City of Iowa City, Iowa

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

CITY OF IOWA CITY
UNESCO CITY OF LITERATURE

On the cover

In 2014, the City of Iowa City completed its $50 million Wastewater Treatment Plant expansion project, the largest public works project ever undertaken by the City. The work involved permanently shutting down operations at the 80-year old North Plant, located on South Clinton Street, and expanding the newer South Wastewater Treatment Plant on Napoleon Street, south of Iowa City.

The plant is state-of-the-art, utilizing innovative modern designs and natural bioprocesses that are inspired by nature to treat the wastewater and return it to the Iowa River. Unlike the hazardous chemicals that were used in the past, these eco-friendly processes ultimately protect our community and our environment, including the restored wetlands and prairie that surround the facility, where grasses, wildflowers, birds and wildlife abound.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

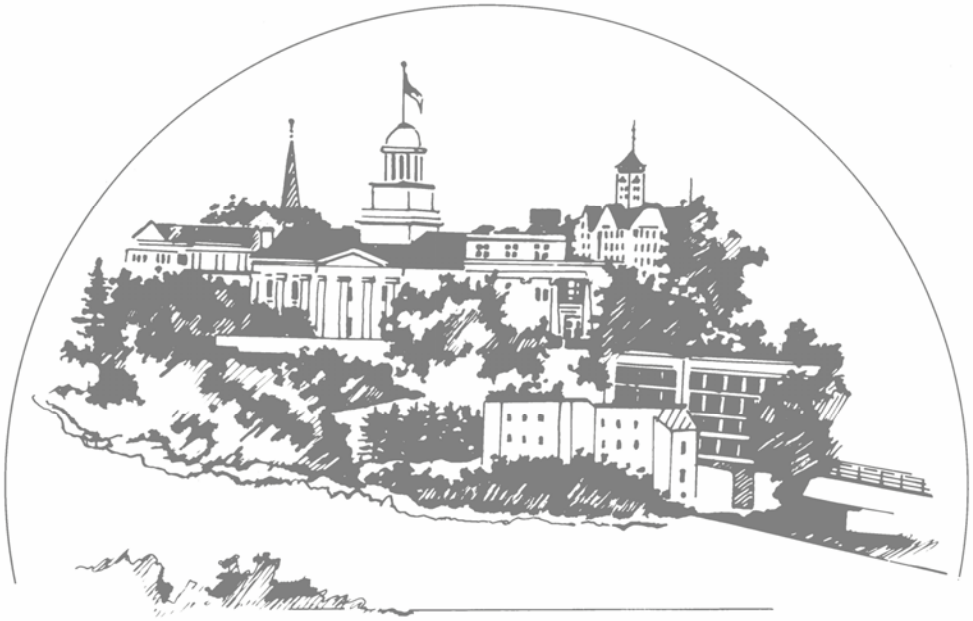
CITY OF IOWA CITY, IOWA

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY:

FINANCE DEPARTMENT

CITY OF IOWA CITY, IOWA



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CITY OF IOWA CITY

December 11, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Iowa City, Iowa (the City) for the fiscal year ended June 30, 2014 is submitted herewith in accordance with the provisions of Chapter 11 of the Code of Iowa. The City's Finance Department prepared this report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rest with the City. I believe the information, as presented, is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

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

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

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the June 30, 2011 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent. The classifications include: nonspendable amounts that are not in spendable form or the City is legally or contractually required to be maintained intact; restricted amounts contain restraint on their use externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation; committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority; assigned amounts

are intended to be used for specific purposes; and the unassigned fund balance is the residual classification for the General Fund.

Chapter 11 of the Code of Iowa requires an annual audit to be performed. The independent public accounting firm of Eide Bailly LLP was selected by the City. In addition to meeting the requirements set forth in Chapter 11, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and related Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

While, the financial statements are the responsibility of the City, the responsibility of the auditor is to express an opinion on the City's financial statements based on their audit. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended, June 30, 2014 are free of material misstatement. The audit is conducted in accordance with generally accepted auditing standards and involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Iowa City's financial statements for the fiscal year ended, June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report on the basic financial statements and combining fund statements and schedules is included in the financial section of this report.

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

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

Profile of the Government

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

The City Council is the legislative body and makes all policy determinations for the City through the enactment of ordinances and resolutions. It also adopts a budget to determine how the City will

obtain and spend its funds. The Council appoints members of boards, commissions and committees.

The City Manager is the chief administrative officer for the City and is appointed by the City Council. The City Manager implements policy decisions of the City Council and enforces City ordinances. In addition, the City Manager appoints and directly supervises the directors of the City's operating departments and supervises the administration of the City's personnel system. The Manager supervises 526 full-time and 57 part-time permanent municipal employees and 396 temporary employees, including a police force of 79 sworn personnel and a fire department of 64 firefighters.

The City Clerk is appointed by the City Council and reports to the Council. The City Clerk's Office administers the City government's documentation, City licenses and permits, and provides information from the Municipal Code and City Ordinances to the public and other City departments. The City Clerk's Office is also responsible for distributing and maintaining accurate records of all City Council proceedings. The Clerk supervises 3 full-time employees and 2 temporary employees.

The City Attorney is also appointed by the City Council and works at the direction of the City Council. The City Attorney supervises the City Attorney's Office, including 4 Assistant City Attorneys and 2 other full-time employees. In addition, the City Attorney acts as Chief Legal Counsel to the City Council, City Manager, the various City departments and staff, and most City commissions, committees and boards.

The City provides a full range of services including police and fire protection, construction and maintenance of roads, streets and infrastructure, inspection and licensing functions, a municipal airport, library, recreational activities, and cultural events. The City owns and operates its water supply and distribution system and sewage collection and treatment system with secondary treatment also provided. Virtually the entire City has separate storm and sanitary sewer systems. The City operates a municipal off-street and on-street parking system in the downtown area. The City also operates a transit system.

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

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

Information Useful in Assessing the Government's Economic Condition

The City's economic strength is based on the educational sector, medical services, and diversified manufacturing. The University of Iowa and the University of Iowa Hospital and Clinics are the City's largest employers with over 30,800 employees. The University of Iowa had a record high enrollment in fall 2012 of 31,498 students, and the enrollment has held steady with a fall semester 2014 enrollment of 31,387 students. The academic and research missions of the University, along with the health care services provided at its hospitals and clinics, have a tremendously positive economic impact on the area.

The City also has a significant number of national and international businesses, including Fortune 500 companies. The City continues to see sustained production in our major local industries; ACT Inc., NCS Pearson, and Proctor & Gamble. While established firms continue to prosper and expand in Iowa City, opportunities are available for growth of new businesses. Continued economic development efforts with the Iowa City and Coralville Chambers of Commerce, private interests, the University of Iowa, other surrounding communities, and participation as a member of the Iowa City Area Development Group, have produced positive results with the retention and expansion of businesses.

In addition, Iowa's Creative Corridor is a seven-county alliance surrounding Iowa City and has been identified as one of the major growth areas for new business development in the State of Iowa. This Corridor gives employers workforce access to a region uniquely Iowan, founded with a manufacturing heritage, but actively seeking new frontiers and opportunities in information technology, biotechnology and bioprocessing, renewable energy, insurance and financial services, advanced manufacturing, and educational services. Continued developments within Iowa City and the region have a favorable impact upon the City's economy.

As a whole, the City's economy continues to grow, but at a slow pace. The major employers have been able to maintain steady employment during the national recession as evidence in the unemployment rate for Iowa City, which continues to remain low at 3.5% for the month of June 2014, as compared to 4.4% for the State of Iowa, and 6.1% for the national average.

The rate of new housing construction increased in comparison to the prior year based on the number of building permits issued. This consisted of 171 new single-family houses in 2013, as compared to 143 in 2012; multi-family dwelling units added to the tax rolls for the year ended December 31, 2013 was 488, compared to 144 in 2012; and mixed commercial and residential developments added in 2013 included 27 residential units. Altogether these additions totaled $131,775,074 in 2013, versus a total of $66,802,512 in 2012.

Permits for commercial construction decreased from $25,758,012 in 2012 to $17,816,062 in 2013. And remodeling permits for residential and commercial increased by $6,216,424 from 2012 to 2013.

According to the 2010 census, the population of Iowa City is 67,862. This is an increase of 5,672 or 9.1% as compared to the 2000 census. Iowa City population in 2014 is estimated to be 71,591 by the U.S. Census Bureau.

There are many signs that the City remains healthy and vibrant with great promise for the future. The stability of the University of Iowa coupled with historically steady employment by the City's multi-sector base of manufacturing and service industries, helped insulate the City from any significant negative economic impacts of the national recession. The City's property valuations continue to rise and along with the low unemployment rate, this is indicative of the City's relative economic stability.

Major Initiatives

The City of Iowa City, with the assistance of the University of Iowa's Institute of Public Affairs, completed the City's Strategic Plan. The strategic planning process involved multiple steps, including gathering input from the general public, front-line City staff, department directors, and the City Council. The Strategic Plan established the prevailing organizational priorities as the following:

Fostering a more *INCLUSIVE* and *SUSTAINABLE* Iowa City through a commitment to:

1. Healthy Neighborhoods
2. A Strong Urban Core
3. Strategic Economic Development Activities
4. A Solid Financial Foundation
5. Enhanced Communication and Marketing

The first priority of the City's Strategic Plan is to strengthen and enhance the City's many neighborhoods. An effective stabilization strategy requires a review and analysis of the City's policies, programs, communications, and capital investment decisions that directly shape and influence a neighborhood's character and livelihood. Staff will be focusing on the central planning district neighborhoods; however many aspects of the neighborhood stabilization review will have implications throughout the community. In order to achieve the Council's goal, staff will focus on the land use regulations, public infrastructure and open space, private building stock, nuisance mitigation, open stakeholder communication, and updating planning documents. Projects to further neighborhood stabilization include the UniverCity Neighborhood Partnership, a joint project between the City and the University of Iowa to ensure the neighborhoods around the university remain vital, safe, affordable, and attractive places to live and work for both renters and homeowners by acquiring and rehabilitating homes near the University of Iowa campus for resale as affordable owner-occupied housing. Staff will also be actively working with the Iowa City Community School district to promote increased coordination in school and neighborhood planning as neighborhood schools play a role in neighborhood stabilization efforts. The City also continues to invest in neighborhood parks, trails, and events.

The second priority of the Strategic Plan is the development of the city's core areas. Staff is focusing on two distinct geographic areas: Downtown Iowa City and Riverfront Crossings.

In 2012, the Iowa City Downtown District (ICDD), a self-supported municipal improvement district, was formed presenting a unique opportunity to bring together property owners, businesses, the University of Iowa, and the City of Iowa City. Staff, in partnership with stakeholders, is working to pursue policies and projects that will more fully realize the potential of the central business district and facilitate new private investment in the area. Some of the ICDD current initiatives include a downtown community gallery for public art and science programs, free Wi-Fi in the Pedestrian Mall, holiday lighting, improved snow removal, downtown ambassadors to assist visitors and maintain public spaces, alley beautification, and a downtown beat cop. The City has also instituted a new parking rate structure, including first hour free to make visiting downtown more convenient.

The Park@201 building completed construction in 2014 in downtown Iowa City. The building is adjacent to the city's pedestrian mall and was constructed with the assistance of tax increment financing. The Park@201 is a 14 story mixed use development with 4 floors of commercial space and 10 floors of residential units. Meta Communications, a growing software company, has occupied three floors of the commercial space, and the building is completely occupied.

Other buildings that are undergoing major re-development downtown include the historic Midwest One bank building, the Jefferson Hotel, and the conversion of the Wilson building and public space into a 15 story mixed use development. Also known as the Chauncey, the 15 story building will have 8 floors of residential units, a 35 unit hotel, two floors of commercial space, a movie theatre and a bowling alley. The project is anticipated to be $49 million and will be assisted with tax increment financing.

The Riverfront Crossing Development Plan is an initiative to revitalize the area south of Iowa City's downtown area. This area was hard hit by the flooding in 2008 and ideas for improving the district were initiated as part of a combined flood mitigation plan. Through a grant from the Partnership for Sustainable Communities, the City created a detailed plan for developing the area. The new neighborhood will feature a waterfront park with walking and biking trails, access to the Iowa River for boating and fishing, a variety of housing options near shopping, restaurants, a state-of-the-art recital hall and recreational facilities and is a short walk to downtown Iowa City and the University of Iowa campus.

The Riverfront Crossings Development area is being anchored by a 76.8 acre area comprised of public facilities including the City's north wastewater treatment plant that is located on the east bank of the Iowa River and the southeast corner of the development area. The City received an $8.5 million hazard mitigation grant from the State of Iowa that will allow for the removal of these public facilities and will convert the area into a riverfront park and wetland area. On the north side of the Riverfront Crossing area, the University of Iowa is currently constructing the Voxman School of Music and the University of Iowa Art Museum.

Just to the south of these buildings, a mixed use development is underway that will include three components: a public parking facility consisting of approximately 600 parking spaces, the six story Midwest One mortgage center office building, and 28 residential townhome units. Also in this area, a mixed use facility is proposed to be constructed on city owned property at the streets of Court & Linn. The city issued an RFP for the development of this parcel and is in the process of reviewing proposals. Construction on this property is anticipated to begin in 2015.

The City Council has also indicated a strong desire to promote private investment and re-development of other targeted areas throughout the community. The areas that are currently being focused on include the Towncrest commercial area, Sycamore Mall and First Avenue, Highway 6/Highway 1 intersection, 420th Street Industrial Park, and Moss Ridge Office Park.

In the Towncrest commercial area, City staff is working to facilitate redevelopment of several key properties and a streetscape project that will improve the function and aesthetic appeal of the area. The Towncrest Urban Renewal Area was developed to revitalize the Towncrest commercial district in ways that would serve existing businesses while also drawing new retailers, service providers, and consumers to the area. The first catalyst project approved in the Towncrest Urban Renewal Area was a developer's agreement with MDK Development LLC for the redevelopment of a gas station and a building used for storage at the corner of Muscatine Avenue and William Street. MDK Development LLC purchased both properties, demolished the buildings and has constructed two new buildings with a combined square footage of 14,500. The two buildings will be primarily medical offices – home to Eye Associates and Towncrest Dental. A third commercial condo, approximately 2,000 SF is available for lease/purchase. Total project costs for this development are estimated at $5,200,000.

The departure of an anchor tenant at Sycamore Mall presented a great challenge, but also a unique opportunity to reinvent the commercial space. Mall ownership has plans for physical improvements to the property and a new marketing name of Iowa City Marketplace. The Mall

ownership has found a replacement anchor tenant that is expected to occupy Mall space in 2015. The City is coordinating significant capital projects in the area that are expected to last two or more construction seasons. These projects include improvements to Sycamore and Lower Muscatine Road, and a grade separation project on First Avenue including new storm sewer and a railroad underpass. These projects, which are underway in different phases, will each have a positive impact on the traffic flows and aesthetics in this commercial district.

The Highway 6/Highway 1 intersection is a viable commercial corridor, in large part because of high traffic counts. Staff has focused efforts on the municipal public works and transit property in the area. The City continues to relocate its municipal operations from this area, to convert the area into prime development space. The City's municipal airport is also adjacent to this area, and the City has successfully re-developed a portion of the airport into the North Aviation Commerce Park. The City has received purchase offers on the final four lots which completes the development of all of the lots in the business park.

The City has also invested considerable money for infrastructure development in the shovel-ready 420th Street Industrial Park. This project involved annexing and rezoning 180 acres of land and building the street, water, and sewer infrastructure needed to support industrial businesses. The Iowa City Area Development Group and City staff continue to market this property and respond to inquiries from business and site location consultants. This project's costs were $13,762,000 and were funded through bonds, state grants, road use tax, and wastewater operations.

