | — | — | 12,301 | — | 12,301 |
| Interest revenue | 24,449 | 8,121 | — | 614 | 33,184 |
| Interest expense | <u>(2,203,474)</u> | <u>(210,845)</u> | <u>(537,735)</u> | <u>(518,451)</u> | <u>(3,470,505)</u> |
| Total Nonoperating Revenue (Expenses) | <u>(2,179,025)</u> | <u>(202,724)</u> | <u>(525,434)</u> | <u>57,179</u> | <u>(2,850,004)</u> |
| Income (Loss) Before Transfers | <u>(2,641,480)</u> | <u>389,781</u> | <u>534,363</u> | <u>(609,181)</u> | <u>(2,326,517)</u> |
| Transfers in | 677,568 | — | 3,509,583 | 820,000 | 5,007,151 |
| Transfers out | <u>(30,000)</u> | <u>(60,000)</u> | <u>(6,151,170)</u> | <u>(273,999)</u> | <u>(6,515,169)</u> |
| Net Income (Loss) | <u>(1,993,912)</u> | <u>329,781</u> | <u>(2,107,224)</u> | <u>(63,180)</u> | <u>(3,834,535)</u> |
| Net Position - Beginning of Year | <u>14,165,158</u> | <u>14,329,950</u> | <u>4,961,515</u> | <u>19,297,546</u> | <u>52,754,169</u> |
| Net Position - End of Year | <u>\$ 12,171,246</u> | <u>\$ 14,659,731</u> | <u>\$ 2,854,291</u> | <u>\$ 19,234,366</u> | <u>\$ 48,919,634</u> |

See accompanying notes to the financial statements.

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2013

| | Hotel and Conference Center | Sewer | Iowa River Landing Parking | Nonmajor Proprietary Funds | Total |
|---|-----------------------------------|----------------------------|----------------------------------|----------------------------------|----------------------------|
| Cash Flows From Operating Activities | | | | | |
| Receipts from customers..... | \$ 14,518,560 | \$ 2,857,734 | \$ 2,095,656 | \$ 6,538,425 | \$ 26,010,375 |
| Payments to suppliers..... | (12,087,103) | (787,109) | (194,600) | (3,573,611) | (16,642,423) |
| Payments to employees..... | — | (524,723) | (295,263) | (2,384,742) | (3,204,728) |
| Net Cash Provided by Operating Activities..... | <u>2,431,457</u> | <u>1,545,902</u> | <u>1,605,793</u> | <u>580,072</u> | <u>6,163,224</u> |
| Cash Flows From Noncapital Financing Activities | | | | | |
| Noncapital federal and state grants..... | — | — | — | 575,016 | 575,016 |
| Net transfers..... | 647,568 | (60,000) | (2,641,587) | 546,001 | (1,508,018) |
| Net Cash Provided by (Used in) Noncapital Financing Activities..... | <u>647,568</u> | <u>(60,000)</u> | <u>(2,641,587)</u> | <u>1,121,017</u> | <u>(933,002)</u> |
| Cash Flows From Capital and Related Financing Activities | | | | | |
| Increase in due from other governments..... | — | 326,505 | — | — | 326,505 |
| Increase (decrease) in due to other funds ... | 159,274 | (68,948) | — | — | 90,326 |
| Proceeds from debt..... | — | 1,500,000 | 28,326,392 | — | 29,826,392 |
| Net received from trust..... | (163,069) | — | — | — | (163,069) |
| Purchase of capital assets..... | (32,391) | (261,521) | (2,052,039) | (608,093) | (2,954,044) |
| Repayment of debt..... | (800,000) | (848,000) | (22,687,000) | (409,874) | (24,744,874) |
| Repayment of debt issuance costs..... | — | — | (342,090) | — | (342,090) |
| Payment of interest..... | (2,267,288) | (211,341) | (617,779) | (520,307) | (3,616,715) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities..... | <u>(3,103,474)</u> | <u>436,695</u> | <u>2,627,484</u> | <u>(1,538,274)</u> | <u>(1,577,569)</u> |
| Cash Flows From Investing Activities | | | | | |
| Increase in due from other funds..... | — | (1,747,959) | (445,518) | (2,763,566) | (4,957,043) |
| Interest received..... | 24,449 | 8,121 | 12,301 | 614 | 45,485 |
| Net Cash Provided by (Used in) Investing Activities..... | <u>24,449</u> | <u>(1,739,838)</u> | <u>(433,217)</u> | <u>(2,762,952)</u> | <u>(4,911,558)</u> |
| Net Increase (Decrease) in Cash..... | <u>—</u> | <u>182,759</u> | <u>1,158,473</u> | <u>(2,600,137)</u> | <u>(1,258,905)</u> |
| Cash and Pooled Investments at Beginning of Year..... | — | 97,826 | 385,033 | 2,919,414 | 3,402,273 |
| Cash and Pooled Investments at End of Year..... | <u>\$ —</u> | <u>\$ 280,585</u> | <u>\$ 1,543,506</u> | <u>\$ 319,277</u> | <u>\$ 2,143,368</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | | |
| Operating income (loss)..... | \$ (462,455) | \$ 592,505 | \$ 1,059,797 | \$ (666,360) | \$ 523,487 |
| Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by Operating Activities | | | | | |
| Depreciation..... | 2,866,510 | 931,931 | 480,715 | 1,074,601 | 5,353,757 |
| (Increase) decrease in receivables..... | (154,724) | 5,245 | — | 76,985 | (72,494) |
| Decrease in inventories and prepaids..... | 46,042 | 3,371 | 56,168 | 24,472 | 130,053 |
| Increase (decrease) in accounts and retainages payable..... | 56,863 | 8,788 | 9,113 | (5,688) | 69,076 |
| Increase in accrued liabilities and compensated absences..... | 79,221 | 4,062 | — | 57,272 | 140,555 |
| Increase in customer deposits..... | — | — | — | 18,790 | 18,790 |
| Net Cash Provided by Operating Activities | <u>\$ 2,431,457</u> | <u>\$ 1,545,902</u> | <u>\$ 1,605,793</u> | <u>\$ 580,072</u> | <u>\$ 6,163,224</u> |
| Schedule of Noncash Investing and Financing Activities | | | | | |
| Cash Paid for Capital Assets | | | | | |
| Capital asset additions..... | \$ 32,391 | \$ 70,346 | \$ 525,377 | \$ 1,288,438 | \$ 1,916,552 |
| Capitalized interest..... | — | — | 100,000 | — | 100,000 |
| Net change in accounts payable..... | — | 191,175 | 1,426,662 | (443,345) | 1,174,492 |
| Cash Paid for Capital Assets..... | <u>\$ 32,391</u> | <u>\$ 261,521</u> | <u>\$ 2,052,039</u> | <u>\$ 845,093</u> | <u>\$ 3,191,044</u> |

See accompanying notes to the financial statements.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The City of Coralville, Iowa, (City) is a political subdivision of the State of Iowa located in Johnson County. It was incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, public improvements, community and economic development and general administrative services. It also operates a hotel and conference center and a municipal golf course and provides water, sewer and sanitation utilities.

The financial statements of the City of Coralville have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

Excluded Component Unit

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

Basis of Presentation

Government-Wide Financial Statements

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements

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

The City had the following major governmental funds:

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

The Mall/Highway 6 Tax Increment Financing Fund is a special revenue fund used to account for property tax generated as a result of increased property values of property located in the City's Mall/Highway 6 area tax increment financing district which will be used to pay obligations incurred for qualifying projects.

The General Obligation Debt Service Fund accounts for general obligation debt issued, the subsequent payment of principal and interest on that debt and the collection of property tax levied for debt service.

The Flood Mitigation Fund is a capital project fund used to account for the grant revenue and project expenses for flood protection and mitigation projects in response to the 2008 flood.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Iowa River Landing Fund is a capital project fund that accounts for improvements being made to the area near the City-owned Marriott Hotel and Conference Center which will include a new medical facility owned by the University of Iowa and significant retail development.

The City had the following major enterprise funds:

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

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

Iowa River Landing Parking - This fund accounts for the two parking ramps located in the Iowa River Landing area.

Description of Funds

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

Governmental Fund Types

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

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

Debt service funds are used to account for the accumulation of financial resources for, and the payment of, interest and principal on the City's general obligation debt, most tax increment financing bonds, land purchase contracts and related costs. The City records into the Debt Service Fund, all governmental fund-type bond proceeds received. Amounts are then transferred out to other funds, primarily capital project funds, to be used for the approved purposes. Virtually all governmental fund-type debt service is paid from this fund, with amounts transferred in from other funds, primarily tax increment financing special revenue funds.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

Proprietary Fund Type

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

Measurement Focus and Basis of Accounting

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications — committed, assigned and then unassigned fund balances.

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

(1) Summary of Significant Accounting Policies

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

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

Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Using prescribed procedures, the City amended its budget once during the year ended June 30, 2013.

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

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

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. As of June 30, 2013, disbursements exceeded the budgeted amounts in Community and Economic Development Debt Service and Capital Projects functional areas.

Cash and Pooled Investments

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

Restricted cash consists primarily of bond proceeds and other funds which can only be spent for a specific purpose. Those specific purpose restrictions include bond reserve funds, debt sinking funds, expendable trust funds and perpetual cemetery funds.

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

Beneficial Interest in a Trust

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

Receivables and Payables

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property 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.

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2011 assessed property valuations, is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2012.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

Assets held by property manager consists of cash held by Marriott Business Systems used in managing the day-to-day activities of the hotel and conference center and Brown Deer Clubhouse.

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

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

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

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

Inventories and Prepaids

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

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

Restricted Assets

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

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Interest Capitalized

Construction period interest for business-type activities is capitalized. For projects paid for with taxable bonds, interest is capitalized at the amount of cash paid at the effective interest rate to the earlier of the date the asset is placed in service or year end. During the year ended June 30, 2013, \$100,000 was capitalized to projects in the Hotel Parking Enterprise Fund.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Capital Assets

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

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

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

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. In the government-wide and proprietary fund financial statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Revenue

Although certain revenue is measurable, it is not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivables and certain grants and cost sharing receivables not collected within approximately 60 days after year end. Deferred revenue in the statement of net position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and other project-related amounts not received within approximately 60 days after year end.

In the enterprise funds, deferred revenue consists of grant funds received in advance of being expended.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Long-Term Liabilities

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

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

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in other spendable classifications.

Net Position

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

Estimates and Assumptions

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

Notes to the Financial Statements

(2) Cash and Pooled Investments

The City's deposits as of June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

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

On June 30, 2013, the City had investments in the Iowa Public Agency Investment Trust which were valued at an amortized cost of \$4,752,156 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The City's cash and pooled investments as of June 30, 2013 were as follows:

| | |
|--|-----------------------------|
| Cash accounts..... | \$ 10,820,116 |
| Pooled cash investments - Iowa Public Agency Investment Trust..... | 4,725,156 |
| Certificates of deposit..... | 1,680,818 |
| Total | <u>\$ 17,226,090</u> |

(3) Loans Receivable

The City has made several forgivable economic development loans to local businesses. The loans are forgivable upon the businesses meeting certain job creation goals. The loans bear interest at 6%, which is also forgivable.

The following is a summary of the loans as of June 30, 2013:

| Year Entered Into | Balance July 1, 2012 | Loans Made | Loans Forgiven | Balance June 30, 2013 |
|----------------------|----------------------------|--------------------------|--------------------------|----------------------------|
| 2002 | \$ 504,000 | \$ — | \$ 504,000 | \$ — |
| 2003 | 828,000 | — | 385,000 | 443,000 |
| 2005 | 1,100,000 | — | — | 1,100,000 |
| 2006 | 576,190 | — | — | 576,190 |
| 2007 | 450,200 | — | — | 450,200 |
| 2008 | 210,000 | — | — | 210,000 |
| 2009 | 1,607,500 | 150,000 | — | 1,757,500 |
| 2012 | 579,000 | — | — | 579,000 |
| 2013 | — | 728,000 | — | 728,000 |
| | <u>\$ 5,854,890</u> | <u>\$ 878,000</u> | <u>\$ 889,000</u> | <u>\$ 5,843,890</u> |

No interest income was recognized on these loans during the year ended June 30, 2013.