Another business park established for development is the Moss Ridge Office Park. This is a 243-acre, 18-lot office research and mixed use subdivision on the northeast edge of the city, just off Interstate 80. Significant infrastructure improvements are necessary to accommodate the planned growth and City staff is working with Moss Office Park owners and adjacent businesses on potential access arrangements to accommodate a phased development approach to this property. Construction of an access road and entrance from the adjacent highway began in 2014. Project costs to build the infrastructure are $4,900,000 and are being funded with state grants and GO bonds. Northgate Corporate Park, adjacent to Moss Ridge Office Park, continues to experience build out and only one vacant lot remains in the park.

The City aims to create a strong and sustainable financial foundation that will provide needed stability and flexibility while utilizing taxpayer dollars in the most efficient and responsible manner. In order to achieve this goal, the City is focusing on two primary areas: new financial policies and strategies that will provide a greater level of financial stability and second, enhance the level of financial analysis presented to the public so elected officials will have a greater information foundation on which to base future decisions. Policies included in this analysis are economic development policies, purchasing policies and procedures, target fund balances, debt service coverage levels, general fund contingency level, and an annual review of rates, user charges and fines. The City has also examined operations where the City is providing subsidized service beyond our borders and has developed plans to ensure the City is being equitably reimbursed for such services. In May 2014, Moody's conducted a review of the City as part of the bond rating process and reaffirmed the City's Aaa bond rating. In their report, Moody said the rating "reflects the City's stable tax base and economy anchored by the University of Iowa… history of favorable financial operations and expected maintenance of healthy reserves, and manageable debt profile."

The fifth and final priority of the City's Strategic Plan is enhanced communication and marketing. The City strives to be a high-functioning, customer service orientated organization that actively supports and engages stakeholders through clear, open, and innovative communication methods. A reorganization of staff created a new communication team, which

has assumed the responsibilities of the front desk at City Hall and offers front line customer service assistance to visitors and those contacting City Hall via phone or email. The City is working with the University of Iowa to develop a new web site to be launched in 2015, and has introduced a City Facebook and Twitter page. These communication improvements have allowed the City to reach broader audiences and better promote activities, community news, and service information. The City also introduced ICgovXpress; a convenient way for Iowa City residents to request services, ask questions, or submit citizens reports of everything from trash and debris in unkempt yards to abandoned cars, unshoveled walks, and graffiti either online or by downloading the ICgovXpress app to their smart phone.

The City has also completed the first phase of implementing enterprise resource planning software (ERP). On July 1, 2013 the financials modules of general ledger, accounts payable, purchasing, and budget went live. The human resources and payroll sections were implemented on January 1, 2014. And the utility billing and revenues portions will be implemented in the spring of 2015. The ERP system will allow for improved internal workflows and internal and external communication.

Long-term Financial Planning

It is our intent to support the major initiatives through budget appropriations, departmental operations, and employee direction so that the organization as a whole is moving in the same direction.

A significant influence in the preparation of the three-year financial plan (FY14 – FY16) is the passage of property tax reform (SF295) by the state legislature. The property tax reform bill has multiple components including a property tax rollback for commercial and industrial property, steadily reducing the taxable value of these property types. The bill establishes a State backfill for lost property tax revenues to the City due to the commercial and industrial rollback beginning in FY15 and then caps the amount at FY17 levels. The cumulative reduction in commercial and industrial property taxes due to this rollback is estimated to be $15,418,000 over the next ten years. The maximum reimbursement from the State would be $14,732,000 for a net loss in revenues of $686,000.

This bill also limits the annual taxable valuation growth of residential and agricultural property to 3 percent, instead of the current 4 percent. Initially, the financial impact will be minimal but over time the consequences of this change will be significant. The effect will be that the taxable percentage of residential property will increase at a slower pace. Without this change, the estimated taxable percentage of residential property would be 60.85% in assessment year 2022. With this provision in place, the estimated taxable percentage in year 2022 will be 55.11%, a reduction of 5.74%. Based on the assessed value of residential property in Iowa City, the cumulative loss is estimated to be $20,772,000 over the next ten years and the City will not receive any money from the State due to lost revenue from this provision.

SF295 also establishes a multi-residential property classification that will include mobile home parks, assisted living facilities, and property primarily intended for human habitation. A gradual rollback will be applied to these properties that will basically treat them as residential property, rather than commercial, by the year 2022. The estimated cumulative loss over the next ten years is $15,505,000 and will not be reimbursed by the State of Iowa.

With the implementation of SF295, the City estimates the tax revenue losses to be $933,500 for FY14 – FY16. Since some of the effects of these reforms are gradual, the magnitude of the losses

will not be felt till later years and the total cumulative ten-year loss is anticipated to be $36,963,000, which will significantly affect the City's ability to finance services at current levels without finding other revenue sources.

On a more positive note, the City is seeing a small but steady growth in assessed property valuations when compared with prior years. Based on the increase in building permits in 2013, assessed valuations should continue to increase at steady pace in the future.

In looking at expenses for the FY14 – FY16 financial plan, the City will generally experience increased expenditures; however at a modest pace. Bargaining unit wage increases are approximately 2% each year, and the budgeted full time equivalents (FTE) has decreased from 623.90 in 2013 to 607.66 in 2015. In addition, public safety pension contribution rates have leveled off and are anticipated to start decreasing. The City has also seen virtually no increase in its health insurance premium rates.

In balancing the budget for the three-year period, the City attempted to reduce costs where possible, while continuing to provide high quality services; identify and eliminate redundancies that may exist within the organization; examine existing and potential new revenue sources; promote and plan for economic development and redevelopment throughout the City to ensure strong property values; determine appropriate staffing levels; provide for necessary improvements to existing infrastructure and prioritize capital projects; and uphold fiscal integrity and maintain adequate cash reserves. The City also continues to strive to reduce the City's total property tax levy. For collection year 2013, the levy was $17.269 per $1,000 of assessed value. In 2014, the levy was $16.805, a reduction of 2.7 percent, and in 2015, the levy is $16.705, a reduction of .6 percent. Overall, the City is continuing to look for ways to control operating costs, diversify revenues, and create operating efficiencies.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (the Certificate) to the City of Iowa City, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Certificate is the highest form of recognition for excellence in state and local financial reporting.

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

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

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget beginning July 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient or outstanding in several categories including policy documentation, financial planning, and organization. This is the third consecutive year the City has received this award.

Responsibility and Acknowledgments

The Department of Finance prepared the Comprehensive Annual Financial Report of the City of Iowa City, Iowa for the fiscal year ended June 30, 2014. The City Council, as required by law, is responsible for the complete and accurate preparation of the City's Comprehensive Annual Financial Report. I believe that the information presented is accurate in all material respects and that this report fairly presents the financial position and results of operations of the various funds of the City.

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

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

Respectfully submitted,

Dennis Bockenstedt
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

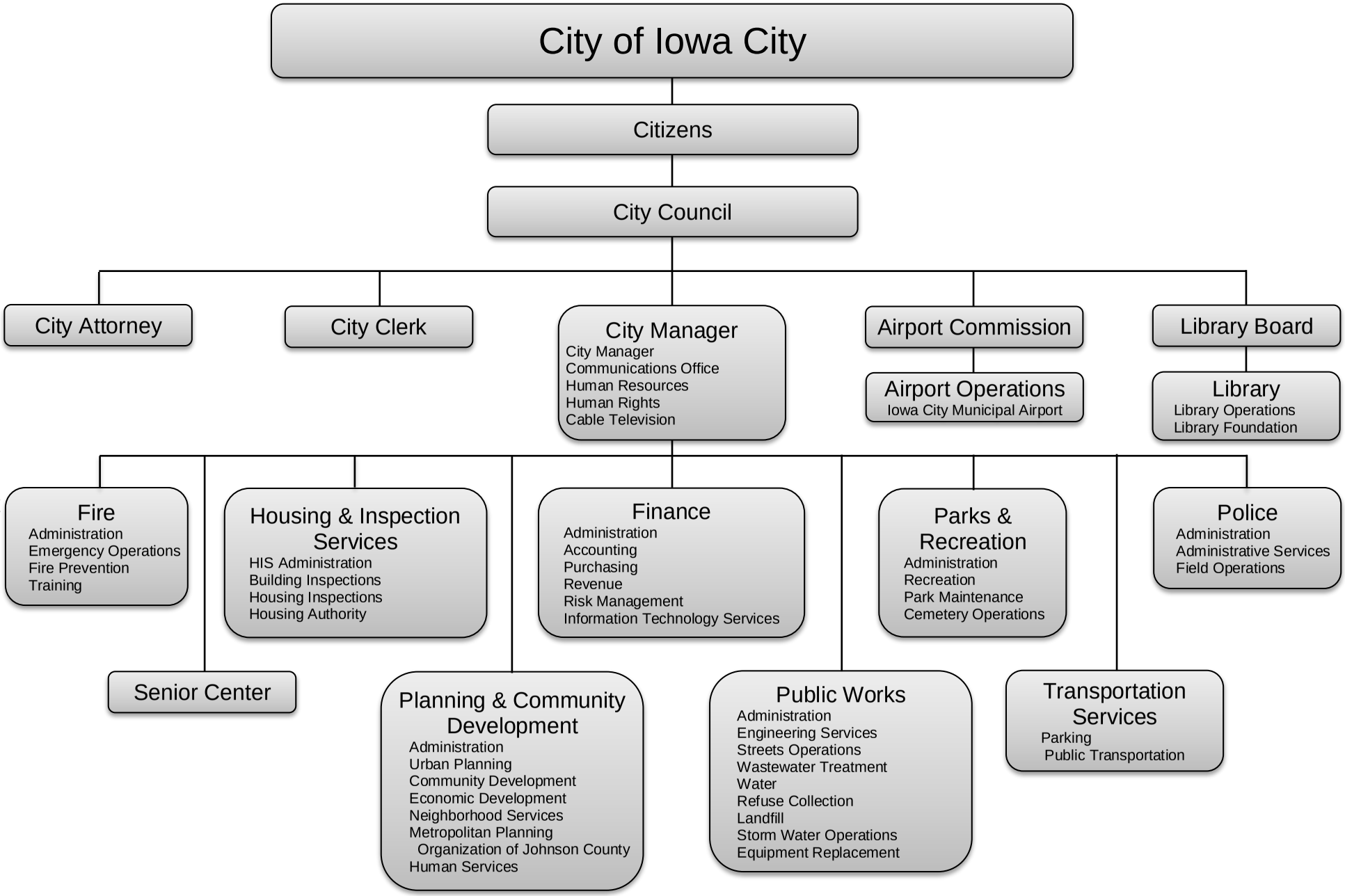
Presented to

City of Iowa City
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO


City of Iowa City
Citizens
City Council
City Attorney
City Clerk
City Manager
City Manager
Communications Office
Human Resources
Human Rights
Cable Television
Airport Commission
Airport Operations
Iowa City Municipal Airport
Library Board
Library
Library Operations
Library Foundation
Fire
Administration
Emergency Operations
Fire Prevention
Training
Housing & Inspection Services
HIS Administration
Building Inspections
Housing Inspections
Housing Authority
Finance
Administration
Accounting
Purchasing
Revenue
Risk Management
Information Technology Services
Parks & Recreation
Administration
Recreation
Park Maintenance
Cemetery Operations
Police
Administration
Administrative Services
Field Operations
Senior Center
Planning & Community Development
Administration
Urban Planning
Community Development
Economic Development
Neighborhood Services
Metropolitan Planning Organization of Johnson County
Human Services
Public Works
Administration
Engineering Services
Streets Operations
Wastewater Treatment
Water
Refuse Collection
Landfill
Storm Water Operations
Equipment Replacement
Transportation Services
Parking
Public Transportation

CITY OF IOWA CITY, IOWA

LISTING OF CITY OFFICIALS

June 30, 2014

ELECTED OFFICIALS

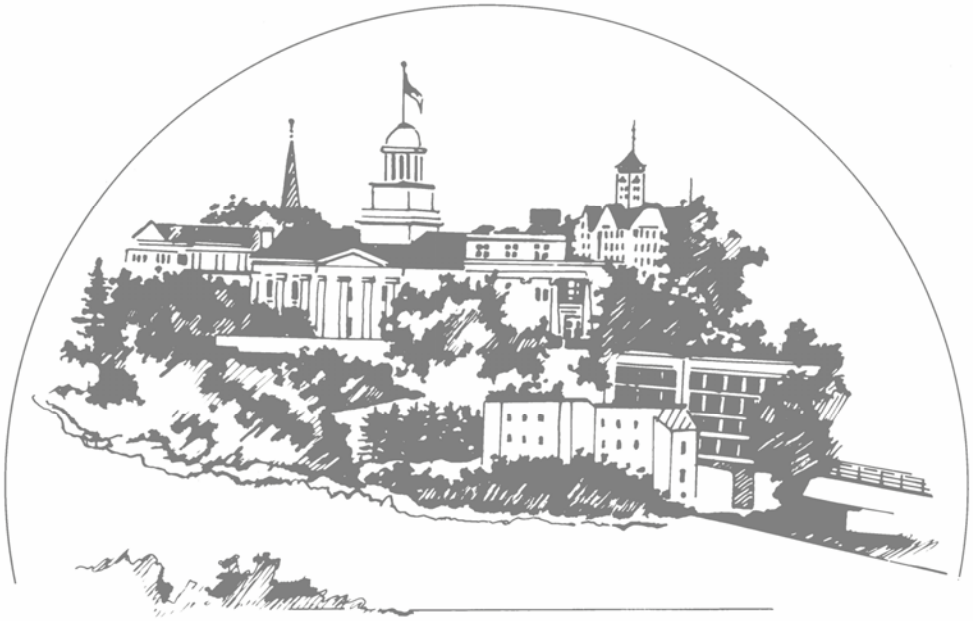
		Term Expires
Mayor	Matt Hayek	January 2, 2016
Council Member and Mayor Pro Tem	Susan Mims	January 2, 2018
Council Member	Kingsley Botchway II	January 2, 2018
Council Member	Terry Dickens	January 2, 2018
Council Member	Rick Dobyns	January 2, 2016
Council Member	Michelle Payne	January 2, 2016
Council Member	Jim Throgmorton	January 2, 2016

APPOINTED OFFICIALS

		Date of Hire
City Manager	Thomas Markus	December 1, 2010
City Clerk	Marian K. Karr	May 21, 1979
City Attorney	Eleanor Dilkes	March 18, 1996

DEPARTMENT DIRECTORS

Assistant to City Manager	Geoff Fruin	November 28, 2011
Director of Neighborhood Development Services	Douglas W. Boothroy	September 22, 1975
Library Director	Susan Craig	July 28, 1975
Director of Public Works	Rick Fosse	February 22, 1984
Director of Transportation Services	Chris O'Brien	December, 29, 1997
Senior Center Coordinator	Linda Kopping	March 20, 1995
Fire Chief	John Grier	August 10, 1992
Parks and Recreation Director	Mike Moran	September 26, 1983
Director of Finance	Dennis Bockenstedt	February 15, 2013
Chief of Police	Sam Hargadine	August 29, 2005



Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Iowa City, 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 Iowa City, Iowa, (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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 entity'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 entity'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.

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Iowa City, Iowa, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents 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, who considers it to be an essential part of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Iowa City, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organization,* and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2014, on our consideration of the City of Iowa City, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
December 11, 2014

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Management's Discussion and Analysis

As management of the City of Iowa City, we present this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. This narrative is intended to be used in conjunction with additional information that is included in the letter of transmittal, which can be found on pages 3 – 12 of this report.