In addition, during the year ended June 30, 2005, the City made a \$300,000 economic development loan to the Iowa City/Coralville Convention and Visitors Bureau. The loan includes interest at 5.5% with quarterly payments due through June 30, 2020. Payments made on the loan during 2013 included \$18,998 of principal and \$10,202 of interest. The unpaid balance as of June 30, 2013 was \$173,527.

Notes to the Financial Statements

(4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2013 is as follows:

| Due From/To | Interfund Receivables | Interfund Payables |
|-------------------------------------|-----------------------------|-----------------------------|
| General Fund | \$ 3,401,810 | \$ — |
| Special Revenue Funds | | |
| 12th Avenue TIF | — | 73,489 |
| Oakdale Avenue TIF | 73,489 | — |
| Road Use Tax | 778,036 | — |
| Iowa River Landing Operations | — | 211,322 |
| Police Grants | — | 26,079 |
| Rental Properties | 2,206 | — |
| Economic Development | — | 168,008 |
| Special Assessments | 537,073 | — |
| Capital Projects Funds | | |
| Flood Mitigation | — | 9,982,468 |
| Street Projects | 1,152,588 | — |
| Iowa River Landing | 1,176,541 | — |
| Brownfields | — | 53,018 |
| Intermodal Facility | — | 297,483 |
| Highway 6 Projects | — | 782,952 |
| Oakdale Boulevard Project | 16,340 | — |
| Cardinal Road Project | 15,916 | — |
| 1st Avenue Reconstruction | — | 780,476 |
| Oakdale Area | — | 1,665,703 |
| James Street Area | — | 239,391 |
| Coral Ridge Mall Area | 360,914 | — |
| Transit/Parks Facility | 267,838 | — |
| Library Expansion | — | 93,349 |
| North Fire Station | 115,103 | — |
| Recreation Improvements | 756,678 | — |
| Northridge Trails | 38,213 | — |
| 12th Avenue Urban Renewal | — | 88,949 |
| Theater/Village Project | — | 24,351 |
| Land Use Project | — | 91,350 |
| North End Area Projects | — | 34,992 |
| FEMA/Edgewater Buyouts | 405,162 | — |
| Enterprise Funds | | |
| Hotel | — | 243,270 |
| Sewer | 1,747,959 | — |
| Iowa River Landing Parking | 445,518 | — |
| Water | 1,900,617 | — |
| Brown Deer Golf Course | — | 202,059 |
| Solid Waste | 458,417 | — |
| Transit | 752,767 | — |
| Storm Water | 655,524 | — |
| | <u>\$ 15,058,709</u> | <u>\$ 15,058,709</u> |

These balances result from projects and other uses which resulted in negative cash balances in certain funds at year end. Repayments will be made from future revenue, debt proceeds and transfers.

Notes to the Financial Statements

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

| | Balance - Beginning of Year | Increases | Decreases | Balance - End of Year |
|--|-----------------------------------|-----------------------------|-----------------------------|------------------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land..... | \$ 68,834,393 | \$ 10,526,007 | \$ 2,625,619 | \$ 76,734,781 |
| Construction in progress | <u>38,561,374</u> | <u>20,885,823</u> | <u>25,544,574</u> | <u>33,902,623</u> |
| Total Capital Assets Not Being Depreciated..... | <u>107,395,767</u> | <u>31,411,830</u> | <u>28,170,193</u> | <u>110,637,404</u> |
| Capital Assets Being Depreciated | | | | |
| Land improvements..... | 26,926,075 | 19,355,758 | — | 46,281,833 |
| Buildings and improvements | 45,621,815 | 3,457,843 | — | 49,079,658 |
| Furniture and equipment | 12,766,120 | 2,367,106 | — | 15,133,226 |
| Vehicles | 1,660,785 | 449,139 | — | 2,109,924 |
| Road network | 90,441,364 | 788,972 | — | 91,230,336 |
| Bridge network..... | 8,401,965 | — | — | 8,401,965 |
| Parking ramps | <u>5,522,881</u> | <u>—</u> | <u>—</u> | <u>5,522,881</u> |
| Total Capital Assets Being Depreciated | <u>191,341,005</u> | <u>26,418,818</u> | <u>—</u> | <u>217,759,823</u> |
| Less Accumulated Depreciation for | | | | |
| Land improvements..... | 2,428,812 | 761,986 | — | 3,190,798 |
| Buildings and improvements | 8,035,840 | 1,182,677 | — | 9,218,517 |
| Furniture and equipment | 6,585,690 | 577,129 | — | 7,162,819 |
| Vehicles | 1,174,541 | 120,105 | — | 1,294,646 |
| Road network | 33,579,312 | 2,471,373 | — | 36,050,685 |
| Bridge network..... | 1,108,135 | 168,039 | — | 1,276,174 |
| Parking ramps | <u>607,519</u> | <u>110,458</u> | <u>—</u> | <u>717,977</u> |
| Total Accumulated Depreciation..... | <u>53,519,849</u> | <u>5,391,767</u> | <u>—</u> | <u>58,911,616</u> |
| Net Capital Assets Being Depreciated.... | <u>137,821,156</u> | <u>21,027,051</u> | <u>—</u> | <u>158,848,207</u> |
| Net Governmental Activities | | | | |
| Capital Assets | <u>\$ 245,216,923</u> | <u>\$ 52,438,881</u> | <u>\$ 28,170,193</u> | <u>\$ 269,485,611</u> |
| Business-Type Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land..... | \$ 5,645,327 | \$ — | \$ — | \$ 5,645,327 |
| Construction in progress | <u>12,557,341</u> | <u>1,547,164</u> | <u>13,087,603</u> | <u>1,016,902</u> |
| Total Capital Assets Not Being Depreciated..... | <u>18,202,668</u> | <u>1,547,164</u> | <u>13,087,603</u> | <u>6,662,229</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and improvements | 115,510,295 | 13,061,088 | — | 128,571,383 |
| Furniture and equipment | 27,250,703 | 154,876 | — | 27,405,579 |
| Vehicles | <u>699,942</u> | <u>204,027</u> | <u>24,223</u> | <u>879,746</u> |
| Total Capital Assets Being Depreciated | <u>143,460,940</u> | <u>13,419,991</u> | <u>24,223</u> | <u>156,856,708</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings and improvements | 23,200,361 | 3,023,995 | — | 26,224,356 |
| Furniture and equipment | 18,655,239 | 2,259,391 | — | 20,914,630 |
| Vehicles | <u>322,334</u> | <u>70,371</u> | <u>24,223</u> | <u>368,482</u> |
| Total Accumulated Depreciation..... | <u>42,177,934</u> | <u>5,353,757</u> | <u>24,223</u> | <u>47,507,468</u> |
| Net Capital Assets Being Depreciated.... | <u>101,283,006</u> | <u>8,066,234</u> | <u>—</u> | <u>109,349,240</u> |
| Net Business-Type Activities | | | | |
| Capital Assets | <u>\$ 119,485,674</u> | <u>\$ 9,613,398</u> | <u>\$ 13,087,603</u> | <u>\$ 116,011,469</u> |

Notes to the Financial Statements

(5) Capital Assets

Depreciation expense was charged by the City as follows for the year ended June 30, 2013:

| | |
|--|----------------------------|
| Governmental Activities | |
| Public safety..... | \$ 311,429 |
| Public works..... | 132,693 |
| Culture and recreation..... | 1,183,689 |
| Community and economic development..... | 3,626,839 |
| General government | <u>125,724</u> |
| | 5,380,374 |
| Unallocated depreciation..... | <u>11,393</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 5,391,767</u> |
| Business-Type Activities | |
| Hotel and conference center | \$ 2,866,510 |
| Sewer..... | 931,931 |
| Iowa River Landing Parking | 480,715 |
| Water | 439,703 |
| Solid waste..... | 90,582 |
| Golf..... | 226,217 |
| Transit..... | <u>318,099</u> |
| Total Business-Type Activities Depreciation Expense | <u>\$ 5,353,757</u> |

(6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2013:

| | Balance - Beginning of Year | Additions | Retirements | Balance - End of Year | Amount Due in the Next Year | Range of Interest Rates |
|--------------------------------------|-----------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------------|-------------------------------|
| Governmental Activities | | | | | | |
| General Obligation | | | | | | |
| Bonds..... | \$ 141,167,585 | \$ 5,480,000 | \$ 10,249,987 | \$ 136,397,598 | \$ 15,665,000 | 1.10%-6.10% |
| Bond Anticipation Notes..... | 15,133,032 | 9,594,153 | 5,467,185 | 19,260,000 | 19,260,000 | 1.00% |
| Tax increment revenue bonds | 32,867,067 | — | 2,255,472 | 30,611,595 | 2,115,000 | 5.00%-5.50% |
| Other long-term debt | 1,121,786 | 5,666,250 | 1,551,252 | 5,236,784 | 706,737 | 0.00%-6.50% |
| Compensated absences..... | <u>735,747</u> | <u>791,628</u> | <u>735,747</u> | <u>791,628</u> | <u>791,628</u> | N/A |
| Totals..... | <u>\$ 191,025,217</u> | <u>\$ 21,532,031</u> | <u>\$ 20,259,643</u> | <u>\$ 192,297,605</u> | <u>\$ 38,538,365</u> | |
| Business-Type Activities | | | | | | |
| Revenue bonds | \$ 26,148,608 | \$ 29,826,392 | \$ 23,760,000 | \$ 32,215,000 | \$ 4,635,000 | 2.00%-5.25% |
| Capital leases..... | 52,269,193 | — | 1,035,950 | 51,233,243 | 1,115,000 | 4.00%-5.25% |
| Other long-term debt | 125,358 | — | 9,238 | 116,120 | 9,567 | 4.00% |
| Compensated absences..... | <u>153,676</u> | <u>159,362</u> | <u>153,676</u> | <u>159,362</u> | <u>159,362</u> | N/A |
| Totals..... | <u>\$ 78,696,835</u> | <u>\$ 29,985,754</u> | <u>\$ 24,958,864</u> | <u>\$ 83,723,725</u> | <u>\$ 5,918,929</u> | |

(6) Long-Term Debt

Governmental Activities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government, urban renewal and proprietary activities. In addition, general obligation bonds have been issued to refund prior general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with substantially equal amounts of principal plus interest maturing each year. Certain general obligation bond debt service is subject to annual appropriation by the City Council. In accordance with the Code of Iowa, only that portion subject to the annual appropriation by the City Council is included in the computation of the statutory debt limit.

Tax Increment Revenue Bonds

The City has issued urban renewal tax increment revenue bonds for the purpose of defraying portions of the cost of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the TIF special revenue funds and the taxes are to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. Debt service is paid primarily from the General Obligation Debt Service Fund. Transfers are made from the TIF funds for the TIF taxes being used for debt service. The proceeds of the urban renewal tax increment revenue bonds are to be expended only for purposes which are consistent with the City's urban renewal area plans. The bonds are not a general obligation of the City, however, most of the debt is subject to the constitutional debt limitation of the City and have been issued as General Obligation Urban Renewal Bonds. The debt that is not subject to the constitutional debt limit includes principal and interest due later than one year from the balance sheet date for certain annual appropriation notes.

Bond Anticipation Notes

The City has issued bond anticipation notes to finance projects during construction phase. These notes will be retired and replaced with permanent, long-term general obligation bonds during the year ending June 30, 2014.

Other Long-Term Debt

Land Purchase Contracts

The City has entered into five agreements to purchase land for recreation space and future development. The agreements include interest at rates ranging from 0% to 6.5%. Total principal and interest paid during the year ended June 30, 2013 totaled \$1,551,252 and \$62,524, respectively.

Notes to the Financial Statements

(6) Long-Term Debt

As of June 30, 2013, annual maturities of the land purchase contracts are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|----------------------------|--------------------------|----------------------------|
| 2014..... | \$ 706,737 | \$ 141,674 | \$ 848,411 |
| 2015..... | 1,055,706 | 129,607 | 1,185,313 |
| 2016..... | 575,733 | 110,555 | 686,288 |
| 2017..... | 592,414 | 82,756 | 675,170 |
| 2018..... | 472,753 | 67,140 | 539,893 |
| Later Years | 1,833,441 | 71,946 | 1,905,387 |
| Total | <u>\$ 5,236,784</u> | <u>\$ 603,678</u> | <u>\$ 5,840,462</u> |

Business-Type Activities

Revenue Bonds

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

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2020. Net revenue is required to be at least 125% of the debt service coming due in the next year. The total principal and interest remaining to be paid on the notes is \$1,723,075. Principal and interest due in the next year and total customer net revenue for 2013 was \$248,500 and \$834,916, respectively.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net revenue and are payable through 2031. Net revenue is required to be at least 110% of the current year debt service. The total principal and interest remaining to be paid on the notes is \$10,690,458. For the current year, principal and interest paid and total customer net revenue was \$1,049,288 and \$1,524,436, respectively.

Capital Lease Obligations

Golf Course Expansion Leasing and Financing Transactions

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

Notes to the Financial Statements

(6) Long-Term Debt

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

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

During the year ended June 30, 2013, principal and interest paid totaled \$180,000 and \$395,275, respectively.

As of June 30, 2013, future minimum lease payments on the capital lease obligation are as follows:

| Year Ending June 30, | |
|--|----------------------------|
| 2014..... | \$ 577,850 |
| 2015..... | 579,776 |
| 2016..... | 586,026 |
| 2017..... | 586,350 |
| 2018..... | 586,226 |
| 2019-2023..... | 2,981,864 |
| 2024-2028..... | 3,054,328 |
| 2029-2033..... | 3,149,378 |
| 2034-2038..... | <u>1,296,250</u> |
| Total Minimum Lease Payments | 13,398,048 |
| Less: Amount representing interest..... | (5,423,048) |
| Unamortized original issue discount | <u>(95,999)</u> |
| Present Value of Net Minimum Lease Payments | <u>\$ 7,879,001</u> |

Hotel and Conference Center

The City entered into various agreements to construct an upscale hotel and conference center. The hotel is being operated under a qualified management agreement by the Marriott hotel chain. To finance the construction, the City entered into an agreement to lease land it owns to Bankers Trust Company, NA (Bankers) as trustee, and in turn lease that land back from Bankers for approximately 99 years for the total lease payment of \$1. The City and Bankers further entered into a lease purchase agreement being accounted for as a capital lease by the City. The capital lease agreement requires payments in amounts necessary to pay Bankers for the total proceeds of \$45,500,000 that Bankers obtained by selling Certificates of Participation in the lease to investors. Once the Certificates of Participation are repaid, title to the land transfers to the City. The Certificates of Participation were issued during the year ended June 30, 2007 at a premium of \$1,206,283. These additional proceeds were used for the project.

During the year ended June 30, 2013, principal and interest paid totaled \$800,000 and \$2,267,288, respectively.

Notes to the Financial Statements

(6) Long-Term Debt

As of June 30, 2013, future minimum lease payments on the capital lease obligation are as follows:

| Year Ending June 30, | |
|--|-----------------------------|
| 2014..... | \$ 3,152,287 |
| 2015..... | 3,216,037 |
| 2016..... | 3,286,700 |
| 2017..... | 3,360,800 |
| 2018..... | 3,432,813 |
| 2019-2023..... | 22,810,276 |
| 2024-2028..... | <u>24,986,849</u> |
| Total Minimum Lease Payments | 64,245,762 |
| Less amount representing interest | (21,705,762) |
| Plus unamortized original issue premium | 814,242 |
| Present Value of Net Minimum Lease Payments | <u>\$ 43,354,242</u> |

Other Long-Term Debt

Small Business Administration Loans

In connection with the donation of the Brown Deer Golf Course to the City in April, 1999, the City assumed the two existing Small Business Administration (SBA) loans of the donor. The loans are due February, 2024. Required monthly payments total \$1,183 including interest at a rate of 4%. The loans are secured by all assets of the golf course.

As of June 30, 2013, annual maturities of the SBA loans are as follows:

| Year Ending June 30, | SBA Loans | |
|-----------------------------|--------------------------|-------------------------|
| | Principal | Interest |
| 2014..... | \$ 9,567 | \$ 4,629 |
| 2015..... | 9,957 | 4,239 |
| 2016..... | 10,362 | 3,834 |
| 2017..... | 10,784 | 3,412 |
| 2018..... | 11,224 | 2,972 |
| 2019-2023..... | 62,323 | 7,618 |
| 2024-2028..... | <u>1,903</u> | <u>41</u> |
| Total | <u>\$ 116,120</u> | <u>\$ 26,745</u> |

Notes to the Financial Statements

(6) Long-Term Debt

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds as of June 30, 2013 are as follows:

| Year Ending June 30, | Governmental Activities | | | | Business- Type Activities | | Total | |
|--|-----------------------------|----------------------|--------------------------------|----------------------|------------------------------|---------------------|-----------------------|----------------------|
| | General Obligation Bonds | | Tax Increment Revenue Bonds | | Revenue Bonds | | Principal | Interest |
| | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2014 | \$ 15,665,000 | \$ 5,215,473 | \$ 2,115,000 | \$ 1,506,656 | \$ 4,635,000 | \$ 867,444 | \$ 22,415,000 | \$ 7,589,573 |
| 2015 | 12,592,874 | 4,798,103 | 2,195,000 | 1,400,906 | 1,639,000 | 788,472 | 16,426,874 | 6,987,481 |
| 2016 | 11,140,000 | 4,379,491 | 2,350,000 | 1,291,156 | 1,681,000 | 746,590 | 15,171,000 | 6,417,237 |
| 2017 | 11,570,000 | 3,959,854 | 2,960,000 | 1,173,656 | 1,717,000 | 701,104 | 16,247,000 | 5,834,614 |
| 2018 | 12,495,000 | 3,528,228 | 3,215,000 | 1,025,656 | 1,765,000 | 654,274 | 17,475,000 | 5,208,158 |
| 2019-2023 | 31,965,000 | 12,719,805 | — | 4,324,530 | 8,351,000 | 2,846,353 | 40,316,000 | 19,890,688 |
| 2024-2028 | 18,835,000 | 7,540,620 | — | 4,324,530 | 7,572,000 | 2,256,710 | 26,407,000 | 14,121,860 |
| 2029-2033 | 20,000,000 | 2,456,213 | — | 4,324,530 | 4,855,000 | 463,140 | 24,855,000 | 7,243,883 |
| 2034-2038 | — | — | 4,805,000 | 3,838,906 | — | — | 4,805,000 | 3,838,906 |
| 2039-2043 | — | — | 6,400,000 | 2,483,750 | — | — | 6,400,000 | 2,483,750 |
| 2044-2048 | — | — | 5,945,000 | 767,000 | — | — | 5,945,000 | 767,000 |
| | 134,262,874 | 44,597,787 | 29,985,000 | 26,461,276 | 32,215,000 | 9,324,087 | 196,462,874 | 80,383,150 |
| Net unamor- tized bond premium (discount) | 2,134,724 | — | 626,595 | — | — | — | 2,761,319 | — |
| Net | \$ 136,397,598 | \$ 44,597,787 | \$ 30,611,595 | \$ 26,461,276 | \$ 32,215,000 | \$ 9,324,087 | \$ 199,224,193 | \$ 80,383,150 |

Interest expense and other charges recorded in governmental fund types totaled \$7.4 million for the year ended June 30, 2013. Interest expense recorded in proprietary fund types totaled \$3.5 million.

Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. As of June 30, 2013, the City was in compliance with these covenants, in all material respects.

(7) Retirement System

Iowa Public Retirement System

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

Notes to the Financial Statements

(7) Retirement System

Contribution requirements are established by State statute and may be amended by the State of Iowa legislature with the consent of the governor. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$851,288, \$752,572 and \$639,649, respectively, and were equal to the required contributions for each year.

Contribution rates were as follows:

| | <u>Police</u> | | <u>All Other Employees</u> | |
|------|------------------------------|--------------------------|------------------------------|--------------------------|
| | <u>Employee Contribution</u> | <u>City Contribution</u> | <u>Employee Contribution</u> | <u>City Contribution</u> |
| 2011 | 6.64% | 9.95% | 4.50% | 6.95% |
| 2012 | 6.65 | 9.97 | 5.38 | 8.07 |
| 2013 | 6.84 | 10.27 | 5.78 | 8.93 |

(8) Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2009. The computed expense and liability are not material to the City's government-wide financials statements and therefore have not been accrued. The required disclosures are included below.

Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 148 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Notes to the Financial Statements

(8) Other Postemployment Benefits (OPEB)

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

| | |
|---|--------------------------|
| Annual required contribution..... | \$ 46,100 |
| Interest on net OPEB obligation..... | 5,603 |
| Adjustment to annual required contribution..... | <u>(7,644)</u> |
| Annual OPEB Cost | 44,059 |
| Contributions made | <u>(19,469)</u> |
| Increase in Net OPEB Obligation | 24,590 |
| Net OPEB Obligation - Beginning of Year..... | <u>124,506</u> |
| Net OPEB Obligation - End of Year | <u>\$ 149,096</u> |

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, 2013.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

| Year Ended June 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------------------|---------------------|--|------------------------|
| 2013 | \$ 44,049 | 44.2% | \$ 149,096 |
| 2012 | 44,469 | 43.8 | 124,506 |
| 2011 | 48,226 | 29.4 | 99,506 |
| 2010 | 44,759 | 31.7 | 65,484 |
| 2009 | 49,133 | 28.0 | 34,929 |

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$364,635 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$364,635. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7.7 million and the ratio of the UAAL to covered payroll was 4.8%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions

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

Notes to the Financial Statements

(8) Other Postemployment Benefits (OPEB)

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

As of the July 1, 2013 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 7%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate.

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

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

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

| Transfer to | Transfer From | Amount |
|-----------------------------|-----------------------------|---------------------------------|
| General | Special Revenue | |
| | Mall/Highway 6 TIF | \$ 292,274 |
| | Nonmajor Governmental Funds | 1,848,539 |
| | Proprietary | |
| | Hotel and Conference Center | 25,000 |
| | Sewer | 60,000 |
| | Iowa River Landing Parking | 3,500 |
| | Nonmajor Proprietary Funds | <u>273,999</u> |
| | | <u>2,503,312</u> |
| | Mall/Highway 6 TIF | General Obligation Debt Service |
| Special Revenue | | |
| Nonmajor Governmental Funds | | 440,516 |
| Capital Projects | | |
| Iowa River Landing | | <u>386,480</u> |
| | <u>1,062,952</u> | |

Notes to the Financial Statements

(9) Interfund Transfers

| Transfer to | Transfer From | Amount |
|---------------------------------|---------------------------------|-----------------------------|
| General Obligation Debt Service | General | \$ 712,082 |
| | Special Revenue | |
| | Mall/Highway 6 TIF | 11,424,870 |
| | Nonmajor Governmental Funds | 4,488,476 |
| | Capital Projects | |
| | Flood Mitigation | 1,000,000 |
| | Iowa River Landing | 326,500 |
| | Proprietary | |
| | Hotel and Conference Center | 5,000 |
| | Iowa River Landing Parking | <u>1,238,746</u> |
| | | <u>19,195,674</u> |
| Iowa River Landing | Special Revenue | |
| | Mall/Hwy 6 TIF | 561,178 |
| | General Obligation Debt Service | 7,650,261 |
| | Proprietary | |
| | Iowa River Landing Parking | <u>4,908,924</u> |
| | | <u>13,120,363</u> |
| Nonmajor Special Revenue | General | 10,000 |
| | Special Revenue | |
| | Nonmajor Governmental Funds | <u>173,185</u> |
| | | <u>183,185</u> |
| Nonmajor Capital Projects | General | 80,000 |
| | Capital Projects | |
| | Flood Mitigation | 1,610 |
| | Nonmajor Governmental Funds | <u>121,275</u> |
| | | <u>202,885</u> |
| Hotel and Conference Center | Special Revenue | |
| | Mall/Highway 6 TIF | <u>677,568</u> |
| Iowa River Landing Parking | General Obligation Debt Service | 1,543,506 |
| | Capital Projects | |
| | Iowa River Landing | <u>1,966,077</u> |
| | | <u>3,509,583</u> |
| Nonmajor Proprietary | | |
| Golf | General Fund | 80,000 |
| | General Obligation Debt Service | <u>180,000</u> |
| | | <u>260,000</u> |
| Transit | General Fund | <u>560,000</u> |
| Total | | <u>\$ 41,275,522</u> |