Financial Highlights

- The assets of the City of Iowa City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending June 30, 2014 by $573,905,000 (net position). Of this amount, $111,300,000 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's total net position increased by $19,285,000 during the fiscal year. Governmental activities increased by $10,598,000 and business-type activities increased by $8,687,000.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $79,185,000, an increase of $12,306,000 in comparison with the prior year. Of this total amount, approximately $17,898,000 or 22.6% is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the City's unassigned fund balance for the General Fund was $17,907,000 or 38.1% of total General Fund expenditures.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in 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 underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include Public Safety, Public Works (roads and traffic controls), Culture and Recreation, Community and Economic Development, General Government, and Interest on long-term debt. The business-type activities of the City include Airport, Cable Television, Housing Authority, Parking, Sanitation, Stormwater Collection, Transit, Wastewater Treatment, and Water.

The government-wide financial statements may be found on pages 34 – 37 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

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

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

The basic governmental funds financial statements can be found on pages 38 – 44 of this report.

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

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. Parking, Wastewater Treatment, Water, Sanitation, Housing Authority and Transit Funds are considered to be major funds and are reported individually throughout the report. The other three non-major enterprise funds are grouped together for reporting purposes and listed under a single heading "Other Enterprise Funds". Detailed information for each of the non-major funds is provided in the combining statements on pages 96 – 98. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46 – 51 of this report.

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

The basic fiduciary funds financial statements can be found on page 52.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54 – 84 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by $573,905,000 at the close of the fiscal year ended June 30, 2014.

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

City of Iowa City's Net Position
June 30, 2014
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 176,570	$ 162,144	$ 106,436	$ 110,907	$ 283,006	$ 273,051
Capital assets	187,654	182,263	323,181	317,564	510,835	499,827
Total assets	364,224	344,407	429,617	428,471	793,841	772,878
Long-term liabilities outstanding	71,723	65,012	67,504	72,048	139,227	137,060
Current and other liabilities	11,171	10,651	6,406	9,403	17,577	20,054
Total liabilities	82,894	75,663	73,910	81,451	156,804	157,114
Deferred inflows of resources	63,132	61,144	-	-	63,132	61,144
Net position:						
Net investment in capital assets	138,482	133,989	264,727	253,617	403,209	387,606
Restricted	39,958	22,867	19,438	19,033	59,396	41,900
Unrestricted	39,758	50,744	71,542	74,370	111,300	125,114
Total net position	$ 218,198	$ 207,600	$ 355,707	$ 347,020	$ 573,905	$ 554,620

A portion of the City's net position, $59,396,000 or 10.3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position, $111,300,000 or 19.4%, may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the fiscal year ended June 30, 2014, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities: Governmental activities increased the City's net position by $10,598,000. The increase in net position of governmental activities is primarily due to receiving grants to fund expenses for capital assets and community development projects.

The following is a more detailed review of FY14's operation.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	$ 7,570	$ 7,688	$ 39,355	$ 39,065	$ 46,925	$ 46,753
Operating grants and contributions	3,231	4,731	9,003	9,224	12,234	13,955
Capital grants and contributions	5,580	6,876	13,812	34,251	19,392	41,127
General Revenues:						
Property taxes	50,551	51,017	-	-	50,551	51,017
Road use tax	6,745	6,589	-	-	6,745	6,589
Local option sales tax	466	8,858	-	-	466	8,858
Other taxes	2,778	2,609	-	-	2,778	2,609
Earnings on investments	973	841	494	671	1,467	1,512
Gain on disposal of capital assets	1,651	1,312	725	293	2,376	1,605
Other	4,353	4,390	265	918	4,618	5,308
Total revenues	83,898	94,911	63,654	84,422	147,552	179,333
Expenses:						
Public safety	22,721	20,989	-	-	22,721	20,989
Public works	8,258	10,240	-	-	8,258	10,240
Culture and recreation	16,586	14,481	-	-	16,586	14,481
Community and economic development	10,059	10,596	-	-	10,059	10,596
General government	7,687	7,513	-	-	7,687	7,513
Interest on long-term debt	1,797	2,237	-	-	1,797	2,237
Wastewater treatment	-	-	21,139	10,464	21,139	10,464
Water	-	-	8,723	9,074	8,723	9,074
Sanitation	-	-	8,402	7,279	8,402	7,279
Housing authority	-	-	7,703	7,658	7,703	7,658
Parking	-	-	4,093	4,579	4,093	4,579
Airport	-	-	1,209	1,086	1,209	1,086
Stormwater	-	-	1,314	1,318	1,314	1,318
Cable television	-	-	781	692	781	692
Transit	-	-	7,795	6,998	7,795	6,998
Total expenses	67,108	66,056	61,159	49,148	128,267	115,204
Change in net position before transfers	16,790	28,855	2,495	35,274	19,285	64,129
Transfers	(6,192)	(10,485)	6,192	10,485	-	-
Change in net position	10,598	18,370	8,687	45,759	19,285	64,129
Net position beginning of year	207,600	189,230	347,020	301,261	554,620	490,491
Net position end of year	$ 218,198	$ 207,600	$ 355,707	$ 347,020	$ 573,905	$ 554,620

The total revenues for governmental activities for FY14 were $83,898,000. Governmental activities are primarily funded through taxes, $60,540,000 or 72.2%, and grants and contributions, $8,811,000 or 10.5%. Taxes decreased from the prior year by $8,533,000 as the local option sales tax ended June 30, 2013. Grants and contributions decreased from prior year by $2,796,000 as the City's expenses for flood mitigation, which were covered by supplemental Community Development Block Grants, have decreased.

Expenses for governmental activities totaled $67,108,000. Governmental activities are tracked by function including Public Safety, Public Works, Community and Economic Development, Culture and Recreation, and General Government. In FY14, Public Safety accounted for the highest portion of governmental expenses, $22,721,000 or 33.9%, and increased slightly over the prior year due to increased insurance claims. Culture and Recreation, $16,586,000 or 24.7%, made up another large portion of the governmental expenses and increased over the prior year due to additions of trails and improvements to parks. Community and Economic Development, $10,059,000 or 15.0%, made up the third highest portion of governmental expenses and decreased from the prior year due to fewer flood recovery and mitigation projects.

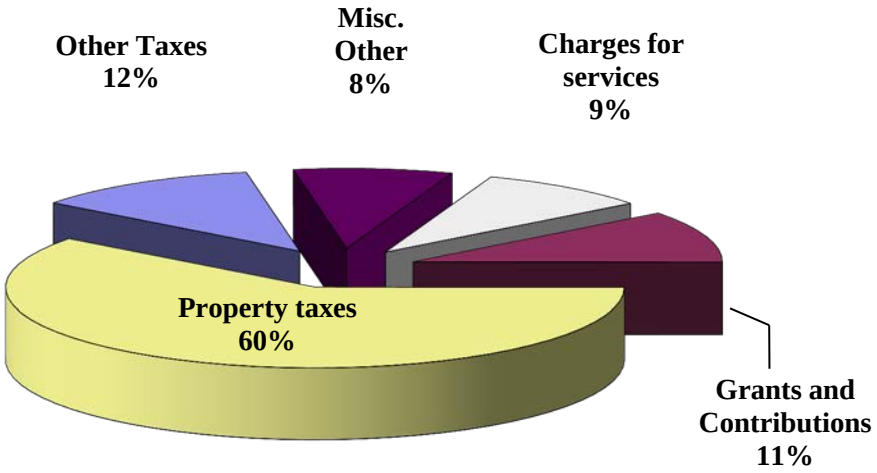
Business-type Activities: Business-type activities increased the City's total net position by $8,687,000. The increase in net position was primarily in the Airport fund and is due to an increase in capital assets funded by grants, rather than debt. The City has been able to utilize federal grants to acquire property, rather than have to issue new debt to pay for this project. For all business-type activities, revenues exceeded expenses by $2,495,000.

Revenues for business-type activities totaled $63,654,000. The primary revenue source for business-type activities is charges for services, $39,355,000 or 61.8%. In addition for FY14, the City's business type-activities had a significant portion, $22,815,000 or 35.8%, of their revenues from grants and contributions used to help fund capital and flood recovery projects for business-type activities. This is a decrease of $20,660,000 due to additional grants to cover expenses for the Wastewater flood mitigation project received in the prior year.

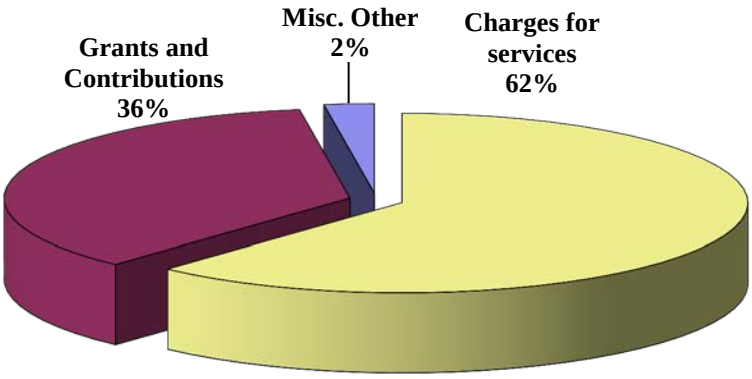
The total expenses for business-type activities in FY14 were $61,159,000. Wastewater Treatment represented the highest portion of business-type activities, $21,139,000 or 34.6%, with Water, $8,723,000 or 14.3%, Sanitation, $8,402,000 or 13.7%, Transit, $7,795,000 or 12.7%, and Housing Authority, $7,703,000 or 12.6%, making up the remainder of the majority of business-type activities expenses.

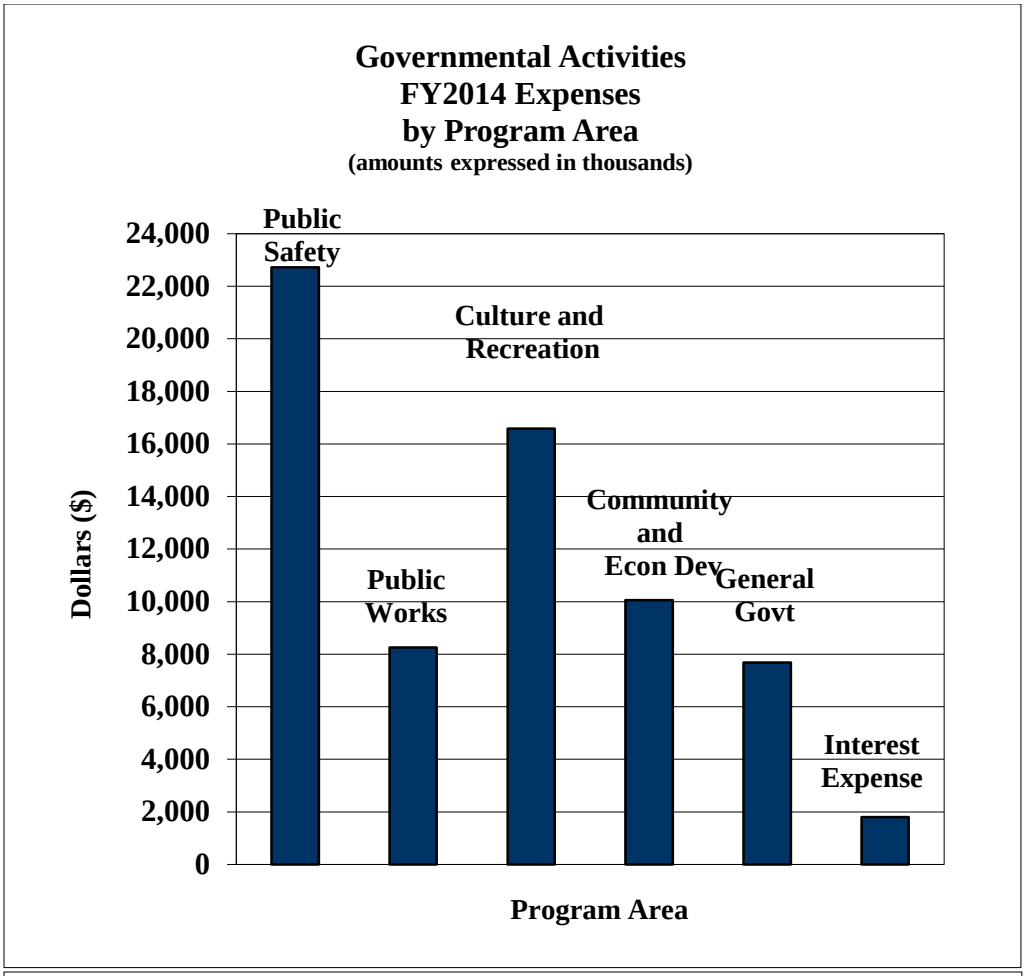
The graphs on the following pages represent a breakdown of revenue by source and expenses by program area for governmental and business-type activities.

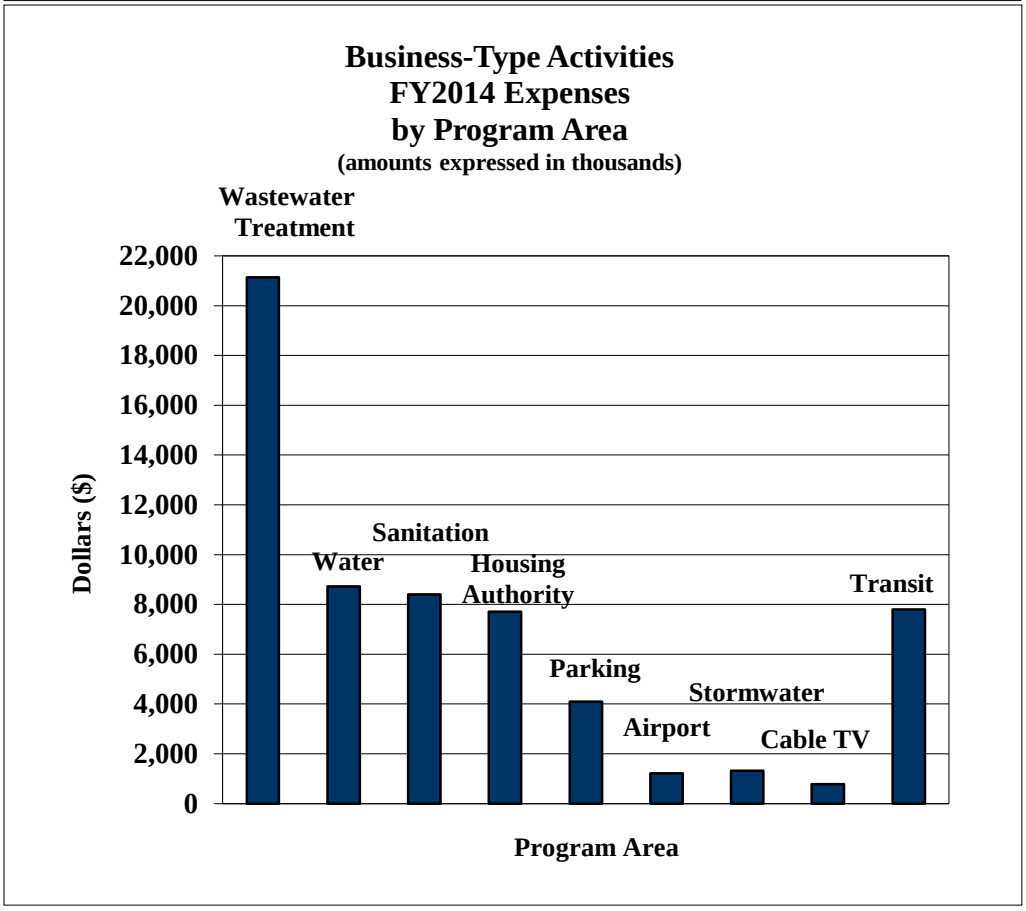
Governmental Activities
FY2014 Revenue
by Source



Business-Type Activities
FY2014 Revenue
by Source




Governmental Activities
FY2014 Expenses
by Program Area
(amounts expressed in thousands)
Dollars ($)
24,000
22,000
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Public Safety
Public Works
Culture and Recreation
Community and Econ Dev
General Govt
Interest Expense
Program Area


Business-Type Activities
FY2014 Expenses
by Program Area
(amounts expressed in thousands)
Dollars ($)
22,000
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Wastewater Treatment
Water
Sanitation
Housing Authority
Parking
Airport
Stormwater
Cable TV
Transit
Program Area

Financial Analysis of the Government's Funds

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

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

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the June 30, 2011 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

As of the fiscal year ended June 30, 2014, the City's governmental funds reported combined ending fund balances of $79,185,000, an increase of $12,306,000 in comparison with the prior year. Of this total amount, $17,898,000 constitutes unassigned fund balance, which is available to use as working capital for the General Fund since property tax revenues are received only twice a year and the remainder is available to meet the future needs of the City**.** The remainder of the fund balance is not available for new spending because of constraints imposed externally by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed internally on the specific purposes for which these amounts can be spent. The restricted fund balance of $57,818,000 or 73% contains external restraints on its use. The assigned fund balance of $3,400,000 or 4.3% has been identified by the City to be used for specific purposes. The nonspendable fund balance is $69,000 or 0.1%, which the City is contractually required to maintain intact or cannot be spent because it is in a nonspendable format, such as inventories.