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

Notes to the Financial Statements

(10) Deficit Balances

Deficit balances result primarily from the timing between construction project payments and grants being received or debt being issued. The deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following individual funds had a deficit as of June 30, 2013:

| | |
|-------------------------------------|------------|
| Special Revenue | |
| Police Grants | \$ 26,079 |
| 12th Avenue TIF | 55,293 |
| Iowa River Landing Operations | 211,322 |
| Capital Projects | |
| Flood Mitigation..... | 11,240,338 |
| Brownfields | 50,145 |
| Intermodal Facility | 373,205 |
| Highway 6 Projects | 782,952 |
| 1st Avenue Reconstruction | 835,667 |
| Oakdale Area..... | 2,233,841 |
| James Street Area | 239,391 |
| Library Expansion | 93,349 |
| North Fire Station..... | 117,387 |
| Recreation Improvements | 16,808 |
| 12th Avenue Urban Renewal | 89,534 |
| Theater/Village Project..... | 24,351 |
| Land Use Project | 91,350 |
| North End Area Projects | 59,760 |

(11) Operating Lease

The City is leasing 60 golf carts under an operating lease requiring monthly payments of \$13,400 during the months of July, August and September of each year with a final payment due September, 2013. The City is also leasing two golf utility carts under an operating lease requiring monthly payments of \$800 during the months of June, July and August of each year with a final payment due September, 2013.

The following is a schedule by years of future minimum lease payments required under the lease:

| | |
|-----------------------------|------------------|
| Year Ending June 30, | |
| 2014 | <u>\$ 95,000</u> |

(12) Leasing Activities

During the year ended June 30, 2013, the City completed construction of a building which is outfitted to operate as a brewery. The building and equipment are being leased under an operating lease to a local business which is operating a brewery. The lease requires monthly rental payments of \$37,333 through September, 2022. At that time the business has an option to purchase the building and equipment or to renew the lease for another ten years. Rent income recognized during the year ended June 30, 2013 totaled \$340,990.

Notes to the Financial Statements

(12) Leasing Activities

The following is an analysis of the leased property as of June 30, 2013:

| | Asset Balance |
|-------------------------------------|----------------------------|
| Class of Property | |
| Building..... | \$ 3,457,844 |
| Brewery equipment..... | 1,942,000 |
| Less accumulated amortization | <u>(110,837)</u> |
| | <u>\$ 5,289,007</u> |

The following is a schedule by years of future minimum rentals to be received under this operating lease:

| Year Ending June 30, | |
|------------------------------------|----------------------------|
| 2014..... | \$ 448,000 |
| 2015..... | 448,000 |
| 2016..... | 448,000 |
| 2017..... | 448,000 |
| 2018..... | 448,000 |
| Later Years..... | <u>1,904,000</u> |
| Total Minimum Rentals | <u>\$ 4,144,000</u> |

The City also owns other properties which it leases to individuals and businesses generally under month-to-month or year-to-year leases.

(13) Commitments

Construction

The City is involved in construction of capital assets, including flood mitigation, streets and streetscape improvements, recreation facilities and water and sewer plant improvements. Some construction is funded through grants from state and federal governments. The remainder is generally funded through the proceeds of debt issues. As of June 30, 2013, the City was committed to approximately \$10.4 million of construction contracts.

(14) Jointly Governed Organizations

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

(15) Risk Management

Iowa Community Assurances Pool

During 2005, the City became a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2013, the City made payments of approximately \$566,000 to the risk pool.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2013, no liability has been recorded in the City's financial statements. As of June 30, 2013, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

(15) Risk Management

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

Iowa Municipalities Workers' Compensation Association

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2013 were approximately \$266,000.

The Association uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. Claims exceeding \$750,000 are reinsured in an amount not to exceed \$2,000,000 per occurrence.

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

(16) Subsequent Events

Management has evaluated subsequent events through March 11, 2014, the date which the financial statements were available to be issued.

Subsequent events included the following:

Debt

Subsequent to June 30, 2013, the City issued \$1.0 million of water revenue bonds and \$1.4 million of general obligation bonds, both to finance various projects.

Notes to the Financial Statements

(16) Subsequent Events

Property Sold

Subsequent to June 30, 2013, the City sold land and buildings for approximately \$2.2 million.

Forgivable Loans

The City made a \$698,000 forgivable economic development loan to a local business to assist with its expansion subsequent to June 30, 2013.

Flood Prevention

Subsequent to June 30, 2013, the City learned that it was being allocated approximately \$9.8 million from the Iowa Flood Mitigation Board to complete various flood protection projects within the City.

Projects, Land and Equipment

The City entered into several new agreements with consultants, engineers and construction companies for various capital projects and approved the purchase of land totaling approximately \$16 million.

(17) Contingencies

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

(18) Conduit Debt

The City served as issuer of Midwestern Disaster Area Revenue Bonds for several local businesses. These bonds are classified as conduit debt and do not represent a liability of the City. The bonds and related interest are payable solely from the assets of the entity that received the proceeds and the City has no obligation to make any payment on these bonds. Accordingly, the City does not determine the amount of outstanding debt as it has no effect on its financial statements.

Required Supplementary Information

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

Year Ended June 30, 2013

| | Original Budget | Amended Budget | Actual | | | Over (Under) Budget |
|---|----------------------|----------------------|---------------------------------|----------------------|----------------------|---------------------------|
| | | | Govern- mental Fund Types | Proprietary Funds | Total | |
| Receipts | | | | | | |
| Property tax..... | \$ 12,011,315 | \$ 12,011,315 | \$ 12,017,684 | \$ — | \$ 12,017,684 | \$ 6,369 |
| Tax increment financing... | 17,120,373 | 17,120,373 | 16,152,845 | — | 16,152,845 | (967,528) |
| Other city taxes | 2,468,952 | 2,468,952 | 2,553,776 | — | 2,553,776 | 84,824 |
| Licenses and permits | 696,850 | 696,850 | 709,222 | — | 709,222 | 12,372 |
| Use of money and property | 9,472,911 | 9,472,911 | 1,550,403 | 8,076,619 | 9,627,022 | 154,111 |
| Intergovernmental | 3,896,803 | 28,896,803 | 18,087,648 | 895,691 | 18,983,339 | (9,913,464) |
| Charges for service | 12,956,741 | 12,956,741 | 2,059,110 | 8,447,931 | 10,507,041 | (2,449,700) |
| Special assessments | — | — | 68,297 | — | 68,297 | 68,297 |
| Miscellaneous | 9,405,620 | 9,405,620 | 1,212,859 | 8,349,185 | 9,562,044 | 156,424 |
| Total Receipts | 68,029,565 | 93,029,565 | 54,411,844 | 25,769,426 | 80,181,270 | (12,848,295) |
| Disbursements | | | | | | |
| Public safety | 4,981,240 | 4,981,240 | 4,745,947 | — | 4,745,947 | (235,293) |
| Public works | 1,729,100 | 2,229,100 | 1,862,267 | — | 1,862,267 | (366,833) |
| Health and social services | 97,470 | 97,470 | 85,132 | — | 85,132 | (12,338) |
| Culture and recreation | 7,540,384 | 7,540,384 | 7,189,505 | — | 7,189,505 | (350,879) |
| Community and economic development .. | 1,023,830 | 1,023,830 | 2,417,338 | — | 2,417,338 | 1,393,508 |
| General government | 2,672,419 | 3,448,521 | 2,775,450 | — | 2,775,450 | (673,071) |
| Debt service | 36,666,076 | 36,966,076 | 52,269,226 | — | 52,269,226 | 15,303,150 |
| Capital projects | 12,020,000 | 37,221,004 | 39,050,261 | — | 39,050,261 | 1,829,257 |
| Business-type activities... | 26,326,616 | 26,326,616 | — | 23,143,574 | 23,143,574 | (3,183,042) |
| Total Disbursements .. | 93,057,135 | 119,834,241 | 110,395,126 | 23,143,574 | 133,538,700 | 13,704,459 |
| Receipts Over (Under) | | | | | | |
| Disbursements..... | (25,027,570) | (26,804,676) | (55,983,282) | 2,625,852 | (53,357,430) | (26,552,754) |
| Other Financing Sources (Uses) | | | | | | |
| Other financing sources ... | 49,860,264 | 49,860,264 | 85,397,861 | 2,800,866 | 88,198,727 | 38,338,463 |
| Other financing uses | (23,223,014) | (23,223,014) | (35,512,807) | (4,620,385) | (40,133,192) | (16,910,178) |
| Total Other Financing Sources (Uses)..... | 26,637,250 | 26,637,250 | 49,885,054 | (1,819,519) | 48,065,535 | 21,428,285 |
| Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | | | | | | |
| | 1,609,680 | (167,426) | (6,098,228) | 806,333 | (5,291,895) | \$ (5,124,469) |
| Balance - Beginning of Year | 17,655,708 | 17,655,708 | 12,507,822 | 9,919,919 | 22,427,741 | |
| Balance - End of Year | \$ 19,265,388 | \$ 17,488,282 | \$ 6,409,594 | \$ 10,726,252 | \$ 17,135,846 | |

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

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

Year Ended June 30, 2013

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type and Nonprogram. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by approximately \$27 million. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements in Community and Economic Development, Debt Service and Capital Projects functional areas exceeded the budgeted amount.

Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2013

| | Governmental Fund Types | | |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------|
| | Cash Basis | Accrual Adjustments | GAAP Basis |
| Revenue..... | \$ 54,411,844 | \$ (1,926,773) | \$ 52,485,071 |
| Expenditures | <u>110,395,126</u> | <u>(24,782,922)</u> | <u>85,612,204</u> |
| Net..... | (55,983,282) | (22,856,149) | (33,127,133) |
| Other financing sources (uses)..... | 49,885,054 | (24,680,948) | 25,204,106 |
| Beginning fund balances | <u>12,507,822</u> | <u>2,160,868</u> | <u>14,668,690</u> |
| Ending Fund Balances | <u>\$ 6,409,594</u> | <u>\$ 336,069</u> | <u>\$ 6,745,663</u> |

| | Proprietary Fund Types | | |
|-------------------------------------|-------------------------------|--------------------------------|-----------------------------|
| | Cash Basis | Accrual Adjustments | GAAP Basis |
| Revenue..... | \$ 25,769,426 | \$ 915,154 | \$ 26,684,580 |
| Expenditures | <u>23,143,574</u> | <u>(5,867,523)</u> | <u>29,011,097</u> |
| Net..... | 2,625,852 | (4,952,369) | (2,326,517) |
| Other financing sources (uses)..... | (1,819,519) | 311,501 | (1,508,018) |
| Beginning fund balances | <u>9,919,919</u> | <u>42,834,250</u> | <u>52,754,169</u> |
| Ending Fund Balances | <u>\$ 10,726,252</u> | <u>\$ 38,193,382</u> | <u>\$ 48,919,634</u> |

Schedule of Funding Progress for the Retiree Health Plan ---

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---------------------|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 2009 | 7-1-09 | \$ — | \$ 319,122 | \$ 319,122 | —% | \$ 6,845,174 | 4.7% |
| 2010 | 7-1-09 | — | 319,122 | 319,122 | — | 7,000,000 (est) | 4.6 |
| 2011 | 7-1-09 | — | 319,122 | 319,122 | — | 8,000,000 (est) | 4.0 |
| 2012 | 7-1-12 | — | 364,635 | 364,635 | — | 7,700,000 | 4.8 |
| 2013 | 7-1-13 | — | 364,635 | 364,635 | — | 7,700,000 (est) | 4.8 |

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

Supplementary Information

Combining Balance Sheet Schedule - Nonmajor Governmental Funds ▬▬▬

As of June 30, 2013

| | Special Revenue | Capital Projects | Total |
|--|-----------------------------|----------------------------|-----------------------------|
| Assets | | | |
| Cash and pooled investments | \$ 5,548 | \$ — | \$ 5,548 |
| Receivables | | | |
| Property Tax | | | |
| Current year delinquent | 36,736 | — | 36,736 |
| Succeeding year..... | 5,129,133 | — | 5,129,133 |
| Loans..... | 3,114,690 | — | 3,114,690 |
| Due from other funds | 1,390,804 | 3,128,752 | 4,519,556 |
| Due from other governments..... | 154,836 | 1,938,880 | 2,093,716 |
| Special assessments | 196,596 | — | 196,596 |
| Inventories and prepaids | 14,485 | — | 14,485 |
| Restricted Assets | | | |
| Cash and pooled investments | <u>824,437</u> | <u>—</u> | <u>824,437</u> |
| Total Assets | <u>\$ 10,867,265</u> | <u>\$ 5,067,632</u> | <u>\$ 15,934,897</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 74,202 | \$ 1,858,652 | \$ 1,932,854 |
| Due to other funds..... | 478,898 | 4,152,014 | 4,630,912 |
| Deferred Revenue | | | |
| Succeeding year property tax..... | 5,129,133 | — | 5,129,133 |
| Special assessments | 181,417 | — | 181,417 |
| Other..... | <u>—</u> | <u>1,690,400</u> | <u>1,690,400</u> |
| Total Liabilities | <u>5,863,650</u> | <u>7,701,066</u> | <u>13,564,716</u> |
| Fund Balances | | | |
| Nonspendable | 3,129,175 | — | 3,129,175 |
| Restricted | | | |
| Debt service..... | 308,234 | — | 308,234 |
| Expendable trust..... | 485,107 | — | 485,107 |
| Road use purposes..... | 882,002 | — | 882,002 |
| Employee benefits | 15,854 | — | 15,854 |
| Special assessments | 552,252 | — | 552,252 |
| Capital projects | — | 2,374,306 | 2,374,306 |
| Other..... | 91,693 | — | 91,693 |
| Unassigned | <u>(460,702)</u> | <u>(5,007,740)</u> | <u>(5,468,442)</u> |
| Total Fund Balances..... | <u>5,003,615</u> | <u>(2,633,434)</u> | <u>2,370,181</u> |
| Total Liabilities and Fund Balances | <u>\$ 10,867,265</u> | <u>\$ 5,067,632</u> | <u>\$ 15,934,897</u> |

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

Year Ended June 30, 2013

| | Special Revenue | Capital Projects | Total |
|---|----------------------------|------------------------------|----------------------------|
| Revenue | | | |
| Property tax..... | \$ 1,711,795 | \$ — | \$ 1,711,795 |
| TIF and other city taxes | 3,317,767 | — | 3,317,767 |
| Special assessments..... | 71,790 | — | 71,790 |
| Intergovernmental | 2,682,436 | 3,415,556 | 6,097,992 |
| Charges for service | 838,167 | 78,308 | 916,475 |
| Miscellaneous..... | 317,364 | 118,300 | 435,664 |
| Total Revenue | <u>8,939,319</u> | <u>3,612,164</u> | <u>12,551,483</u> |
| Expenditures | | | |
| Operating | | | |
| Public safety | 38,575 | — | 38,575 |
| Public works..... | 1,729,154 | — | 1,729,154 |
| Culture and recreation..... | 194,525 | — | 194,525 |
| Community and economic development | 1,488,904 | — | 1,488,904 |
| Capital projects..... | — | 5,772,320 | 5,772,320 |
| Total Expenditures | <u>3,451,158</u> | <u>5,772,320</u> | <u>9,223,478</u> |
| Revenue Over (Under) Expenditures | <u>5,488,161</u> | <u>(2,160,156)</u> | <u>3,328,005</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 183,185 | 202,885 | 386,070 |
| Transfers out | (6,950,716) | (121,275) | (7,071,991) |
| Total Other Financing Sources (Uses) | <u>(6,767,531)</u> | <u>81,610</u> | <u>(6,685,921)</u> |
| Net Change in Fund Balances | <u>(1,279,370)</u> | <u>(2,078,546)</u> | <u>(3,357,916)</u> |
| Fund Balances - Beginning of Year | <u>6,282,985</u> | <u>(554,888)</u> | <u>5,728,097</u> |
| Fund Balances - End of Year | <u>\$ 5,003,615</u> | <u>\$ (2,633,434)</u> | <u>\$ 2,370,181</u> |

Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

As of June 30, 2013

| | 12th Avenue TIF | Oakdale Area TIF | Expendable Trust | Cemetery | Iowa River Landing Operations | Police Grants | Road Use Tax | Employee Benefit Levy | Rental Properties | Economic Development | Special Assessments | Total |
|--|---------------------|---------------------|-------------------|------------------|-------------------------------|-----------------|-------------------|-----------------------|-------------------|----------------------|---------------------|----------------------|
| Assets | | | | | | | | | | | | |
| Cash and pooled investments | \$ — | \$ — | \$ 5,548 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 5,548 |
| Receivables | | | | | | | | | | | | |
| Property Tax | | | | | | | | | | | | |
| Current year delinquent..... | 20,882 | — | — | — | — | — | — | 15,854 | — | — | — | 36,736 |
| Succeeding year | 2,238,244 | 1,174,408 | — | — | — | — | — | 1,716,481 | — | — | — | 5,129,133 |
| Loans | — | 2,799,690 | — | — | — | — | — | — | — | 315,000 | — | 3,114,690 |
| Special assessments | — | — | — | — | — | — | — | — | — | — | 196,596 | 196,596 |
| Due from other funds..... | — | 73,489 | — | — | — | — | 778,036 | — | 2,206 | — | 537,073 | 1,390,804 |
| Due from other governments..... | — | — | — | — | — | — | 154,836 | — | — | — | — | 154,836 |
| Inventories and prepaids | — | — | — | — | — | — | 14,485 | — | — | — | — | 14,485 |
| Restricted Assets | | | | | | | | | | | | |
| Cash and pooled investments | — | 238,389 | 496,172 | 89,876 | — | — | — | — | — | — | — | 824,437 |
| Total Assets | \$ 2,259,126 | \$ 4,285,976 | \$ 501,720 | \$ 89,876 | \$ — | \$ — | \$ 947,357 | \$ 1,732,335 | \$ 2,206 | \$ 315,000 | \$ 733,669 | \$ 10,867,265 |
| Liabilities and Fund Balances | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Accounts payable | \$ 2,686 | \$ 3,644 | \$ 16,613 | \$ — | \$ — | \$ — | \$ 50,870 | \$ — | \$ 389 | \$ — | \$ — | \$ 74,202 |
| Due to other funds..... | 73,489 | — | — | — | 211,322 | 26,079 | — | — | — | 168,008 | — | 478,898 |
| Deferred Revenue | | | | | | | | | | | | |
| Succeeding year property tax..... | 2,238,244 | 1,174,408 | — | — | — | — | — | 1,716,481 | — | — | — | 5,129,133 |
| Deferred revenue | — | — | — | — | — | — | — | — | — | — | 181,417 | 181,417 |
| Total Liabilities | 2,314,419 | 1,178,052 | 16,613 | — | 211,322 | 26,079 | 50,870 | 1,716,481 | 389 | 168,008 | 181,417 | 5,863,650 |
| Fund Balances | | | | | | | | | | | | |
| Nonspendable | — | 2,799,690 | — | — | — | — | 14,485 | — | — | 315,000 | — | 3,129,175 |
| Restricted | — | 308,234 | 485,107 | 89,876 | — | — | 882,002 | 15,854 | 1,817 | — | 552,252 | 2,335,142 |
| Unassigned | (55,293) | — | — | — | (211,322) | (26,079) | — | — | — | (168,008) | — | (460,702) |
| Total Fund Balances | (55,293) | 3,107,924 | 485,107 | 89,876 | (211,322) | (26,079) | 896,487 | 15,854 | 1,817 | 146,992 | 552,252 | 5,003,615 |
| Total Liabilities and Fund Balances | \$ 2,259,126 | \$ 4,285,976 | \$ 501,720 | \$ 89,876 | \$ — | \$ — | \$ 947,357 | \$ 1,732,335 | \$ 2,206 | \$ 315,000 | \$ 733,669 | \$ 10,867,265 |

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

Year Ended June 30, 2013

| | 12th Avenue TIF | Oakdale Area TIF | Expendable Trust | Cemetery | Iowa River Landing Operations | Police Grants | Road Use Tax | Employee Benefit Levy | Rental Properties | Economic Development | Special Assessments | Total |
|--|--------------------|---------------------|-------------------|------------------|-------------------------------|--------------------|-------------------|-----------------------|-------------------|----------------------|---------------------|---------------------|
| Revenue | | | | | | | | | | | | |
| Property tax..... | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 1,711,795 | \$ — | \$ — | \$ — | \$ 1,711,795 |
| TIF and other city taxes..... | 1,973,565 | 1,344,202 | — | — | — | — | — | — | — | — | — | 3,317,767 |
| Special assessments..... | — | — | — | — | — | — | — | — | — | — | 71,790 | 71,790 |
| Intergovernmental..... | — | — | — | — | 790,817 | 36,946 | 1,854,673 | — | — | — | — | 2,682,436 |
| Interest and rent income..... | — | — | 1,033 | — | 176,002 | — | — | — | 661,132 | — | — | 838,167 |
| Miscellaneous..... | 5,000 | — | 309,864 | 2,500 | — | — | — | — | — | — | — | 317,364 |
| Total Revenue..... | 1,978,565 | 1,344,202 | 310,897 | 2,500 | 966,819 | 36,946 | 1,854,673 | 1,711,795 | 661,132 | — | 71,790 | 8,939,319 |
| Expenditures | | | | | | | | | | | | |
| Operating | | | | | | | | | | | | |
| Public safety..... | — | — | — | — | — | 38,575 | — | — | — | — | — | 38,575 |
| Public works..... | — | — | — | — | — | — | 1,729,154 | — | — | — | — | 1,729,154 |
| Culture and recreation..... | — | — | 194,525 | — | — | — | — | — | — | — | — | 194,525 |
| Community and economic development..... | 128,810 | 897,718 | — | — | 151,117 | — | — | — | 311,259 | — | — | 1,488,904 |
| Total Expenditures..... | 128,810 | 897,718 | 194,525 | — | 151,117 | 38,575 | 1,729,154 | — | 311,259 | — | — | 3,451,158 |
| Revenue Over (Under) Expenditures..... | 1,849,755 | 446,484 | 116,372 | 2,500 | 815,702 | (1,629) | 125,519 | 1,711,795 | 349,873 | — | 71,790 | 5,488,161 |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Transfers in..... | 173,185 | — | 10,000 | — | — | — | — | — | — | — | — | 183,185 |
| Transfers out..... | (2,310,224) | (1,502,046) | (5,000) | — | (1,027,024) | — | (50,000) | (1,708,539) | (347,883) | — | — | (6,950,716) |
| Total Other Financing Sources (Uses)..... | (2,137,039) | (1,502,046) | 5,000 | — | (1,027,024) | — | (50,000) | (1,708,539) | (347,883) | — | — | (6,767,531) |
| Net Change in Fund Balance..... | (287,284) | (1,055,562) | 121,372 | 2,500 | (211,322) | (1,629) | 75,519 | 3,256 | 1,990 | — | 71,790 | (1,279,370) |
| Fund Balance - Beginning of Year..... | 231,991 | 4,163,486 | 363,735 | 87,376 | — | (24,450) | 820,968 | 12,598 | (173) | 146,992 | 480,462 | 6,282,985 |
| Fund Balance - End of Year..... | \$ (55,293) | \$ 3,107,924 | \$ 485,107 | \$ 89,876 | \$ (211,322) | \$ (26,079) | \$ 896,487 | \$ 15,854 | \$ 1,817 | \$ 146,992 | \$ 552,252 | \$ 5,003,615 |