The General Fund is the chief operating fund of the City. As of the fiscal year ended June 30, 2014, the unassigned fund balance of the General Fund was $17,907,000 while General Fund's total fund balance was $47,909,000. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.1% of total General Fund expenditures of $46,964,000, while total fund balance represents 102.0% of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by $3,294,000. This was due to a reduction in the amount of capital projects that were funded.

The fund balance in the Bridge, Street, and Traffic Control Construction Fund was $11,138,000, an increase of $4,193,000. This fund accounts for transactions relating to the acquisition or construction of major streets, bridges, and traffic control facilities. The fund balance in the Other Construction Fund was $6,854,000, an increase of $2,612,000. This fund accounts for the construction or replacement of other governmental general capital assets, such as administrative buildings, with various funding sources, including general obligation bonds, intergovernmental revenues, and contributions. The change in these fund balances is due to timing of the sale of GO bonds.

The fund balance for the Community Development Block Grant Fund was negative $9,000, representing a $1,000 decrease in FY14 and revealing that liabilities in this fund were higher than assets. In FY11, the City received program income that we were required to use prior to accessing new grant funding. This program income was fully utilized in FY13 and this fund will normally carry a minimal or zero fund balance going forward.

The ending fund balance of the Other Shared Revenues and Grants fund was $4,517,000, a $1,884,000 increase. This increase is due to a refund received for overcharges for services in prior years and a reduction in expenses.

The ending fund balance of the Debt Service Fund was $6,872,000, an increase of $345,000, all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest).

The fund balance in the Employee Benefits Fund was stable from prior year. The ending fund balance was $1,713,000, a decrease of $78,000 or 4.4% from FY13.

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

The ending net position of the enterprise funds was $344,367,000, an increase in net position of $8,686,000. This was primarily due to capital contributions of federal and state grants to fund capital improvement projects and transfers of business-type capital assets from governmental capital project funds. Of the enterprise funds' net position, $264,727,000 is net investment in capital assets. Unrestricted net position totaled $60,202,000, a decrease of $2,829,000 compared to the previous year.

The Internal Service funds showed net position totaling $31,732,000 as of June 30, 2014, an increase of $82,000 primarily due to an operating income in the Equipment Reserve Fund to build up reserves for future capital outlay and offset by an operating loss in the Loss Reserve Fund as claims were more than anticipated.

Budgetary Highlights

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

The City had two budget amendments during the fiscal year. These amendments increased budgeted revenues by $22,447,000 or 15.3% to a total of $169,125,000 and the expenditure budget by $48,378,000 or 28.6% to a total of $217,391,000. These increases were due primarily to capital projects in governmental and business-type funds because of timing of completion of projects.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to $510,835,000, net of accumulated depreciation. This investment in capital assets, including land, buildings, improvements other than buildings, equipment, streets, bridges, trails, wastewater and water systems, and other infrastructure represents the value of resources utilized to provide services to its citizens. The City's investment in capital assets for the fiscal year ended June 30, 2014 increased by $5,391,000 for governmental activities compared to the prior year and increased by $5,617,000 for business-type activities over the prior year.

The following table reflects the $510,835,000 investment in capital assets, net of accumulated depreciation.

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

	Governmental Activities		Business-type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Land	$ 23,103	$ 22,782	$ 33,497	$ 28,496	$ 56,600	$ 51,278
Buildings	39,083	35,065	67,094	80,280	106,177	115,345
Improvements other than buildings	3,884	4,120	5,369	5,686	9,253	9,806
Machinery and equipment	13,874	14,203	10,608	11,545	24,482	25,748
Infrastructure	92,601	82,815	199,175	139,960	291,776	222,775
Construction in progress	15,109	23,278	7,438	51,597	22,547	74,875
Total	$ 187,654	$ 182,263	$ 323,181	$ 317,564	$ 510,835	$ 499,827

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

- Work was completed on the South Wastewater Plant Expansion. This project relocated the North Wastewater Treatment Plant and consolidated operations into the South Wastewater Treatment Plant through expansion of south plant facilities and demolition of the north plant facilities. Funding for the project includes $22,003,000 in federal EDA grants, $13,610,000 in local options sales tax, $5,495,000 in I-JOBS grant monies, $5,000,000 in CDBG Public Infrastructure grants, as well as, $1,890,000 from Wastewater user fees and $7,000,000 in revenue bonds. The beginning construction in progress balance was $40,167,000 and an additional $11,088,000 of expense was incurred in FY14, for a total of $51,255,000 which was capitalized.
- Current construction projects at the municipal airport include rehabbing existing runways, adding a parallel runway to improve safety, and obstruction mitigation. The construction in progress balance at the end of FY13 was $4,153,000. Additional expenses of $716,000 were incurred during FY14. $3,021,000 remains in construction in progress and $1,848,000 was capitalized. These costs are primarily funded through federal or state grants, with the remainder of funding from GO bonds. In addition the airport acquired land at a cost of $5,011,000 which was funded through a federal grant.
- Current construction is being done for the West Side Levee Project, which includes the construction of an earthen levee, riverbank stabilization, and interior drainage improvements. The construction in progress balance at the beginning of the year was $292,000. Additional expenses of $2,322,000 were added in FY 14, for an ending balance in construction in progress of $2,614,000. The total cost of the project is $5,729,000 and is funded primarily through federal or state grants, with the remainder of funding from GO bonds.
- Reconstruction of a landfill cell that was damaged by a fire in FY12 was completed. The beginning construction in progress balance was $3,805,000. Additional costs of $1,096,000 were incurred in FY14. Total project costs were $4,901,000 and they were funded through landfill operations.
- Expenses for a variety of street and bridge construction were moved into construction in progress at the end of FY14 for a total balance of $12,485,000. This includes a project from the City's major initiative for economic development with a balance of $7,263,000 for Lower Muscatine from Kirkwood to First Avenue. Additional construction in progress includes $3,193,000 for the Iowa City Gateway Project, which will reconstruct and elevate Dubuque Street and Park Road Bridge to provide flood protection.

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

Debt Administration: At the end of the fiscal year, the City had total bonded debt outstanding of $123,920,000. Of this amount, $64,420,000 comprises debt backed by the full faith and credit of the City. However, $890,000 or 1.4% of the general obligation bonds is debt that serves enterprise funds and is abated by their charges for services and $7,189,000 or 11.2% of these bonds is debt that will be paid with Tax Increment Financing revenues. $59,500,000 represents revenue bonds secured solely by specific revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 63,530	$ 57,360	$ 890	$ 1,190	$ 64,420	$ 58,550
Revenue bonds	2,655	2,655	56,845	61,960	59,500	64,615
Total	$ 66,185	$ 60,015	$ 57,735	$ 63,150	$ 123,920	$ 123,165

The City issued $20,320,000 General Obligation bonds during FY14 and during the current fiscal year the City's total bonded debt only increased by $755,000 because of retirement of debt.

The City continues to have the same excellent bond rating on its General Obligation bonds that it has had for the past several years. This rating is given to those bonds judged to be of the best quality and carrying the smallest degree of investment risks. The City's bond ratings by Moody's Investors Services, Inc. as of June 30, 2014 were as follows:

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

The City continues to operate well under the State debt capacity debt limitations. State statute limits the amount of debt outstanding to 5% of the assessed value of all taxable property in Iowa City. Debt subject to the debt limit includes general obligation debt and revenue bonds issued pursuant to Iowa Code Chapter 403 (tax increment). The current debt limitation for the City is $233,416,000. With outstanding debt applicable to this limit of $67,075,000 we are utilizing 28.7% of this limit.

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

Economic Factors and Next Year's Budget and Rates

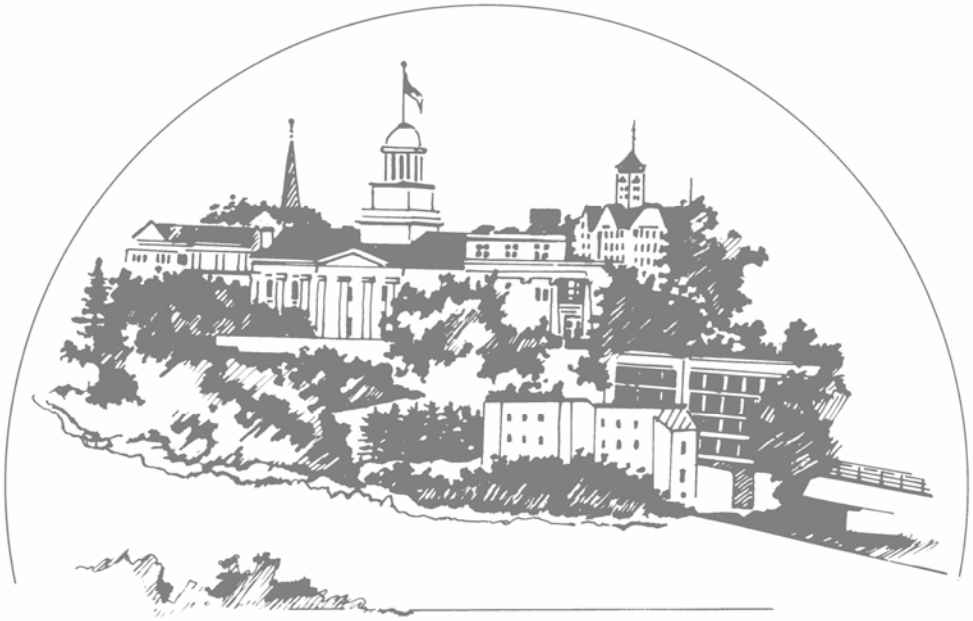
During the 2009 session, the Iowa State Legislature passed a law allowing cities to utilize franchise fee tax as a revenue alternative to property tax. The Iowa City Council passed a local franchise fee tax of 1% on natural gas and electricity that became effective April 1, 2010. This revenue is being utilized to support additional public safety initiatives, including operating a fourth fire station. In FY14, the City collected $1,031,000 in local franchise fee.

The City expects continued constraints by the State's property tax formula. During the last legislative session, the State passed property tax reform, which will negatively affect the City's general operating funds. Without the potential for new revenue sources, like those mentioned above, the City's opportunities for new initiatives are limited. The Council has established a balanced budget in the General Fund for FY15 that strives to maintain current service delivery levels. The tax levy rate per $1,000 of assessed valuation for FY15 is provided below:

General Levy	$	8.100
Debt Service Levy		4.130
Employee Benefits Levy		2.963
Transit Levy		0.950
Liability Insurance Levy		0.292
Library Levy		0.270
Total City Levy	$	16.705

Requests for Information

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



CITY OF IOWA CITY, IOWA

STATEMENT OF NET POSITION

June 30, 2014
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash and investments	$ 60,279	$ 53,541	$ 113,820
Receivables:			
Property tax	51,828	-	51,828
Accounts and unbilled usage	530	3,190	3,720
Interest	165	149	314
Notes	17,787	823	18,610
Internal balances	(11,066)	11,066	-
Due from other governments	7,410	3,243	10,653
Inventories	597	646	1,243
Assets held for resale	2,108	-	2,108
Restricted assets:			
Equity in pooled cash and investments	46,909	33,772	80,681
Other post employment benefits asset	23	6	29
Capital assets:			
Land and construction in progress	38,211	40,935	79,146
Other capital assets (net of accumulated depreciation)	149,443	282,246	431,689
Total assets	364,224	429,617	793,841
Liabilities			
Accounts payable	2,523	1,098	3,621
Contracts payable	1,418	2,808	4,226
Accrued liabilities	3,964	332	4,296
Interest payable	190	1,152	1,342
Deposits	1,068	882	1,950
Advances from grantors	29	-	29
Due to other governments	36	134	170
Notes payable	1,943	-	1,943
Noncurrent liabilities:			
Due within one year:			
Employee vested benefits	1,163	433	1,596
Bonds payable	11,780	5,592	17,372
Due in more than one year:			
Employee vested benefits	941	317	1,258
Other post employment benefits obligation	2,659	984	3,643
Notes payable	211	-	211
Bonds payable	54,969	52,862	107,831
Landfill closure/post-closure liability	-	7,316	7,316
Total liabilities	82,894	73,910	156,804

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF NET POSITION (continued)

June 30, 2014
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred inflows of resources			
Unavailable revenues:			
Suceeding year property taxes	$ 51,609	$ -	$ 51,609
Notes	11,523	-	11,523
Total deferred inflows of resources	63,132	-	63,132
Net position			
Net investment in capital assets	138,482	264,727	403,209
Restricted for or by:			
Employee benefits	1,713	-	1,713
Capital projects	30,692	-	30,692
Debt service	6,718	-	6,718
Police	529	-	529
Other purposes	306	-	306
Bond ordinance	-	14,533	14,533
State statute	-	1,305	1,305
Future improvements	-	486	486
Grant agreement	-	3,114	3,114
Unrestricted	39,758	71,542	111,300
Total net position	$ 218,198	$ 355,707	$ 573,905

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

CITY OF IOWA CITY, IOWA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014
(amounts expressed in thousands)

		Program Revenues		
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	$ 22,721	$ 3,626	$ 486	$ -
Public works	8,258	61	69	5,227
Culture and recreation	16,586	808	87	342
Community and economic development	10,059	45	2,589	11
General government	7,687	3,030	-	-
Interest on long-term debt	1,797	-	-	-
Total governmental activities	67,108	7,570	3,231	5,580
Business-type activities:				
Wastewater treatment	21,139	12,559	62	7,105
Water	8,723	8,443	6	539
Sanitation	8,402	8,467	27	-
Housing authority	7,703	213	6,721	-
Parking	4,093	5,294	-	-
Airport	1,209	328	56	5,214
Stormwater	1,314	1,093	13	711
Cable television	781	773	-	-
Transit	7,795	2,185	2,118	243
Total business-type activities	61,159	39,355	9,003	13,812
Total	$ 128,267	$ 46,925	$ 12,234	$ 19,392

General revenues:
- Property taxes, levied for general purposes
- Road use tax
- Hotel/motel tax
- Gas and electric tax
- Local option sales tax
- Utility franchise tax
- Earnings on investments
- Gain on disposal of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position beginning of year

Net position end of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (18,609)	$ -	$ (18,609)
(2,901)	-	(2,901)
(15,349)	-	(15,349)
(7,414)	-	(7,414)
(4,657)	-	(4,657)
(1,797)	-	(1,797)
(50,727)	-	(50,727)
-	(1,413)	(1,413)
-	265	265
-	92	92
-	(769)	(769)
-	1,201	1,201
-	4,389	4,389
-	503	503
-	(8)	(8)
-	(3,249)	(3,249)
-	1,011	1,011
(50,727)	1,011	(49,716)
50,551	-	50,551
6,745	-	6,745
967	-	967
780	-	780
466	-	466
1,031	-	1,031
973	494	1,467
1,651	725	2,376
4,353	265	4,618
(6,192)	6,192	-
61,325	7,676	69,001
10,598	8,687	19,285
207,600	347,020	554,620
$ 218,198	$ 355,707	$ 573,905

CITY OF IOWA CITY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2014
(amounts expressed in thousands)

		Special Revenue			Capital Projects			
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Other Construction	Debt Service	Other Governmental Funds	Total
Assets								
Equity in pooled cash and investments	$ 19,461	$ 1,756	$ -	$ 4,217	$ 227	$ 6,158	$ 1,026	$ 32,845
Receivables:								
Property tax	29,610	9,129	-	-	-	12,805	284	51,828
Accounts and unbilled usage	281	6	-	21	200	-	-	508
Interest	100	-	-	-	10	1	14	125
Notes	1,281	-	15,649	-	-	857	-	17,787
Advances to other funds	686	-	18	-	-	163	-	867
Due from other governments	2,112	316	463	616	2,107	-	1,747	7,361
Assets held for resale	1,943	-	-	-	-	-	165	2,108
Restricted assets:								
Equity in pooled cash and investments	30,047	-	-	5	7,157	-	9,700	46,909
Total assets	$ 85,521	$ 11,207	$ 16,130	$ 4,859	$ 9,701	$ 19,984	$ 12,936	$ 160,338

(continued)

CITY OF IOWA CITY, IOWA

BALANCE SHEET (continued)
GOVERNMENTAL FUNDS

June 30, 2014
(amounts expressed in thousands)

		Special Revenue			Capital Projects			
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Other Construction	Debt Service	Other Governmental Funds	Total
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	$ 1,251	$ 88	$ 30	$ 94	$ 520	$ 3	$ 99	$ 2,085
Contracts payable	-	-	-	-	879	-	539	1,418
Accrued liabilities	823	1	3	68	4	-	20	919
Advances from other funds	-	-	429	164	-	-	-	593
Due to other governments	36	-	-	-	-	-	-	36
Interest payable	36	-	-	-	-	-	-	36
Notes payable	1,943	-	-	-	-	-	-	1,943
Liabilities payable from restricted assets:								
Deposits	1,030	-	-	5	32	-	1	1,068
Advances from grantors	-	-	-	-	29	-	-	29
Total liabilities	5,119	89	462	331	1,464	3	659	8,127
Deferred inflows of resources :								
Unavailable revenues:								
Suceeding year property taxes	29,486	9,089	-	-	-	12,753	281	51,609
Notes	1,281	-	15,667	-	-	-	-	16,948
Grants	375	-	10	11	1,276	356	531	2,559
Other	1,351	316	-	-	107	-	136	1,910
Total deferred inflows of resources	32,493	9,405	15,677	11	1,383	13,109	948	73,026
Fund balances:								
Nonspendable	69	-	-	-	-	-	-	69
Restricted	26,533	1,713	-	4,517	6,854	6,872	11,329	57,818
Assigned	3,400	-	-	-	-	-	-	3,400
Unassigned	17,907	-	(9)	-	-	-	-	17,898
Total fund balances (deficit)	47,909	1,713	(9)	4,517	6,854	6,872	11,329	79,185
Total liabilities, deferred inflows of resources and fund balances	$ 85,521	$ 11,207	$ 16,130	$ 4,859	$ 9,701	$ 19,984	$ 12,936	$ 160,338

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

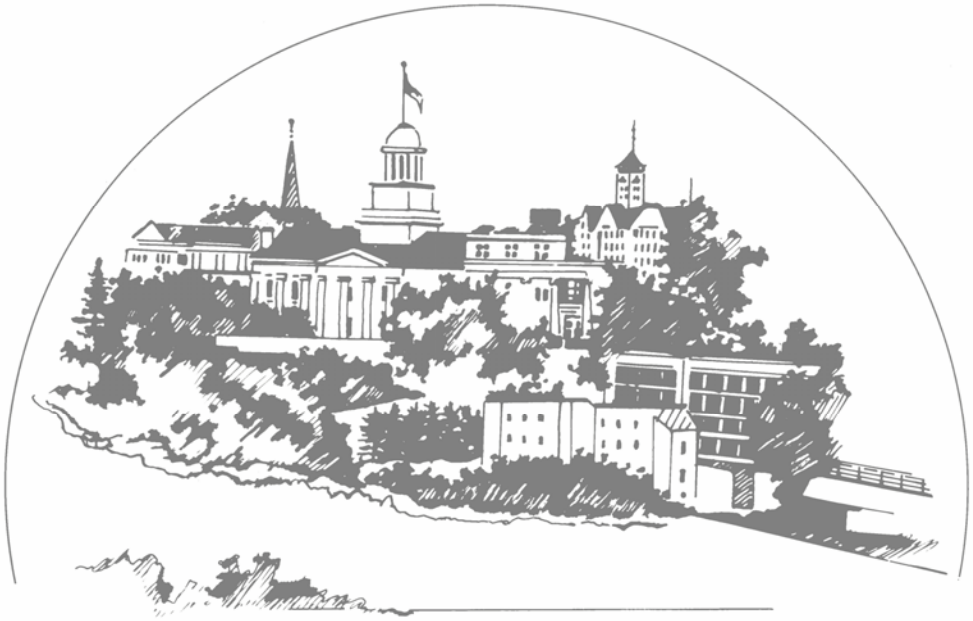
CITY OF IOWA CITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2014
(amounts expressed in thousands)

Total governmental fund balances	$ 79,185
Amounts reported for governmental activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	31,732
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds:	
Notes, grants and other receivables - Earned but unavailable	9,894
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	180,419
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,992)
Accrued post employment benefit obligations are not due and payable in the current period and therefore are not reported in the funds.	(2,586)
Bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(66,749)
Notes payable are not due and payable in the current period and therefore are not reported in the funds.	(211)
Accrued interest on bonds	(154)
Internal balance due to integration of internal service funds	(11,340)
Total net position of governmental activities	$ 218,198

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



CITY OF IOWA CITY, IOWA

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

		Special Revenue			Capital Projects			
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Other Construction	Debt Service	Other Governmental Funds	Total
Revenues								
Taxes	$ 31,388	$ 9,517	$ -	$ -	$ -	$ 12,181	$ 711	$ 53,797
Licenses and permits	1,660	-	-	-	-	-	-	1,660
Intergovernmental	2,790	-	1,504	7,627	3,183	-	2,532	17,636
Charges for services	1,321	282	-	23	135	-	58	1,819
Use of money and property	677	-	26	70	34	65	37	909
Miscellaneous	4,578	11	215	642	388	133	73	6,040
Total revenues	42,414	9,810	1,745	8,362	3,740	12,379	3,411	81,861
Expenditures								
Current:								
Public safety	20,802	355	-	-	213	-	-	21,370
Public works	1,150	-	-	5,100	371	12	1,799	8,432
Culture and recreation	12,687	-	-	-	400	-	-	13,087
Community and economic development	2,390	-	1,748	781	2,180	-	1,097	8,196
General government	6,680	359	-	-	144	1	-	7,184
Debt service:								
Principal	-	-	-	-	-	13,560	-	13,560
Interest	-	-	-	-	-	1,903	-	1,903
Capital outlay	3,255	-	-	144	5,606	-	5,523	14,528
Total expenditures	46,964	714	1,748	6,025	8,914	15,476	8,419	88,260
Excess (deficiency) of revenues over (under) expenditures	(4,550)	9,096	(3)	2,337	(5,174)	(3,097)	(5,008)	(6,399)

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

		Special Revenue			Capital Projects			
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Other Construction	Debt Service	Other Governmental Funds	Total
Other Financing Sources (Uses)								
Issuance of debt	981	-	-	-	8,008	2,609	8,132	19,730
Sale of capital assets	1,684	-	-	-	-	-	-	1,684
Premiums on issuance of bonds	19	-	-	-	156	51	159	385
Transfers in	9,152	-	3	407	1,046	782	1,650	13,040
Transfers out	(3,992)	(9,174)	(1)	(860)	(1,424)	-	(683)	(16,134)
Total other financing sources and (uses)	7,844	(9,174)	2	(453)	7,786	3,442	9,258	18,705
Net change in fund balances	3,294	(78)	(1)	1,884	2,612	345	4,250	12,306
Fund Balances, Beginning	44,615	1,791	(8)	2,633	4,242	6,527	7,079	66,879
Fund Balances, Ending	$ 47,909	$ 1,713	$ (9)	$ 4,517	$ 6,854	$ 6,872	$ 11,329	$ 79,185

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

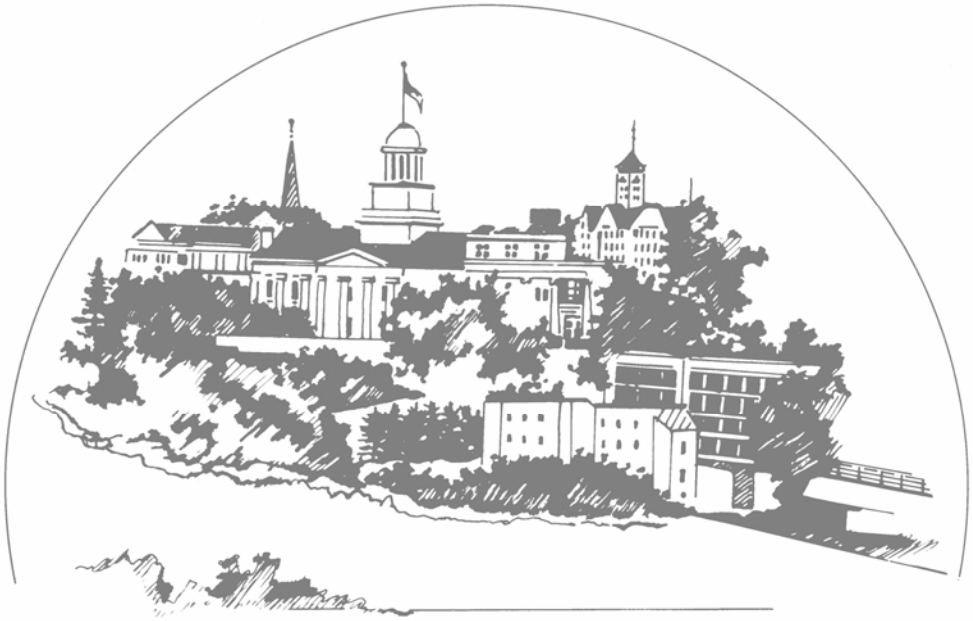
CITY OF IOWA CITY

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

Net change in fund balances - total governmental funds		$ 12,306
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. Capital outlays and contributed capital assets exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 13,702	
Transfers of capital assets (to)\from enterprise funds - net	(3,500)	
Capital assets contributed	1,312	
Depreciation expense	(5,625)	5,889
Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Debt issued	(19,730)	
Premium on bonds issued	(385)	
Repayments of debt	13,560	
Amortization of premium	109	(6,446)
Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues in the governmental funds		(927)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in accrued compensated absences		6
Change in accrued post employment benefit obligations		(275)
Change in accrued interest on debt		(3)
In the statement of activities, only the gain on the sale of the capital assets is recognized, whereas in the governmental funds, the proceeds from the sale increased financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold.		(33)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		81
Change in net position of governmental activities		$ 10,598

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



CITY OF IOWA CITY, IOWA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities -
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	Internal Service Funds
Assets									
Current assets:									
Equity in pooled cash and investments	$ 5,674	$ 17,417	$ 8,939	$ 11,726	$ 2,790	$ 4,373	$ 2,622	$ 53,541	27,434
Receivables:									
Accounts and unbilled usage	8	1,272	878	729	2	8	293	3,190	22
Interest	16	31	23	19	53	4	3	149	40
Notes	-	-	-	-	823	-	-	823	-
Advances to other funds	-	-	-	765	-	-	-	765	-
Due from other governments	-	2,108	53	28	49	22	983	3,243	49
Inventories	-	-	389	-	-	257	-	646	597
Total current assets	5,698	20,828	10,282	13,267	3,717	4,664	3,901	62,357	28,142
Noncurrent assets:									
Restricted assets:									
Equity in pooled cash and investments	1,921	9,975	4,801	13,717	3,114	17	227	33,772	-
Other post employment benefits asset	-	-	-	-	-	-	6	6	23
Capital assets:									
Land	6,798	759	6,296	1,912	620	2,630	14,481	33,496	45
Buildings	26,249	36,858	24,019	5,495	5,350	15,399	5,888	119,258	821
Improvements other than buildings	328	7,119	2,418	269	9	-	409	10,552	50
Machinery and equipment	1,420	7,273	10,458	425	116	10,019	651	30,362	18,053
Infrastructure	-	145,857	56,718	16,199	-	955	56,028	275,757	1,777
Accumulated depreciation	(17,028)	(62,553)	(29,968)	(11,139)	(4,111)	(11,967)	(16,917)	(153,683)	(13,518)
Construction in progress	557	372	1,331	23	-	-	5,156	7,439	7
Total noncurrent assets	20,245	145,660	76,073	26,901	5,098	17,053	65,929	356,959	7,258
Total assets	25,943	166,488	86,355	40,168	8,815	21,717	69,830	419,316	35,400

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS

June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	
Liabilities									
Current liabilities:									
Accounts payable	$ 108	$ 180	$ 278	$ 126	$ 29	$ 156	$ 221	$ 1,098	$ 438
Contracts payable	-	2,400	14	73	-	-	321	2,808	-
Accrued liabilities	38	53	56	54	18	97	16	332	3,045
Employee vested benefits	45	63	83	78	30	118	16	433	62
Due to other governments	-	1	21	66	20	26	-	134	-
Interest payable	150	683	319	-	-	-	-	1,152	-
Bonded debt payable (net of unamortized premium and discounts)	542	3,370	1,680	-	-	-	-	5,592	-
Total current liabilities	883	6,750	2,451	397	97	397	574	11,549	3,545
Noncurrent liabilities:									
Liabilities payable from restricted assets:									
Deposits	1	-	572	6	288	6	9	882	-
Advances from other funds	-	-	-	-	18	86	935	1,039	-
Employee vested benefits	32	44	65	59	21	84	12	317	50
Bonded debt payable (net of unamortized premium and discounts)	6,630	29,290	16,942	-	-	-	-	52,862	-
Other post employment benefits obligation	120	126	180	247	56	236	19	984	73
Landfill closure/postclosure liability	-	-	-	7,316	-	-	-	7,316	-
Total noncurrent liabilities	6,783	29,460	17,759	7,628	383	412	975	63,400	123
Total liabilities	7,666	36,210	20,210	8,025	480	809	1,549	74,949	3,668
Net Position									
Net investment in capital assets	11,152	103,025	52,650	13,184	1,984	17,036	65,696	264,727	7,235
Restricted by bond ordinance	1,384	9,292	3,857	-	-	-	-	14,533	-
Restricted by state statute	-	-	-	1,305	-	-	-	1,305	-
Restricted for future improvements	386	-	-	-	-	-	100	486	-
Restricted by grant agreement	-	-	-	-	3,114	-	-	3,114	-
Unrestricted	5,355	17,961	9,638	17,654	3,237	3,872	2,485	60,202	24,497
Total net position	$ 18,277	$ 130,278	$ 66,145	$ 32,143	$ 8,335	$ 20,908	$ 68,281	344,367	$ 31,732
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								11,340	
Net position of business-type activities								$ 355,707	