Combining Balance Sheet Schedule - Nonmajor Capital Projects Funds

As of June 30, 2013

| | Street Projects | Brown- fields | Intermodal Facility | Highway 6 Projects | Oakdale Boulevard Project | Cardinal Road Project | 1st Avenue Recon- struction | Oakdale Area | James Street Area | Coral Ridge Mall Area | Transit/ Parks Facility |
|---|---------------------|------------------|------------------------|-----------------------|---------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------------|-----------------------------|-------------------------------|
| Assets | | | | | | | | | | | |
| Receivables | | | | | | | | | | | |
| Due from other funds | \$ 1,152,588 | \$ — | \$ — | \$ — | \$ 16,340 | \$ 15,916 | \$ — | \$ — | \$ — | \$ 360,914 | \$ 267,838 |
| Due from other governments..... | — | 16,515 | 239,104 | 1,073,524 | — | — | — | 355,900 | — | — | — |
| Total Assets | \$ 1,152,588 | \$ 16,515 | \$ 239,104 | \$ 1,073,524 | \$ 16,340 | \$ 15,916 | \$ — | \$ 355,900 | \$ — | \$ 360,914 | \$ 267,838 |
| Liabilities and Fund Balance | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts payable | \$ 270 | \$ 13,642 | \$ 167,687 | \$ — | \$ — | \$ — | \$ 55,191 | \$ 568,138 | \$ — | \$ 585 | \$ 855 |
| Due to other funds..... | — | 53,018 | 297,483 | 782,952 | — | — | 780,476 | 1,665,703 | 239,391 | — | — |
| Deferred revenue | — | — | 147,139 | 1,073,524 | — | — | — | 355,900 | — | — | — |
| Total Liabilities | 270 | 66,660 | 612,309 | 1,856,476 | — | — | 835,667 | 2,589,741 | 239,391 | 585 | 855 |
| Fund Balance | | | | | | | | | | | |
| Restricted | 1,152,318 | — | — | — | 16,340 | 15,916 | — | — | — | 360,329 | 266,983 |
| Unassigned | — | (50,145) | (373,205) | (782,952) | — | — | (835,667) | (2,233,841) | (239,391) | — | — |
| Total Fund Balance | 1,152,318 | (50,145) | (373,205) | (782,952) | 16,340 | 15,916 | (835,667) | (2,233,841) | (239,391) | 360,329 | 266,983 |
| Total Liabilities and Fund Balance | \$ 1,152,588 | \$ 16,515 | \$ 239,104 | \$ 1,073,524 | \$ 16,340 | \$ 15,916 | \$ — | \$ 355,900 | \$ — | \$ 360,914 | \$ 267,838 |

Combining Balance Sheet Schedule - Nonmajor Capital Projects Funds

As of June 30, 2013

| | Library Expansion | North Fire Station | Recreation Improvements | Northridge Trails | 12th Avenue Urban Renewal | Theater/ Village Project | Land Use Project | North End Area Projects | FEMA Edgewater Buyouts | Total |
|--|----------------------|--------------------------|----------------------------|----------------------|------------------------------------|--------------------------------|---------------------|-------------------------------|------------------------------|---------------------|
| Assets | | | | | | | | | | |
| Receivables | | | | | | | | | | |
| Due from other funds | \$ — | \$ 115,103 | \$ 756,678 | \$ 38,213 | \$ — | \$ — | \$ — | \$ — | \$ 405,162 | \$ 3,128,752 |
| Due from other governments..... | — | — | — | 113,837 | — | — | — | — | 140,000 | 1,938,880 |
| Total Assets | \$ — | \$ 115,103 | \$ 756,678 | \$ 152,050 | \$ — | \$ — | \$ — | \$ — | \$ 545,162 | \$ 5,067,632 |
| Liabilities and Fund Balance | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ — | \$ 232,490 | \$ 773,486 | \$ 20,709 | \$ 585 | \$ — | \$ — | \$ 24,768 | \$ 246 | \$ 1,858,652 |
| Due to other funds..... | 93,349 | — | — | — | 88,949 | 24,351 | 91,350 | 34,992 | — | 4,152,014 |
| Deferred revenue | — | — | — | 113,837 | — | — | — | — | — | 1,690,400 |
| Total Liabilities | 93,349 | 232,490 | 773,486 | 134,546 | 89,534 | 24,351 | 91,350 | 59,760 | 246 | 7,701,066 |
| Fund Balance | | | | | | | | | | |
| Restricted | — | — | — | 17,504 | — | — | — | — | 544,916 | 2,374,306 |
| Unassigned | (93,349) | (117,387) | (16,808) | — | (89,534) | (24,351) | (91,350) | (59,760) | — | (5,007,740) |
| Total Fund Balance | (93,349) | (117,387) | (16,808) | 17,504 | (89,534) | (24,351) | (91,350) | (59,760) | 544,916 | (2,633,434) |
| Total Liabilities and Fund Balance..... | \$ — | \$ 115,103 | \$ 756,678 | \$ 152,050 | \$ — | \$ — | \$ — | \$ — | \$ 545,162 | \$ 5,067,632 |

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

Year Ended June 30, 2013

| | Street Projects | Brown-fields | Intermodal Facility | Highway 6 Projects | Oakdale Boulevard Project | Cardinal Road Project | 1st Avenue Recon-struction | Oakdale Area | James Street Area | Coral Ridge Mall Area | Transit/ Parks Facility |
|---|---------------------|--------------------|---------------------|---------------------|---------------------------|-----------------------|----------------------------|-----------------------|---------------------|-----------------------|-------------------------|
| Revenue | | | | | | | | | | | |
| Intergovernmental | \$ — | \$ 225,717 | \$ 141,623 | \$ 35,966 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 1,997,803 |
| Charges for service | — | — | — | — | — | — | — | — | — | — | — |
| Miscellaneous..... | — | — | — | — | — | — | — | — | — | — | 76,300 |
| Total Revenue | — | 225,717 | 141,623 | 35,966 | — | — | — | — | — | — | 2,074,103 |
| Expenditures | | | | | | | | | | | |
| Capital projects..... | 379,964 | 251,830 | 273,621 | 17,032 | — | — | 58,217 | 1,520,498 | — | 830,908 | 66,493 |
| Revenue Over (Under) Expenditures | (379,964) | (26,113) | (131,998) | 18,934 | — | — | (58,217) | (1,520,498) | — | (830,908) | 2,007,610 |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | — | — | — | — | — | — | — | — | — | — | — |
| Transfers out | — | — | — | — | — | — | — | — | (121,275) | — | — |
| Total Other Financing Sources (Uses) | — | — | — | — | — | — | — | — | (121,275) | — | — |
| Net Change in Fund Balance | (379,964) | (26,113) | (131,998) | 18,934 | — | — | (58,217) | (1,520,498) | (121,275) | (830,908) | 2,007,610 |
| Fund Balance - Beginning of Year | 1,532,282 | (24,032) | (241,207) | (801,886) | 16,340 | 15,916 | (777,450) | (713,343) | (118,116) | 1,191,237 | (1,740,627) |
| Fund Balance - End of Year | \$ 1,152,318 | \$ (50,145) | \$ (373,205) | \$ (782,952) | \$ 16,340 | \$ 15,916 | \$ (835,667) | \$ (2,233,841) | \$ (239,391) | \$ 360,329 | \$ 266,983 |

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

Year Ended June 30, 2013

| | Library Expansion | North Fire Station | Recreation Improvements | Northridge Trails | 12th Avenue Urban Renewal | Theater/ Village Project | Land Use Project | North End Area Projects | FEMA Edgewater Buyouts | CDBG Flood Related | Total |
|---|----------------------|--------------------------|----------------------------|----------------------|------------------------------------|--------------------------------|---------------------|-------------------------------|------------------------------|--------------------------|-----------------------|
| Revenue | | | | | | | | | | | |
| Intergovernmental | \$ — | \$ — | \$ — | \$ 272,886 | \$ — | \$ — | \$ — | \$ — | \$ 741,561 | \$ — | \$ 3,415,556 |
| Charges for service | — | — | — | — | — | — | 78,308 | — | — | — | 78,308 |
| Miscellaneous | — | — | 42,000 | — | — | — | — | — | — | — | 118,300 |
| Total Revenue | — | — | 42,000 | 272,886 | — | — | 78,308 | — | 741,561 | — | 3,612,164 |
| Expenditures | | | | | | | | | | | |
| Capital projects | — | 772,367 | 1,063,499 | 271,150 | 10,557 | 23,479 | 4,965 | 64,149 | 163,591 | — | 5,772,320 |
| Revenue Over (Under) Expenditures | — | (772,367) | (1,021,499) | 1,736 | (10,557) | (23,479) | 73,343 | (64,149) | 577,970 | — | (2,160,156) |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | — | — | — | 201,275 | — | — | — | — | — | 1,610 | 202,885 |
| Transfers out | — | — | — | — | — | — | — | — | — | — | (121,275) |
| Total Other Financing Sources (Uses) | — | — | — | 201,275 | — | — | — | — | — | 1,610 | 81,610 |
| Net Change in Fund Balance | — | (772,367) | (1,021,499) | 203,011 | (10,557) | (23,479) | 73,343 | (64,149) | 577,970 | 1,610 | (2,078,546) |
| Fund Balance - Beginning of Year | (93,349) | 654,980 | 1,004,691 | (185,507) | (78,977) | (872) | (164,693) | 4,389 | (33,054) | (1,610) | (554,888) |
| Fund Balance - End of Year | \$ (93,349) | \$ (117,387) | \$ (16,808) | \$ 17,504 | \$ (89,534) | \$ (24,351) | \$ (91,350) | \$ (59,760) | \$ 544,916 | \$ — | \$ (2,633,434) |

Combining Schedule of Net Position - Nonmajor Proprietary Funds

As of June 30, 2013

| | Water | Solid Waste | Golf | Transit | Storm Water | Total |
|---|-----------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and pooled investments | \$ 50 | \$ — | \$ — | \$ — | \$ — | \$ 50 |
| Receivables | | | | | | |
| Assets held by property manager .. | — | — | 201,206 | — | — | 201,206 |
| Customer accounts..... | 364,563 | 161,822 | 37,254 | — | — | 563,639 |
| Due from other funds..... | 1,900,617 | 458,417 | — | 752,767 | 655,524 | 3,767,325 |
| Inventories and prepaids | 126,434 | 10,364 | 230,074 | 41,128 | — | 408,000 |
| Total Current Assets..... | <u>2,391,664</u> | <u>630,603</u> | <u>468,534</u> | <u>793,895</u> | <u>655,524</u> | <u>4,940,220</u> |
| Noncurrent Assets | | | | | | |
| Restricted Assets | | | | | | |
| Cash and pooled investments | 192,133 | — | — | — | — | 192,133 |
| Beneficial interest in a trust..... | — | — | 710,124 | — | — | 710,124 |
| Capital assets (net of accumulated depreciation)..... | 8,098,115 | 1,036,161 | 10,086,697 | 5,119,183 | — | 24,340,156 |
| Total Noncurrent Assets | <u>8,290,248</u> | <u>1,036,161</u> | <u>10,796,821</u> | <u>5,119,183</u> | <u>—</u> | <u>25,242,413</u> |
| Total Assets | <u>\$ 10,681,912</u> | <u>\$ 1,666,764</u> | <u>\$ 11,265,355</u> | <u>\$ 5,913,078</u> | <u>\$ 655,524</u> | <u>\$ 30,182,633</u> |
| Liabilities and Net Position | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | \$ 508,208 | \$ 21,792 | \$ 152,464 | \$ 16,138 | \$ 11,984 | \$ 710,586 |
| Accrued liabilities and compensated absences..... | 23,799 | 38,281 | 120,816 | 90,690 | — | 273,586 |
| Due to other funds..... | — | — | 202,059 | — | — | 202,059 |
| Current maturities of long-term debt | 205,000 | — | 199,567 | — | — | 404,567 |
| Customer deposits | 236,915 | — | — | — | — | 236,915 |
| Total Current Liabilities..... | <u>973,922</u> | <u>60,073</u> | <u>674,906</u> | <u>106,828</u> | <u>11,984</u> | <u>1,827,713</u> |
| Long-Term Debt..... | <u>1,325,000</u> | <u>—</u> | <u>7,795,554</u> | <u>—</u> | <u>—</u> | <u>9,120,554</u> |
| Total Liabilities..... | <u>2,298,922</u> | <u>60,073</u> | <u>8,470,460</u> | <u>106,828</u> | <u>11,984</u> | <u>10,948,267</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 6,568,115 | 1,036,161 | 2,801,700 | 5,119,183 | — | 15,525,159 |
| Restricted for debt service..... | 192,133 | — | — | — | — | 192,133 |
| Unrestricted | 1,622,742 | 570,530 | (6,805) | 687,067 | 643,540 | 3,517,074 |
| Total Net Position | <u>8,382,990</u> | <u>1,606,691</u> | <u>2,794,895</u> | <u>5,806,250</u> | <u>643,540</u> | <u>19,234,366</u> |
| Total Liabilities and Net Position | <u>\$ 10,681,912</u> | <u>\$ 1,666,764</u> | <u>\$ 11,265,355</u> | <u>\$ 5,913,078</u> | <u>\$ 655,524</u> | <u>\$ 30,182,633</u> |

Combining Schedule of Revenue, Expenses and Changes in Net Position Nonmajor Proprietary Funds

Year Ended June 30, 2013

| | Water | Solid Waste | Golf | Transit | Storm Water | Total |
|--|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|
| Operating Revenue | | | | | | |
| Charges for sales and service | <u>\$ 2,415,166</u> | <u>\$ 968,543</u> | <u>\$ 2,212,650</u> | <u>\$ 529,302</u> | <u>\$ 316,989</u> | <u>\$ 6,442,650</u> |
| Operating Expenses | | | | | | |
| Salaries and employee benefits | 553,088 | 475,824 | 383,557 | 906,916 | 64,094 | 2,383,479 |
| Contractual services | 805,071 | 92,752 | 176,777 | 215,802 | 56,881 | 1,347,283 |
| Commodities | 222,091 | 249,814 | 1,351,195 | 456,282 | 24,265 | 2,303,647 |
| Depreciation | 439,703 | 90,582 | 226,217 | 318,099 | — | 1,074,601 |
| Total Operating Expenses | <u>2,019,953</u> | <u>908,972</u> | <u>2,137,746</u> | <u>1,897,099</u> | <u>145,240</u> | <u>7,109,010</u> |
| Operating Income (Loss) | <u>395,213</u> | <u>59,571</u> | <u>74,904</u> | <u>(1,367,797)</u> | <u>171,749</u> | <u>(666,360)</u> |
| Nonoperating Revenue (Expenses) | | | | | | |
| Intergovernmental Revenue | | | | | | |
| Federal | — | — | — | 346,101 | — | 346,101 |
| State | — | — | — | 228,915 | — | 228,915 |
| Interest revenue | — | — | 614 | — | — | 614 |
| Interest expense | (60,915) | — | (457,536) | — | — | (518,451) |
| Total Nonoperating Revenue (Expenses) | <u>(60,915)</u> | <u>—</u> | <u>(456,922)</u> | <u>575,016</u> | <u>—</u> | <u>57,179</u> |
| Income (Loss) Before Transfers .. | 334,298 | 59,571 | (382,018) | (792,781) | 171,749 | (609,181) |
| Transfers in | — | — | 260,000 | 560,000 | — | 820,000 |
| Transfers out | (60,000) | (25,000) | — | (128,999) | (60,000) | (273,999) |
| Net Income (Loss) | 274,298 | 34,571 | (122,018) | (361,780) | 111,749 | (63,180) |
| Net Position - Beginning of Year | 8,108,692 | 1,572,120 | 2,916,913 | 6,168,030 | 531,791 | 19,297,546 |
| Net Position - End of Year | <u>\$ 8,382,990</u> | <u>\$ 1,606,691</u> | <u>\$ 2,794,895</u> | <u>\$ 5,806,250</u> | <u>\$ 643,540</u> | <u>\$ 19,234,366</u> |

Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2013

| | Water | Solid Waste | Golf | Transit | Storm Water | Total |
|--|--------------------|------------------|------------------|--------------------|------------------|--------------------|
| Operating Revenue | | | | | | |
| Cash Flows From Operating Activities | | | | | | |
| Receipts from customers..... | \$ 2,457,075 | \$ 968,840 | \$ 2,266,219 | \$ 529,302 | \$ 316,989 | \$ 6,538,425 |
| Payments to suppliers | (992,302) | (325,456) | (1,497,005) | (677,702) | (81,146) | (3,573,611) |
| Payments to employees | (553,088) | (475,824) | (383,557) | (906,916) | (65,357) | (2,384,742) |
| Net Cash Provided by (Used in) Operating Activities | 911,685 | 167,560 | 385,657 | (1,055,316) | 170,486 | 580,072 |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Noncapital federal and state grants | — | — | — | 575,016 | — | 575,016 |
| Net transfers | (60,000) | (25,000) | 260,000 | 431,001 | (60,000) | 546,001 |
| Net Cash Provided by (Used in) Noncapital Financing Activities..... | (60,000) | (25,000) | 260,000 | 1,006,017 | (60,000) | 1,121,017 |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Decrease in due to other funds..... | — | — | (180,038) | — | — | (180,038) |
| Received from trust | — | — | 52,944 | — | — | 52,944 |
| Purchase of capital assets..... | (555,058) | (13,650) | (12,786) | (26,599) | — | (608,093) |
| Repayment of debt | (225,000) | — | (184,874) | — | — | (409,874) |
| Payment of interest..... | (62,771) | — | (457,536) | — | — | (520,307) |
| Net Cash Used in Capital and Related Financing Activities | (842,829) | (13,650) | (782,290) | (26,599) | — | (1,665,368) |
| Cash Flows From Investing Activities | | | | | | |
| Increase in due from other funds..... | (1,900,617) | (128,910) | — | (623,553) | (110,486) | (2,763,566) |
| Interest received | — | — | 614 | — | — | 614 |
| Net Cash Used in Investing Activities | (1,900,617) | (128,910) | 614 | (623,553) | (110,486) | (2,762,952) |
| Net Decrease in Cash..... | (1,891,761) | — | (136,019) | (699,451) | — | (2,727,231) |
| Cash and Pooled Investments at Beginning of Year | 2,083,944 | — | 136,019 | 699,451 | — | 2,919,414 |
| Cash and Pooled Investments at End of Year | \$ 192,183 | \$ — | \$ — | \$ — | \$ — | \$ 192,183 |

Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2013

| | Water | Solid Waste | Golf | Transit | Storm Water | Total |
|---|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities | | | | | | |
| Operating income (loss)..... | \$ 395,213 | \$ 59,571 | \$ 74,904 | \$ (1,367,797) | \$ 171,749 | \$ (666,360) |
| Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities | | | | | | |
| Depreciation..... | 439,703 | 90,582 | 226,217 | 318,099 | — | 1,074,601 |
| Decrease in receivables..... | 23,119 | 297 | 53,569 | — | — | 76,985 |
| Decrease in inventories and prepaids | 12,073 | 48 | 11,213 | 1,138 | — | 24,472 |
| Increase (decrease) in accounts payable | 24,369 | 15,357 | (33,436) | (10,715) | (1,263) | (5,688) |
| Increase (decrease) in accrued liabilities and compensated absences..... | (1,582) | 1,705 | 53,190 | 3,959 | — | 57,272 |
| Increase in customer deposits ... | 18,790 | — | — | — | — | 18,790 |
| Net Cash Provided by (Used in) Operating Activities..... | \$ 911,685 | \$ 167,560 | \$ 385,657 | \$ (1,055,316) | \$ 170,486 | \$ 580,072 |
| Schedule of Noncash Investing and Financing Activities | | | | | | |
| Cash Paid for Capital Assets | | | | | | |
| Capital asset additions | \$ 998,403 | \$ 13,650 | \$ 12,786 | \$ 263,599 | \$ — | \$ 1,288,438 |
| Net change in accounts payable | (443,345) | — | — | — | — | (443,345) |
| Cash Paid for Capital Assets..... | \$ 555,058 | \$ 13,650 | \$ 12,786 | \$ 263,599 | \$ — | \$ 845,093 |

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

Last Ten Years

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | | | | | | |
| Property tax..... | \$ 12,122,228 | \$ 11,666,499 | \$ 11,281,558 | \$ 10,811,220 | \$ 10,371,050 | \$ 9,777,725 | \$ 9,155,120 | \$ 8,098,678 | \$ 7,542,431 | \$ 6,713,588 |
| TIF and other city taxes..... | 19,052,501 | 18,747,034 | 18,863,375 | 17,161,601 | 16,642,895 | 15,030,854 | 13,786,896 | 11,397,440 | 9,586,743 | 9,099,939 |
| Special assessments..... | 71,790 | 280,101 | 227,302 | 123,848 | 431,610 | 1,239,963 | 1,126,217 | 882,838 | 1,227,337 | 1,536,066 |
| Licenses and permits..... | 549,717 | 674,089 | 576,401 | 412,577 | 451,523 | 474,595 | 604,110 | 730,436 | 659,633 | 596,342 |
| Use of money and property..... | 762,405 | 1,091,475 | 1,276,051 | 1,116,480 | 815,258 | 946,203 | 1,347,299 | 2,438,667 | 1,353,761 | 323,054 |
| Intergovernmental..... | 16,179,608 | 13,799,733 | 26,866,111 | 8,346,001 | 5,356,316 | 5,351,026 | 5,384,289 | 5,499,728 | 3,519,790 | 3,558,617 |
| Charges for service..... | 3,009,752 | 1,956,937 | 1,948,703 | 1,879,808 | 1,791,577 | 1,680,722 | 1,599,894 | 1,425,389 | 1,393,208 | 1,596,393 |
| Miscellaneous..... | 737,070 | 1,391,780 | 498,273 | 827,165 | 1,269,316 | 1,537,664 | 4,871,096 | 812,366 | 871,612 | 892,575 |
| Total Revenue..... | \$ 52,485,071 | \$ 49,607,648 | \$ 61,537,774 | \$ 40,678,700 | \$ 37,129,545 | \$ 36,038,752 | \$ 37,874,921 | \$ 31,285,542 | \$ 26,154,515 | \$ 24,316,574 |
| Expenditures | | | | | | | | | | |
| Operating | | | | | | | | | | |
| Public safety..... | \$ 4,761,114 | \$ 5,070,890 | \$ 4,322,466 | \$ 4,030,223 | \$ 4,446,950 | \$ 4,201,185 | \$ 3,946,226 | \$ 3,940,020 | \$ 3,404,787 | \$ 3,034,531 |
| Public works..... | 1,729,154 | 1,412,413 | 1,255,807 | 1,682,532 | 1,826,042 | 1,635,688 | 1,430,685 | 1,429,082 | 1,300,160 | 1,189,911 |
| Health and social services..... | 85,599 | 94,420 | 92,004 | 91,520 | 156,322 | 86,859 | 114,444 | 130,441 | 105,521 | 79,762 |
| Culture and recreation..... | 7,200,849 | 6,543,383 | 5,645,219 | 5,598,284 | 5,226,438 | 4,925,136 | 4,748,913 | 3,953,353 | 3,833,780 | 3,479,381 |
| Community and economic development.. | 2,965,705 | 2,117,826 | 2,187,438 | 2,749,405 | 9,218,894 | 1,824,297 | 427,164 | 1,753,471 | 928,797 | 666,021 |
| General government..... | 2,756,732 | 2,570,471 | 2,599,830 | 2,662,316 | 2,129,519 | 1,852,344 | 1,852,670 | 1,546,342 | 1,457,547 | 1,524,885 |
| Debt service..... | 26,709,034 | 19,794,431 | 18,737,642 | 17,635,000 | 15,877,962 | 21,420,881 | 65,482,393 | 18,828,354 | 8,748,113 | 25,197,407 |
| Capital projects..... | 39,404,017 | 47,319,803 | 34,036,991 | 19,144,343 | 9,735,463 | 13,730,878 | 37,500,330 | 53,606,579 | 27,810,276 | 20,809,981 |
| Total Expenditures..... | \$ 85,612,204 | \$ 84,923,637 | \$ 68,877,397 | \$ 53,593,623 | \$ 48,617,590 | \$ 49,677,268 | \$ 115,502,825 | \$ 85,187,642 | \$ 47,588,981 | \$ 55,981,879 |