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

CITY OF IOWA CITY, IOWA

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	
Operating Revenues:									
Charges for services	$ 5,294	$ 12,559	$ 8,443	$ 8,467	$ 213	$ 2,185	$ 2,194	$ 39,355	$ 17,008
Miscellaneous	26	75	16	57	47	15	29	265	1
Total operating revenues	5,320	12,634	8,459	8,524	260	2,200	2,223	39,620	17,009
Operating Expenses:									
Personal services	1,530	2,001	2,692	2,688	987	3,793	722	14,413	2,155
Commodities	141	1,006	1,199	294	22	1,079	146	3,887	2,900
Services and charges	1,298	2,701	1,927	5,178	6,534	1,753	803	20,194	10,850
	2,969	5,708	5,818	8,160	7,543	6,625	1,671	38,494	15,905
Depreciation	800	4,036	2,181	474	132	1,070	1,618	10,311	1,551
Total operating expenses	3,769	9,744	7,999	8,634	7,675	7,695	3,289	48,805	17,456
Operating income (loss)	1,551	2,890	460	(110)	(7,415)	(5,495)	(1,066)	(9,185)	(447)
Nonoperating Revenues (Expenses):									
Gain (loss) on disposal of capital assets	-	(10,062)	11	-	30	(17)	675	(9,363)	59
Operating grants	-	62	6	27	6,721	2,118	69	9,003	-
Interest income	45	200	154	52	30	7	6	494	65
Interest expense	(298)	(1,284)	(682)	-	-	-	-	(2,264)	-
Total nonoperating revenues (expenses)	(253)	(11,084)	(511)	79	6,781	2,108	750	(2,130)	124

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (continued)
PROPRIETARY FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	
Income (loss) before capital contributions and transfers	1,298	(8,194)	(51)	(31)	(634)	(3,387)	(316)	(11,315)	(323)
Capital contributions	-	7,422	2,049	-	-	243	7,598	17,312	-
Transfers in	19	26	990	-	1	2,858	446	4,340	609
Transfers out	-	(254)	(117)	(734)	(214)	(7)	(325)	(1,651)	(204)
Change in net position	1,317	(1,000)	2,871	(765)	(847)	(293)	7,403	8,686	82
Net Position, Beginning	16,960	131,278	63,274	32,908	9,182	21,201	60,878		31,650
Net Position, Ending	$ 18,277	$ 130,278	$66,145	$32,143	$ 8,335	$20,908	$68,281		$ 31,732

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	1
Change in net position of business-type activities	$ 8,687

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

CITY OF IOWA CITY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	
Cash Flows From Operating Activities									
Receipts from customers and users	$ 5,207	$ 12,712	$ 8,603	$ 8,843	$ 257	$ 1,919	$ 2,212	$ 39,753	$ 18,228
Payments to suppliers	(1,921)	(3,906)	(2,971)	(4,530)	(6,554)	(2,805)	(962)	(23,649)	(13,883)
Payments to employees	(1,545)	(2,010)	(2,665)	(2,652)	(979)	(3,767)	(722)	(14,340)	(1,283)
Net cash flows from (used for) operating activities	1,741	6,796	2,967	1,661	(7,276)	(4,653)	528	1,764	3,062
Cash Flows From Noncapital Financing Activities									
Grants received	-	(13)	76	12	6,689	2,153	18	8,935	-
Transfers from other funds	19	26	990	-	1	2,858	446	4,340	609
Transfers to other funds	-	(254)	(117)	(734)	(214)	(7)	(325)	(1,651)	(204)
Repayment/(payment) of notes receivable	-	-	-	-	133	-	-	133	-
Advances from other funds	-	-	-	-	-	-	75	75	-
Repayment of advances from other funds	-	-	-	-	-	(55)	-	(55)	-
Repayment of advances to other funds	-	-	-	236	-	-	-	236	-
Net cash flows from (used for) noncapital financing activities	19	(241)	949	(486)	6,609	4,949	214	12,013	405
Cash Flows From Capital and Related Financing Activities									
Capital grants received	-	11,315	409	3	-	292	5,072	17,091	-
Acquisition and construction of property and equipment	(68)	(12,126)	(467)	(1,593)	1	(551)	(7,797)	(22,601)	(1,091)
Proceeds from sale of property	-	-	11	-	100	9	675	795	63
Proceeds from issuance of debt	-	-	590	-	-	-	-	590	-
Principal paid on bonded debt	(531)	(3,249)	(2,225)	-	-	-	-	(6,005)	-
Interest paid on bonded debt	(308)	(1,419)	(694)	-	-	-	-	(2,421)	-
Net cash flows from (used for) capital and related financing activities	(907)	(5,479)	(2,376)	(1,590)	101	(250)	(2,050)	(12,551)	(1,028)
Cash Flows From Investing Activities									
Interest on investments	42	587	159	54	22	6	6	876	48
Net increase (decrease) in cash and cash equivalents	895	1,663	1,699	(361)	(544)	52	(1,302)	2,102	2,488
Cash and Cash Equivalents, Beginning	6,700	25,729	12,041	25,804	6,448	4,338	4,151	85,211	24,946
Cash and Cash Equivalents, Ending	$ 7,595	$ 27,392	$ 13,740	$ 25,443	$ 5,904	$ 4,390	$ 2,849	$ 87,313	$ 27,434

(continued)

CITY OF IOWA CITY, IOWA

STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Parking	Wastewater Treatment	Water	Sanitation	Housing Authority	Transit	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash flows from operating activities:									
Operating income (loss)	$ 1,551	$ 2,890	$ 460	$ (110)	$ (7,415)	$ (5,495)	$ (1,066)	$ (9,185)	$ (447)
Adjustments to reconcile operating income (loss) to net cash flows from (used for) operating activities:									
Depreciation expense	800	4,036	2,181	474	132	1,070	1,618	10,311	1,551
Changes in:									
Receivables:									
Accounts and unbilled usage	167	78	7	330	-	2	(12)	572	1,168
Due from other governments	-	-	(1)	-	1	(6)	1	(5)	51
Inventories	-	-	22	-	-	(15)	-	7	62
Accounts payable	(482)	(200)	125	30	4	31	(13)	(505)	(195)
Accrued liabilities	1	9	6	6	-	10	2	34	875
Employee vested benefits	(6)	2	11	(3)	3	4	(6)	5	(2)
Due to other governments	-	1	8	1	(2)	11	-	19	-
Deferred revenue	(280)	-	-	-	-	(276)	-	(556)	-
Deposits	-	-	138	(11)	(4)	(1)	-	122	-
Other post employment benefits asset/obligation	(10)	(20)	10	33	5	12	4	34	(1)
Landfill closure/postclosure liability	-	-	-	911	-	-	-	911	-
Total adjustments	190	3,906	2,507	1,771	139	842	1,594	10,949	3,509
Net cash flows from (used for) operating activities	$ 1,741	$ 6,796	$ 2,967	$ 1,661	$ (7,276)	$ (4,653)	$ 528	$ 1,764	$ 3,062
Noncash Investing, Capital, and Financing Activities:									
Contributions of capital assets from government and others	$ -	$ 1,033	$ 2,100	$ -	$ -	$ -	$ 2,384	$ 5,517	$ -

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

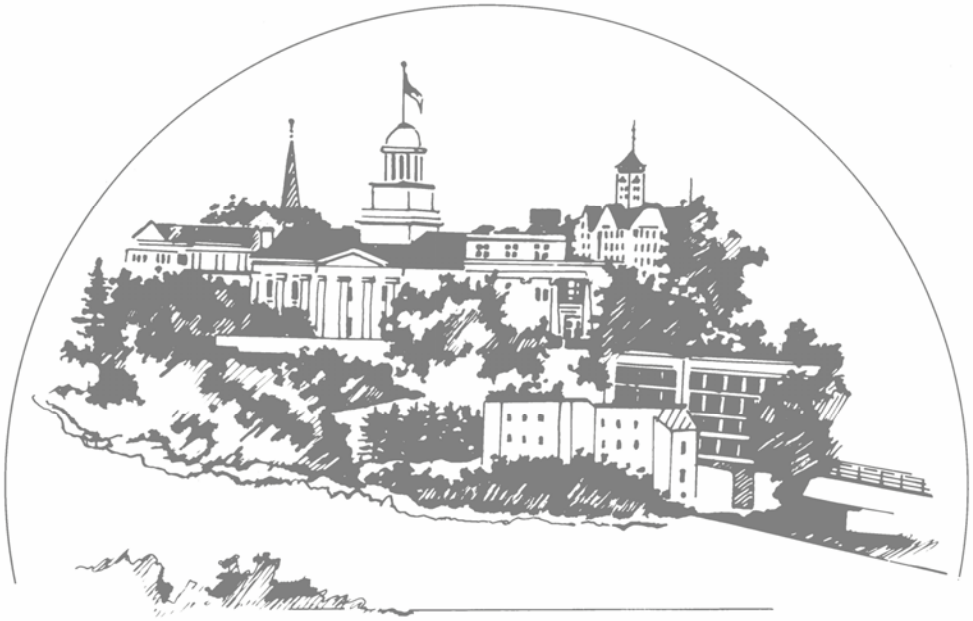
CITY OF IOWA CITY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2014
(amounts expressed in thousands)

	Agency Funds
Assets	
Equity in pooled cash and investments	$ 156
Total assets	$ 156
Liabilities	
Accounts payable	$ 5
Due to agency	151
Total liabilities	$ 156

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



1. Accounting Policies

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

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

The Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

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

Description of Funds

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

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

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

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its "measurement focus." The government-wide financial statements and proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Agency funds do not have a measurement focus and use the accrual basis of accounting. Under the accrual method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

The *Transit Fund* is used to account for the operation and maintenance of the public transportation system.

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

The City also reports fiduciary funds which are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund which is maintained as an agency fund, with no attempt to create an ongoing fund balance. The fund in this category is *Project Green*, which accounts for donations that are received to plant and develop yards and lawns, both public and private, within Iowa City.

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

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

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures and expenses, as appropriate, during the reporting period. Actual results could differ from these estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of landfill closure and post-closure care costs, total capacity of the landfill at closure, and calculation of the costs of claims incurred, but not reported.

Cash and Investments

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

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

Receivables and Revenue Recognition

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

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

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

Inventories

Inventories are recognized only in those funds in which they are material to the extent of affecting operations. For the City, these are the Transit Fund, Water Fund, and the Equipment Maintenance Fund. Inventories of materials and supplies in the enterprise funds are determined by actual count and priced on the FIFO method.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, water mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City follows the policy of not requiring capitalization of an asset with an initial, individual cost of less than $50,000 for infrastructure, $25,000 for buildings and improvements, and $5,000 for equipment assets. Such assets are recorded at original purchase cost or at fair value at the date of donation when received as donated properties.

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

Infrastructure	3 – 100 years
Buildings and structures	20 – 50 years
Improvements other than buildings	10 – 50 years
Vehicles	2 – 20 years
Other equipment	5 – 30 years

Bond Premiums and Discounts

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

Compensated Absences

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

Pensions

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

Landfill Closing Costs

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

Deferred Inflows of Resources

Although certain revenues are measureable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable, notes receivable, grants receivable and other receivables.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied and notes receivable that will not be recognized as revenue until the year for which the payment is received.

Budgetary and Legal Appropriation and Amendment Policies

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

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

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

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The City's budget was amended as prescribed, and the effects of those amendments are shown in the accompanying budgetary comparison schedule. The original budget was increased by $62,497,049 in revenues and other financing sources and by $75,740,061 in expenditures and other financing uses. Appropriations, as adopted or amended, lapse at the end of the fiscal year.

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

Restricted Assets

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

Classification of Fund Balances

Fund balances for the governmental funds are reported in classifications based on the nature of any limitations requiring the use of resources for specific purposes (see Note 9).

2. Compliance and Accountability

At June 30, 2014 the Community Development Block Grant Fund reported a deficit balance of $9,000. The deficit is due to unavailable revenue from the Department of Housing and Urban Development (HUD). The City anticipates receiving these funds from HUD.

3. Cash and Pooled Investments

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance, national credit union administration, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by City Council and secured pursuant to the limitations set forth in Chapter 12C of the Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; Iowa Public Agency Investment Trust (IPAIT); certain registered open–end management investment companies registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. In addition, the City had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of $1,500,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

At June 30, 2014 the City had the following investment:

Type	Fair Value	Maturity
U S Agencies	$997,803	August 2017

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

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

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

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

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

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

4. Interfund Balances and Transfers

Interfund balances for the year ended June 30, 2014, consisted of the following:

	Advances from				
	General	Community Development Block Grant	Debt Service	Sanitation	Total
Advances to:					
Community Development Block Grant	$ 429,448	$ -	$ -	$ -	$ 429,448
Other Shared Revenue and Grants	-	-	162,888	-	162,888
Housing Authority	-	18,000	-	-	18,000
Transit	-	-	-	86,039	86,039
Nonmajor Enterprise	255,982	-	-	679,145	935,127
Total	$ 685,430	$ 18,000	$ 162,888	$ 765,184	$ 1,631,502

Interfund balances at June 30, 2014, include advances due to/from other funds. Advances to/from other funds represent amounts for construction loans, land and negative cash balance funding. $640,742 of the $935,127 advances to the Nonmajor Enterprise Funds and $29,701 of the $86,039 advance to the Transit Fund are not expected to be repaid within the next year. The $429,448 of the advance to the Community Development Block Grant Fund is expected to be repaid within the next year. $150,576 of the $162,888 advance to the Other Shared Revenue and Grants Fund is not expected to be repaid within the next year. None of the $18,000 advance to Housing Authority is expected to be repaid within the next year.

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfer from						
	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Capital Projects Other Construction	Nonmajor Governmental	Wastewater Treatment
Transfer to:							
General	$ -	$ 8,768,255	$ -	$ 73,078	$ 465	$ 41,542	
Community Development Block Grant	2,820	-	-	-			
Debt Service	158,624	-	-	-	367,973	255,060	
Other Shared Revenue and Grants	2,098	405,477	-	-			
Capital Projects Other Construction	184,974	-	-	-		367,949	16,360
Nonmajor Governmental	703,115	-	-	786,786	39,505	-	
Parking						18,850	
Wastewater Treatment	-	-	-	-	25,931		
Water	-	-	-	-	263,822		
Housing Authority	-	-	1,158	-			
Transit	2,858,163	-	-	-			
Nonmajor Enterprise	72,342	-	-	-	374,351		
Internal Service	10,108	-	-	-	352,179		237,655
Total Transfer to	$ 3,992,244	$ 9,173,732	$ 1,158	$ 859,864	$ 1,424,226	$ 683,401	$ 254,015

(continued)

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

In the fund financial statements, total transfers in and transfers out of $17,989,946 are less than total transfers of $21,490,220 because of the treatment of transfers of capital assets to and from the governmental activities capital assets.

During the year, construction in progress related to construction along Lower Muscatine Road with a value of $317,207 was transferred from governmental activities capital asset to Wastewater Treatment. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, Wastewater Treatment did report capital contributions for the capital resources received.

Transfer from						
Water	Sanitation	Housing Authority	Transit	Nonmajor Enterprise	Internal Service	Total Transfer from
		$ 213,989		$ 55,000		$ 9,152,329
						2,820
						781,657
						407,575
49,370	23,830			201,000	202,003	1,045,486
67,533				53,478		1,650,417
						18,850
						25,931
	710,000			15,805		989,627
						1,158
						2,858,163
						446,693
			7,356		1,942	609,240
$ 116,903	$ 733,830	$ 213,989	$ 7,356	$ 325,283	$ 203,945	17,989,946
Transfers from governmental activities capital assets to enterprise funds						3,500,274
						$ 21,490,220

During the year, construction in progress related to construction along Lower Muscatine Road, Rochester Avenue Bridge and William Street with values of $978,303, $430,196 and $101,601, respectively, were transferred from governmental activities capital asset to Water. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, Water did report capital contributions for the capital resources received.

Also during the year, construction in progress related to construction along Lower Muscatine Road, Rochester Avenue Bridge and William Street with values of $1,514,791, $93,597 and $64,579, respectively, were transferred from governmental activities capital asset to Stormwater. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, Stormwater did report capital contributions for the capital resources received.

5. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning July 1, 2013	Acquisitions and Transfers	Disposals and Transfers	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 22,781,401	$ 321,340	$ -	$ 23,102,741
Construction in progress	23,278,125	6,715,419	14,884,434	15,109,110
Total capital assets, not being depreciated	46,059,526	7,036,759	14,884,434	38,211,851
Capital assets, being depreciated:				
Buildings	53,781,790	5,367,416	21,067	59,128,139
Improvements other than buildings	6,613,274	10,000	-	6,623,274
Machinery and equipment	40,705,010	2,600,863	2,871,388	40,434,485
Infrastructure	114,341,321	12,474,087	-	126,815,408
Total capital assets being depreciated	215,441,395	20,452,366	2,892,455	233,001,306
Less accumulated depreciation for:				
Buildings	18,716,707	1,346,786	18,537	20,044,956
Improvements other than buildings	2,492,970	246,479	-	2,739,449
Machinery and equipment	26,502,149	2,895,099	2,836,528	26,560,720
Infrastructure	31,526,838	2,687,171	-	34,214,009
Total accumulated depreciation	79,238,664	7,175,535	2,855,065	83,559,134
Total capital assets, being depreciated, net	136,202,731	13,276,831	37,390	149,442,172
Governmental activities capital assets, net	$ 182,262,257	$ 20,313,590	$ 14,921,824	$ 187,654,023

June 30, 2014

	Beginning July 1, 2013	Acquisitions and Transfers	Disposals and Transfers	Balance June 30, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 28,496,004	$ 5,108,468	$ 107,392	$ 33,497,080
Construction in progress	51,596,844	3,687,472	47,846,037	7,438,279
Total capital assets, not being depreciated	80,092,848	8,795,940	47,953,429	40,935,359
Capital assets, being depreciated:				
Buildings	141,875,564	226,537	22,843,655	119,258,446
Improvements other than buildings	10,575,982	228,300	251,557	10,552,725
Machinery and equipment	33,241,933	600,134	3,479,480	30,362,587
Infrastructure	211,812,898	64,120,572	176,600	275,756,870
Total capital assets being depreciated	397,506,377	65,175,543	26,751,292	435,930,628
Less accumulated depreciation for:				
Buildings	61,595,134	3,606,982	13,037,605	52,164,511
Improvements other than buildings	4,890,250	444,605	151,744	5,183,111
Machinery and equipment	21,696,937	1,455,358	3,397,545	19,754,750
Infrastructure	71,852,719	4,804,855	75,884	76,581,690
Total accumulated depreciation	160,035,040	10,311,800	16,662,778	153,684,062
Total capital assets, being depreciated, net	237,471,337	54,863,743	10,088,514	282,246,566
Business-type activities capital assets, net	$ 317,564,185	$ 63,659,683	$ 58,041,943	$ 323,181,925

Depreciation expense was charged to functions as follows:

Governmental activities:	
Public safety	$ 1,232,534
Public works	3,290,354
Culture and recreation	2,401,728
Community and economic development	34,186
General government	216,733
Total depreciation expense - governmental activities	$ 7,175,535
Business-type activities:	
Parking	$ 800,453
Transit	1,069,850
Wastewater treatment	4,035,790
Water	2,180,793
Sanitation	474,374
Housing authority	132,496
Nonmajor enterprise	1,618,043
Total depreciation expense - business-type activities	$ 10,311,800

6. Long Term Debt

Changes in Debt for Bonds

Bond debt activity for the year ended June 30, 2014, was as follows:

	July 1, 2013	Issues	Retirements	June 30, 2014	Due Within One Year
Governmental activities:					
General obligation bonds	$ 57,360,000	$ 19,730,000	$ 13,560,000	$ 63,530,000	$ 11,670,000
Plus: Unamortized					
Premium	328,803	384,973	111,266	602,510	112,550
Total general obligation bonds	57,688,803	20,114,973	13,671,266	64,132,510	11,782,550
Revenue bonds	2,655,000	-	-	2,655,000	-
Less: Unamortized					
Discounts	40,356	-	2,124	38,232	2,124
Total revenue bonds	2,614,644	-	(2,124)	2,616,768	(2,124)
	$ 60,303,447	$ 20,114,973	$ 13,669,142	$ 66,749,278	$ 11,780,426
Business-type activities:					
General obligation bonds	$ 1,190,000	$ 590,000	$ 890,000	$ 890,000	$ 300,000
Less: Unamortized					
Discounts	7,685	-	3,842	3,843	3,843
Total general obligation bonds	1,182,315	590,000	886,158	886,157	296,157
Revenue bonds	61,960,000	-	5,115,000	56,845,000	5,290,000
Plus: Unamortized					
Premium	804,738	-	81,221	723,517	6,221
Total revenue bonds	62,764,738	-	5,196,221	57,568,517	5,296,221
	$ 63,947,053	$ 590,000	$ 6,082,379	$ 58,454,674	$ 5,592,378

General Obligation Bonds

Various issues of general obligation bonds totaling $64,420,000 are outstanding as of June 30, 2014. The bonds have interest rates ranging from 0.5% to 5.6% and mature in varying annual amounts ranging from $105,000 to $2,185,000 per issue, with the final maturities due in the year ending June 30, 2024. Interest and principal payments on all general obligation bonds, except tax abated portions recorded in the enterprise funds, are accounted for through the Debt Service Fund.

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

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	11,670,000	1,795,472	300,000	44,959
2016	11,205,000	1,382,580	295,000	11,800
2017	9,595,000	1,078,887	295,000	5,900
2018	8,810,000	836,244	-	-
2019	6,350,000	584,669	-	-
2020-2024	15,900,000	879,560	-	-
Total	$ 63,530,000	$ 6,557,412	$ 890,000	$ 62,659

On June 2, 2014, the City issued $11,980,000 of general obligation refunding bonds of which $2,660,000 was to provide resources for future debt payments of $2,660,000 of general obligation bonds. As a result, the refunded general obligation bonds are considered to defeased and the liability has been removed from the governmental activities column of the statement of net position. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of $186,630 in future debt service payments and an economic gain of $181,222.

The City had refunded general obligation debt totaling $2,660,000 that was still outstanding as of June 30, 2014.

Revenue Bonds

As of June 30, 2014, the following unmatured revenue bond issues are outstanding:

	Parking	Wastewater Treatment	Water	Taxable Urban Renewal
Original issue amount	$ 9,110,000	$ 48,020,000	$ 21,815,000	$ 2,655,000
Interest rates	3.0% to 5.0%	3.0% to 5.0%	1.5% to 4.5%	1.0% to 3.9%
Annual maturities	$ 540,000 to $ 770,000	$ 465,000 to $ 2,205,000	$ 395,000 to $ 835,000	$ 130,000 to $ 200,000
Amount outstanding	$ 7,145,000	$ 31,955,000	$ 18,635,000	$ 2,655,000

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2015	-	75,335	5,290,000	2,206,665
2016	130,000	75,335	5,500,000	2,015,284
2017	130,000	74,035	5,670,000	1,807,671
2018	135,000	72,345	5,900,000	1,588,927
2019	135,000	70,185	6,105,000	1,359,765
2020-2024	725,000	305,145	23,945,000	3,258,915
2025-2029	825,000	197,425	4,435,000	181,269
2030-2034	575,000	44,495	-	-
Total	$ 2,655,000	$ 914,300	$ 56,845,000	$ 12,418,496

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

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

Summary of Bond Issues

General obligation and revenue bonds payable at June 30, 2014, are comprised of the following issues:

	Date of Issue	Amount Issued	Interest Rates	Final Maturity	Outstanding June 30, 2014
General Obligation Bonds:					
Multi-Purpose	Mar. 2005	7,020,000	3.0 - 4.0	6/15	$ 820,000
Multi-Purpose	Jun. 2006	6,265,000	3.625 - 4.0	6/16	1,495,000
Multi-Purpose	Jun. 2006	1,000,000	5.5 - 5.6	6/16	250,000
Refunded Water Construction (1)	Sep. 2006	3,350,000	3.6 - 3.75	6/17	300,000
Multi-Purpose	May 2007	8,870,000	3.75	6/17	950,000
Multi-Purpose	June 2008	9,150,000	3.25 - 3.75	6/18	4,040,000
Refunded Multi-Purpose (2)	Oct. 2008	17,005,000	3.0 - 3.75	6/18	5,975,000
Multi-Purpose	June 2009	6,685,000	2.5 - 4.0	6/19	3,570,000
Refunded Multi-Purpose (3)	June 2009	5,840,000	2.0 - 4.0	6/16	1,795,000
Multi-Purpose	Aug. 2010	7,420,000	2.0 - 2.75	6/20	4,550,000
Multi-Purpose	June 2011	7,925,000	2.0 - 3.625	6/21	5,610,000
Refunded Multi-Purpose and Library Construction (4)	June 2011	10,930,000	2.0 - 3.625	6/21	8,520,000
Multi-Purpose	June 2012	9,070,000	2.0 - 2.25	6/22	7,440,000
Multi-Purpose	July 2013	7,230,000	1.0 - 2.0	6/23	6,865,000
Multi-Purpose	July 2013	520,000	2.0	6/15	260,000
Refunded Multi-Purpose (5)	June 2014	11,980,000	0.5 - 0.6	6/24	11,980,000
Total General Obligation Bonds					$ 64,420,000

	Date of Issue	Amount Issued	Interest Rates	Final Maturity	Outstanding June 30, 2014
Revenue Bonds:					
Refunded Parking Bonds (6)	Nov. 2009	$ 9,110,000	3.0 - 5.0	7/24	$ 7,145,000
Refunded Wastewater Treatment Bonds (7)	Oct. 2008	24,280,000	3.0 - 5.0	7/22	16,145,000
Refunded Wastewater Treatment Bonds (8)	May 2009	8,660,000	3.5 - 5.0	7/25	7,225,000
Refunded Wastewater Treatment Bonds (9)	Apr. 2010	15,080,000	3.0 - 4.0	7/20	8,585,000
Refunded Water Bonds (10)	Oct. 2008	7,115,000	3.0 - 4.375	7/24	5,315,000
Refunded Water Bonds (11)	May 2009	9,750,000	4.0 - 4.5	7/25	7,930,000
Refunded Water Bonds (12)	June 2012	4,950,000	1.5 - 2.1	7/22	4,500,000
Taxable Urban Renewal	Nov. 2012	2,655,000	1.0 - 3.9	6/32	2,655,000
Total Revenue Bonds					$ 59,500,000
					$ 123,920,000

(1) This bond issue has the general obligation bonds payable shown as a liability on the balance sheet of the Water Fund. Also, this bond issue refunded the November 1997 Water Construction General Obligation Bonds.
(2) This bond issue refunded the April 1998, March 1999, and July 2000 General Obligation Bonds.
(3) This bond issue refunded the June 2001 General Obligation Bonds.
(4) This bond issue refunded the May 2002 General Obligation Bonds.
(5) This bond issue is an advance refunding of portions of the September 2006 and May 2007 General Obligation Bonds.
(6) This bond issue refunded the December 1999 Parking Revenue Bonds.
(7) This bond issue refunded the March 1996, May 1997, and January 1999 Wastewater Revenue Bonds.
(8) This bond issue refunded the October 2000 Wastewater Revenue Bonds.
(9) This bond issue refunded the December 2001 and April 2002 Wastewater Revenue Bonds.
(10) This bond issue refunded the May 1999 Water Revenue Bonds.
(11) This bond issue refunded the December 2000 Water Revenue Bonds.
(12) This bond issue refunded the October 2002 Water Revenue Bonds.

Conduit Debt Obligations

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

As of June 30, 2014, there were four series of Industrial Development Revenue Bonds, Facility Refunding Revenue Bonds, and Midwest Disaster Area Revenue Bonds outstanding, with an aggregate principal amount payable of $40,663,555.

Debt Legal Compliance

Legal Debt Margin:
As of June 30, 2014, the general obligation debt issued by the City did not exceed its legal debt limit computed as follows (amounts expressed in thousands):

Assessed valuation:	
Real property	$ 4,581,219
Utilities	87,100
Total valuation	$ 4,668,319
Debt limit, 5% of total assessed valuation	$ 233,416
Debt applicable to debt limit	67,075
Legal debt margin	$ 166,341

7. Other Long-term Liabilities

Notes Payable

Note Payable activity for the year ended June 30, 2014, was as follows:

	July 1, 2013	Issues	Retirements	June 30, 2014	Due Within One Year
Governmental activities:	$ 211,000	$ -	$ -	$ 211,000	$ -

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

Employee Vested Benefits

Changes in Long-Term Liabilities - Employee Vested benefits

Employee Vested Benefits activity for the year ended June 30, 2014, was as follows:

	July 1, 2013	Issues	Retirements	June 30, 2014	Due Within One Year
Governmental activities:	$ 2,110,614	$ 1,155,293	$ 1,160,900	$ 2,105,007	$ 1,163,657
Business-type activities:	$ 742,700	$ 433,680	$ 427,285	$ 749,095	$ 431,645

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

Landfill Closure / Post-Closure Care Costs

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

Landfill Closure Post-closure care activity for the year ended June 30, 2014, was as follows:

	July 1, 2013	Issues	Retirements	June 30, 2014	Due Within One Year
Business-type activities:	$ 6,404,915	$ 911,376	$	$ 7,316,291	$ -

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

The estimated liability for landfill closure and post-closure care costs as of June 30, 2014, is $7,316,291, which is based on 47.2% usage (filled) of the landfill and is included in accrued liabilities within the Sanitation Fund. It is estimated that an additional amount of approximately $8,184,325 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity by the year ended June 30, 2025. The estimated total current cost of the landfill closure and post-closure care costs at June 30, 2014, was determined by a licensed professional engineer and approximated at $15,500,616. It is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014. These amounts are based on an estimated post-closure care and monitoring period of 30 years, consistent with current State Department of Natural Resources regulations. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by federal and state laws and regulations to provide some form of financial assurance to finance closure and post-closure care. The City will meet its financial assurance obligations through the issuance of general obligation bonds. As of June 30, 2014, the Sanitation Fund had $12,405,214 in related equity in pooled cash and investments, at fair value designated for satisfaction of closure and post-closure costs. The City estimates that these cash reserves will only provide a fraction of the dollars needed to close and monitor the landfill. The remaining portion of post-closure care costs, anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users as well as City taxpayers.

Other Post Employment Benefits

Changes in Long-Term Liabilities - Other Post Employment Benefits

		Net OPEB Obligation	
	July 1, 2013	Current Year	June 30, 2014
Governmental activities:	$ 2,362,257	$ 273,022	$ 2,635,279
Business-type activities:	$ 943,369	$ 35,800	$ 979,169

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

Plan Description: The City operates one self-funded medical and dental plan for all employees, which is offered to current and retired employees and their dependents. All full-time employees who retire or terminate/resign and their eligible dependents are offered the following post-employment benefit options:

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

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

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

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

Funding Policy: The plan member's contribution requirements are established and may be amended by the City. The City currently finances the benefit plans on a pay-as-you-go basis. For governmental activities, this liability is expected to be liquidated by the General Fund.

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	$ 643,988
Interest on net OPEB obligation	115,697
Adjustment to annual required contribution	(110,188)
Annual OPEB costs	649,497
Contributions made	(340,674)
Increase in net OPEB obligation	308,823
Net OPEB obligation beginning of year	3,305,626
Net OPEB obligation end of year	$3,614,449

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, 2014.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2012	$ 600,965	28.5%	$2,686,798
June 30, 2013	$ 648,466	4.6%	$3,305,626
June 30, 2014	$ 649,497	52.5%	$3,614,449

Funded Status and Funding Progress: As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was $7,163,715, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $7,163,715. The covered payroll (annual payroll of active employees covered by the plans) was $34,992,423 and the ratio of the UAAL to covered payroll was 20.5%. As of June 30, 2014, 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 events far into the future. Examples include assumption about future employments, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

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

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

As of the July 1, 2012 actuarial valuation date, the actuarial cost method used is the entry-age normal method. The actuarial assumption includes a 3.5% discount rate and an inflation rate of 3% per annum. The projected annual medical trend rate is 8.5%. The ultimate medical trend rate is 5.0%. The medical trend rate is decreased to 8.0% for year two and then reduced by 0.5% each year until reaching the 5.0% ultimate trend rate. The projected annual dental trend rate is 5.0%. The ultimate dental trend rate is 4%. The dental trend rate is decreased to 4.75% for year two and then reduced by 0.25% each year until reaching the 4% ultimate trend rate.