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|---|--|
| U.S. Department of Education | | | |
| Indirect | | | |
| Pass-Through Iowa Department of Agriculture Summer Food Service Program for Children | 10.559 | | <u>\$ 8,190</u> |
| U.S. Department of Commerce | | | |
| Direct | | | |
| Economic Adjustment Assistance | 11.307 | 05-79-04798 | <u>6,768,991</u> |
| U.S. Department of Housing and Urban Development | | | |
| Indirect | | | |
| Pass-Through Iowa Department of Economic Development Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 08-DRI-223 11-HSG-010 08-DRMI-021 08-DRIEF-222 | 101,773 68,008 2,324,659 <u>2,517,822</u> |
| Total U.S. Department of Housing and Urban Development..... | | | <u>5,012,262</u> |
| U.S. Department of Justice | | | |
| Direct | | | |
| Bulletproof Vest Partnership Program | 16.607 | | <u>590</u> |
| U.S. Department of Transportation | | | |
| Direct | | | |
| Federal Transit - Formula Grants | 20.507 | Various | <u>299,392</u> |
| Bus and Bus Facilities Formula Program | 20.526 | | <u>288,762</u> |
| Indirect | | | |
| Pass-Through Iowa Department of Transportation Highway Planning and Construction | 20.205 | EDP-1557(628)-7Y-52 | <u>267,545</u> |
| Enhanced Mobility of Seniors and Individuals With Disabilities | 20.513 | | 25,403 |
| Job Access and Reverse Commute Program (JARC) | 20.516 | | <u>21,306</u> |
| | | | <u>46,709</u> |
| Total U.S. Department of Transportation | | | <u>902,408</u> |

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-----------------------------|
| U.S. Environmental Protection Agency | | | |
| Direct | | | |
| Brownfields Assessment and Cleanup | | | |
| Cooperative Agreements | 66.818 | BF 97720901-0 | \$ 65,189 |
| | | BF 97721001-0 | <u>99,976</u> |
| | | | <u>165,165</u> |
| U.S. Department of Homeland Security | | | |
| Indirect | | | |
| Pass-Through Iowa Department of Homeland Security | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Various | <u>90,019</u> |
| Total Expenditures of Federal Awards..... | | | <u>\$ 12,947,625</u> |

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Coralville, Iowa, and is presented using accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Government Accounting Standards Board and other recognized authoritative sources. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Program expenditures include only amounts subject to reimbursement from the grantor agency or program income; thus, they are net of local matching.

Note 2. Subrecipients

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

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A Professional Corporation

Certified Public Accountants and Consultants

Independent Auditor's 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 Coralville, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coralville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Coralville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Coralville's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Coralville's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings and questioned costs as items 13-II-R-1, 13-II-R-2, 13-II-R-3, 13-II-R-4 and 13-II-R-5 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Coralville's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
March 11, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coralville, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The City of Coralville's major federal programs are identified in Part I of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Coralville's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Coralville'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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Coralville's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the City of Coralville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the City of Coralville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Coralville's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program for each major program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 of Coralville's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
March 11, 2014

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Part I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness identified? yes no
Significant deficiency identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
Material weakness identified? yes no
Significant deficiency identified not considered to be material weakness? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? yes no

Identification of major program:

CFDA Numbers

11.307
14.228

Name of Federal Program or Cluster

Economic Adjustment Assistance
Community Development Block Grants/
State's Program and Non-Entitlement
Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$388,429

Auditee qualified as low-risk auditee? yes no

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance

There were no reported instances of noncompliance.

Internal Control Deficiencies

13-II-R-1 Financial Statement Preparation

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

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

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

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

Auditor's Conclusion - Response accepted.

13-II-R-2 Bank Account Reconciliation

Finding - During our audit, we found that the reconciliation of bank accounts did not agree to the total of the City-wide cash accounts within the general ledger. Some months during the year, the differences were very large. As of June 30, 2013, the reconciled bank balance was approximately \$55,000 more than the total of the cash accounts within the City's general ledger. The failure to properly reconcile the bank accounts each month leads to inaccurate financial statements and could possibly mask a misappropriation of cash.

Auditor's Recommendation - We understand that City staff have been working to determine the reason for the differences and how to identify those differences in a timely manner. With the number of bank accounts, funds and transactions that the City has, the monthly reconciling process is a challenge. We recommend that the City consider assigning the reconciling process to a different person or consider creating a reconciling team of two or more people. The City should consider implementing daily reconciling activities which could reduce the amount of work required at month end or which could help identify errors in a more timely manner. Further, written procedures should be created which could be used as a checklist to assist the staff in completion of the reconciliation in a timely manner. The entire process should be overseen by the City finance director with an expectation that the accounts be reconciled within two weeks of month end.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

City's Response - The Director of Finance is aware of this and has been working to resolve it. City staff appreciates the auditor's recommendations regarding assignment of the reconciliation process to another person or staffing it with a team of two or more persons. City staff also recognizes the value of written procedures and will review the written procedures for this activity to ensure that they are detailed and effective.

Auditor's Conclusion - Response accepted.

13-II-R-3 Old Outstanding Checks

Finding - During our testing of the bank reconciliation, we noted several checks which have not cleared the bank, some that are dated as far back as 2009. City staff should investigate these old outstanding checks to determine whether the check did clear the bank (and that may be part of the reconciliation errors); void the check and reissue a new one to the vendor; or submit the check to the Iowa Treasurer in compliance with the state escheat law. Timely follow up on checks that do not clear the bank within a month or two will lead to less errors in the reconciling process and compliance with state laws.

Auditor's Recommendation - The City should review the existing list of old outstanding checks and determine whether the checks did indeed clear the bank or if they need to be voided and reissued. If there are checks for which the vendor cannot be located, then the City should comply with the Iowa escheat law and forward those to the Iowa Treasurer's office.

The City should implement new procedures each month to investigate any check which does not clear within two months of the issuance date. Those procedures should include contacting the vendor to see if they received the check. Checks that have been lost should be voided and reissued.

City's Response - City staff appreciate the auditor's recommendations in connection with this finding and will implement them during the remainder of fiscal year 2014 and the beginning of fiscal year 2015.

Auditor's Conclusion - Response accepted.

13-II-R-4 Timely Recording of Transactions to the City General Ledger

Finding - Certain accounting transactions for the Marriott Hotel and Conference Center and Brown Deer Golf Course food and beverage operations are accounted for by Marriott Business Systems under a Qualified Management Agreement. Each month, Marriott provides reports to the City with the transaction totals which the City then records to its general ledger. During 2013, there were several months where the transactions were not recorded to the City's general ledger, requiring very large adjustments at year end as part of our audit. It is important that the City record all transactions in a timely manner each month.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Auditor's Recommendation - The City should review its procedures for monthly financial statement preparation, including the assignment of responsibilities among the finance department staff, and make changes where necessary in order to ensure that all transactions are recorded in a timely manner each month.

City's Response - City staff appreciate the auditor's recommendations in connection with this finding and will implement them during the remainder of fiscal year 2014 and the beginning of fiscal year 2015.

Auditor's Conclusion - Response accepted.

13-II-R-5 Credit Card Usage

Finding - Several City employees are provided access to credit cards in order to make routine, day-to-day purchases of supplies, fuel and other goods and services. Each employee is either assigned a specific credit card or required to sign out a general-use credit card and then provide to the finance department receipts for each amount charged. During our audit of several credit card statements, we found instances where charges lacked a supporting receipt. City policy is that for any charge not supported by a receipt, the amount is to be withheld from the employee's payroll. We found that the City did not follow that policy where we noted charges that lacked proper supporting documentation. It is important that the City require receipts for every charge to ensure proper use of City funds and to prevent fraud.

Auditor's Recommendation - The City should review its policies in place over credit cards and must require receipts for every charge made on a credit card. The City has a good policy in place requiring unsupported charges to be withheld from the employee's payroll, but it must consistently implement the policy for it to serve any meaningful purpose.

City's Response - City staff do not believe that the quantity and dollar amounts of the expenditures involved in this finding are of a magnitude that represents a significant risk of fraud or misuse of resources. However, City staff does agree with the importance of enforcing the existing policy for the reasons stated in the finding. The Director of Finance will review the policy and its implementation with an eye to consistent enforcement.

Auditor's Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance

There were no reported instances of noncompliance.

Internal Control Deficiencies

There were no matters reported.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Part IV: Findings Related to Statutory Reporting:

13-IV-A Certified Budget - Disbursements in the Community and Economic Development, Debt Service and Capital Projects functional areas exceeded amounts budgeted during the year. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

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

Auditor's Conclusion - Response accepted.

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

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

13-IV-D Business Transactions - No business transactions between the City and City officials or employees aggregating over \$1,500 were noted.

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

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

Finding - Code of Iowa Chapter 372.13(6) requires that the minutes of the meetings of the City Council be published within 15 days of the meeting and include a list of all claims allowed and a summary of receipts. During our audit, we noted that the City did not publish the listing of receipts in a timely manner. Publishing of this information in a timely manner is important for compliance with Iowa law and to provide relevant information to the citizens of Coralville.

Auditor's Recommendation - The City should review the requirements of Chapter 372.13(6) of the Code of Iowa and implement policies to ensure compliance.

City's Response - This finding is related to, and largely a result of, 13-II-R-2 (Bank Account Reconciliation). The delay referred to in this finding is due to the delay in the bank account reconciliation, in an effort to ensure that the claim and receipt amounts published were accurate. City staff believes that the resolution of finding 13-II-R-2 will cause this finding to be resolved as well, but will also review Chapter 372.13(6) of the Iowa Code.

Auditor's Conclusion - Response accepted.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

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

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

13-IV-I Financial Condition - The funds listed below had deficit balances as of June 30, 2013 as noted:

| | |
|-------------------------------------|------------|
| Special Revenue | |
| Police Grants | \$ 26,079 |
| 12th Avenue TIF | 55,293 |
| Iowa River Landing Operations | 211,322 |
| Capital Projects | |
| Flood Mitigation | 11,240,338 |
| Brownfields | 50,145 |
| Intermodal Facility | 373,205 |
| Highway 6 Projects | 782,952 |
| 1st Avenue Reconstruction | 835,667 |
| Oakdale Area | 2,233,841 |
| James Street Area | 239,391 |
| Library Expansion | 93,349 |
| North Fire Station | 117,387 |
| Recreation Improvements | 16,808 |
| 12th Avenue Urban Renewal | 89,534 |
| Theater/Village Project | 24,351 |
| Land Use Project | 91,350 |
| North End Area Projects | 59,760 |

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

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

Auditor's Conclusion - Response accepted.

I3-II-J Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.