Mortality rates for active employees are from the RP-2000 Employee Table (Male and Female) Projected to 2013 (Projection Scall AA). For retirees, mortality rates are from the RP-2000 Healthy Annuitant Table (Male and Female) Projected to 2013 (Projection Scale AA). Annual retirement and termination probabilities were developed from the retirement probabilities from the MFPRSI and IPERS pension plan turnover tables, adjusted to be consistent with expected first fiscal year retirements.

Projected claim costs of the health and dental plans are $821.13 per month. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses over 30 years on an open basis.

8. Short Term Debt

Changes in Short-Term Liabilities - Notes Payable

Notes Payable activity for the year ended June 30, 2014, was as follows:

	July 1, 2013	Issues	Retirements	June 30, 2014	Due Within One Year
Governmental activities:	$ 538,000	$ 2,813,100	$ 1,408,000	$ 1,943,100	$ 1,943,100

During FY14, the City entered into additional multiple short term loans totaling $2,813,100 and repaid multiple short term loans totaling $1,408,000. The outstanding loans mature one year from the date of the loan and bear interest rates ranging from 2% to 3.25%. The loans were used to fund the acquisition and rehabilitation of single family homes as part of the UniverCity Neighborhood Partnership Program (UniverCity). UniverCity is a cooperative effort of the City of Iowa City and the University of Iowa dedicated to ensuring that the University of Iowa Campus and surrounding neighborhoods remain vital, safe, affordable, and attractive places to live and work for both renters and homeowners. The short term loans have been repaid and will be repaid with the proceeds from the sale of the rehabilitated homes.

9. Fund Equity

Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

- The Nonspendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact.

- Restricted amounts contain restraint on their use externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes a resolution to establish, modify or rescind a fund balance commitment.

- Amounts intended to be used for specific purposes are Assigned. Assignments should not cause deficits in the Unassigned fund balance. The Finance Director has been delegated authority by the City Council through a resolution to assign amounts to be used for specific purposes.

- Unassigned fund balance is the residual classification for the General Fund.

The City would use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Components of Fund Balance

	General	Employee Benefits	Community Development Block Grant	Other Shared Revenue and Grants	Other Construction	Debt Service	Other Governmental Funds	Total
Nonspendable:								
Perpetual Care Principal	$ 69,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,000
Total Nonspendable	69,000	-	-	-	-	-	-	69,000
Restricted for:								
Public Safety	528,507	-	-	-	-	-	-	528,507
Local Option Sales Tax	25,252,557	-	-	-	-	-	-	25,252,557
Debt Service	-	-	-	-	-	6,872,181	-	6,872,181
GO Bond Projects	705,857	-	-	-	6,853,671	-	11,138,247	18,697,775
State Funding	-	-	-	4,517,082	-	-	-	4,517,082
Public Safety Employee Benefits	-	1,713,207	-	-	-	-	-	1,713,207
Other Restricted	46,562	-	-	-	-	-	190,633	237,195
Total Restricted	26,533,483	1,713,207	-	4,517,082	6,853,671	6,872,181	11,328,880	57,818,504
Assigned to:								
Library Programs	653,297	-	-	-	-	-	-	653,297
Senior Center Programs	35,255	-	-	-	-	-	-	35,255
Emergency Fund	1,656,058	-	-	-	-	-	-	1,656,058
Replacement and Acquisition Reserves	979,431	-	-	-	-	-	-	979,431
Other Assigned	75,560	-	-	-	-	-	-	75,560
Total Assigned	3,399,601	-	-	-	-	-	-	3,399,601
Unassigned:	17,906,804	-	(9,543)	-	-	-	(108)	17,897,153
Total Fund Balances	$ 47,908,888	$ 1,713,207	$ (9,543)	$ 4,517,082	$ 6,853,671	$ 6,872,181	$ 11,328,772	$ 79,184,258

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; workplace accidents, errors and omissions; and natural disasters. During fiscal year 1988 the City established the Loss Reserve Fund, an internal service fund, to account for and finance its uninsured risks of loss. During the year ended June 30, 2014 the City purchased property, liability, and workers' compensation insurance under the program that provides for a $100,000 self-insured retention per occurrence on property losses, a $500,000 self-insured retention per occurrence on liability, and a $500,000 self-insured retention on workers' compensation losses. The liability insurance provides coverage for claims in excess of the aforementioned self-insured retention up to a maximum of $21,000,000 annual aggregate of losses paid. Settled claims have not exceeded this commercial coverage in any of the past twenty five fiscal years. The operating funds pay annual premiums to the Loss Reserve Fund. Accumulated monies in the Loss Reserve Fund are available to cover the self-insured retention amounts and any uninsured losses.

The Housing Authority Fund is insured under a separate policy with the Assisted Housing Risk Management Association. The remaining funds participate in the Loss Reserve Fund. The funds make payments to the Loss Reserve Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. The Fund's accrued liabilities balance includes a claims liability at June 30, 2014 based on the requirements of GASB Statement No. 10, as amended, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Loss Reserve Fund's claims liability amount for property, liability, and workers' compensation for the years ended June 30, 2014 and 2013 are as follows:

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012 – 2013	$ 1,184,000	$ 1,616,000	$ 1,177,000	$ 1,623,000
2013 – 2014	1,623,000	2,826,000	2,033,000	2,416,000

Also, the City is partially self-insured, through stop-loss insurance, for employee health care coverage, which is available to all of its permanent employees. This insurance provides stop-loss coverage for claims in excess of $125,000 per employee with an aggregate stop-loss of $8,264,321. The operating funds are charged premiums by the Loss Reserve Fund. The City reimburses a health insurance provider for actual medical costs incurred, plus a claims processing\administrative fee. Changes in the Loss Reserve Fund's claims liability amount for health care coverage for the years ended June 30, 2014 and 2013 are as follows:

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012 – 2013	$ 716,000	$ 5,480,000	$ 5,687,000	$ 509,000
2013 – 2014	509,000	7,292,000	7,220,000	581,000

11. Commitments and Contingencies

The total outstanding contractual commitments as of June 30, 2014 are as follows:

Fund	Project	Amount
Bridge, street and traffic control construction	Paving and bridge construction, engineering design and consulting	$ 2,992,475
Other construction	Public works, culture & recreation, Economic Dev, Fire & Police, construction	6,726,463
Wastewater	Sewer construction and south plant expansion	486,117
Water	Water main construction	23,024
Airport	Runway grading and paving	183,222
		$ 10,411,301

The total significant encumbrances as of June 30, 2014 are as follows:

Fund	Project	Amount
Other Construction	Financial System, fire equipment and public works radio system	$ 568,775
		$ 568,775

12. Contingent Liabilities

Litigation

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

13. Pension and Retirement Systems

Municipal Fire and Police Retirement System of Iowa

The City is a participating employer in the Municipal Fire and Police Retirement System of Iowa (MFPRSI or the Plan), which is a cost-sharing multiple-employer defined benefit public police and fire employees retirement system. All fire fighters and police officers appointed under civil service participate in the Plan. The Plan provides retirement, disability, and death benefits that are established under state statute. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive Suite 201, West Des Moines, Iowa 50266 or the report may be obtained from website www.mfprsi.org under the publications link. A member may retire at age 55 with 22 years of employment, and receive full benefits that are equal to 66% of the member's average final compensation. Additionally, members retiring with more than 22 years of service will receive an additional 2% of the member's average final compensation for up to 8 years of additional service. Other benefits are also calculated at varying percentages of the average final compensation. Benefits vest after four years of service.

Member contribution rates are established by state statute. For the fiscal year ended June 30, 2014, members contributed 9.40%. The City's contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the state to the plan may further reduce the City's contribution rate. However, the City's contribution rate may not be less than 17% of earnable compensation.

The City was required to contribute 30.12% of earnable compensation of each member in FY 2014, 26.12% of earnable compensation in FY 2013, and 24.76% of earnable compensation in FY 2012. The contributions paid by the City for the years ended June 30, 2012, 2013, and 2014, were $2,232,637, $2,428,631, and $2,920,967 respectively, and was equal to the required contributions for each year.

Iowa Public Employees Retirement System

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries.

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

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

Plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2013, and 2014, were $2,245,326, $2,423,438, and $2,552,602 respectively, and were equal to the required contributions for each year.

14. Subsequent events

On November 12, 2014, the City of Iowa City placed funds in escrow to defease whole maturities of Parking System Revenue Refunding Capital Loan Notes, Series 2009F, dated November 23, 2009. These Capital Loan Notes have stated maturity dates of July 1, 2015 through July 1, 2024 totaling $6,605,000 in principal amount.

15. New Governmental Accounting Standards Board (GASB) Standards

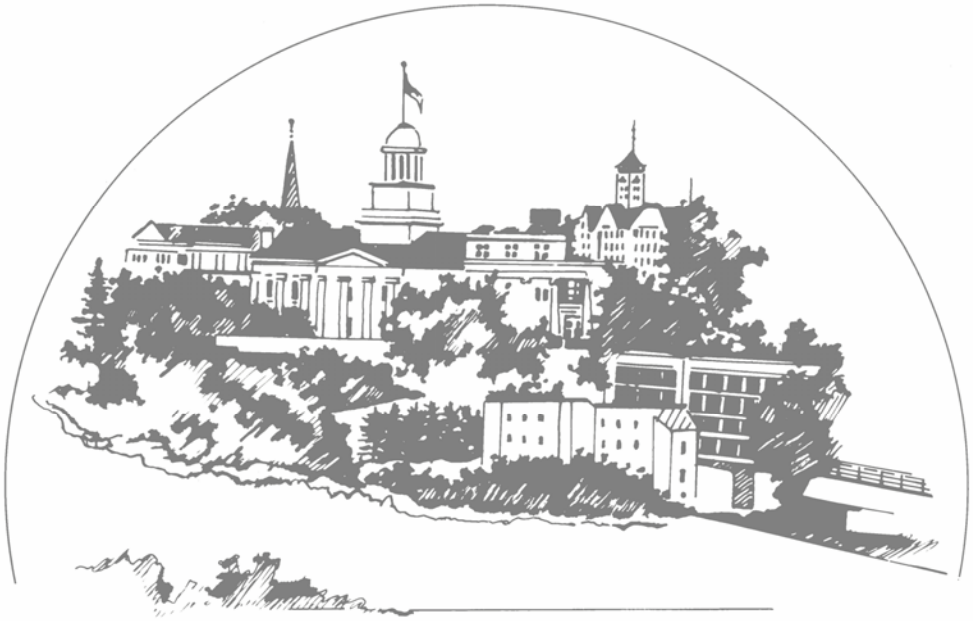
The Governmental Accounting Standards Board (GASB) has issued three statements not yet implemented by the City. The statements, which might impact the City's financial statements, are as follows:

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

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



CITY OF IOWA CITY

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

For the Year Ended June 30, 2014
(dollar amounts expressed in thousands)

	Governmental Fund Types Actual Budgetary Basis	Enterprise Fund Types Actual Budgetary Basis	Total Actual Budgetary Basis
Revenues:			
Property taxes	$ 50,046	$ -	$ 50,046
Delinquent property taxes	5	-	5
Tax increment financing taxes	435	-	435
Other city taxes	3,309	-	3,309
Licenses and permits	1,660	7	1,667
Intergovernmental	18,043	25,253	43,296
Charges for services	4,292	38,223	42,515
Use of money and property	851	1,167	2,018
Miscellaneous	2,938	522	3,460
Total revenues	81,579	65,172	146,751
Expenditures/Expenses:			
Public safety	21,555	-	21,555
Public works	6,349	-	6,349
Health and social services	264	-	264
Culture and recreation	12,665	-	12,665
Community and economic development	10,979	-	10,979
General government	7,039	-	7,039
Debt service	13,160	-	13,160
Capital outlay	17,103	-	17,103
Business-type	-	65,444	65,444
Total expenditures/expenses	89,114	65,444	154,558
Excess (deficiency) of revenues over (under) expenditures/expenses	(7,535)	(272)	(7,807)
Other financing sources and uses, net	22,538	3,092	25,630
Net change in fund balances	15,003	2,820	17,823
Balances, beginning of year	66,349	86,134	152,483
Balances, end of year	81,352	88,954	170,306

See Note to Required Supplementary Information.

Budgeted Amounts		
Original	Final	Final to Actual Variance - Positive (Negative)
$ 50,307	$ 50,307	$ (261)
-	-	5
454	454	(19)
5,007	4,744	(1,435)
1,351	1,352	315
42,419	64,823	(21,527)
40,304	45,331	(2,816)
1,661	(3,061)	5,079
5,175	5,175	(1,715)
146,678	169,125	(22,374)
21,784	22,400	845
7,484	7,561	1,212
265	265	1
13,128	13,495	830
10,700	13,351	2,372
7,790	7,758	719
13,497	13,497	337
18,864	48,272	31,169
75,501	90,792	25,348
169,013	217,391	62,833
(22,335)	(48,266)	40,459
20,262	32,951	(7,321)
(2,073)	(15,315)	33,138
98,087	152,483	
96,014	137,168	

CITY OF IOWA CITY

BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2014
(dollar amounts expressed in thousands)

	Governmental Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 81,579	$ 282	$ 81,861
Expenditures	89,114	(854)	88,260
Net	(7,535)	1,136	(6,399)
Other financing sources (uses)	22,538	(3,833)	18,705
Beginning Fund Balances	66,349	530	66,879
Ending Fund Balances	$ 81,352	$ (2,167)	$ 79,185

	Enterprise Fund Types		
	Budget Basis	Accrual Adjustments	Accrual Basis
Revenues	$ 65,172	$ 1,257	$ 66,429
Expenditures	65,444	(14,375)	51,069
Net	(272)	15,632	15,360
Other financing sources (uses)	3,092	(9,766)	(6,674)
Beginning Fund Balances	86,134	249,547	335,681
Ending Fund Balances	$ 88,954	$ 255,413	$ 344,367

See Note to Required Supplementary Information.

City of Iowa City, Iowa
Note to Required Supplementary Information - Budgetary Reporting
For the Year Ended June 30, 2014

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

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

During the year, budget amendments increased budgeted revenues by $22,447,000 and expenditures by $48,378,000. The budget amendments were primarily due to changes in the breadth and timing of capital improvement projects, which the City budgets in full during the initial year of the projects and amends future year budgets for carryover.

City of Iowa City, Iowa
Required Supplementary Information – Schedule of Funding Progress for Health and Dental Plans
For the Year Ended June 30, 2014

Actuarial Valuation Date	Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
July 1, 2008	June 30, 2009	$ -	$ 15,235,196	$ 15,235,196	0.00%	$ 29,842,842	51.1%
July 1, 2010	June 30, 2011	$ -	$ 6,893,438	$ 6,893,438	0.00%	$ 31,505,702	21.9%
July 1, 2012	June 30, 2013	$ -	$ 7,163,715	$ 7,163,715	0.00%	$ 34,992,423	20.5%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Metropolitan Planning Organization of Johnson County (formerly Johnson County Council of Governments) Fund – accounts for the financial activities of the metropolitan/rural cooperative planning organization.

CAPITAL PROJECT FUND

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

Bridge, Street, and Traffic Control Construction Fund – accounts for the construction or replacement of infrastructure fixed assets, such as streets, bridges, dams, sidewalks, and lighting systems.

CITY OF IOWA CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014
(amounts expressed in thousands)

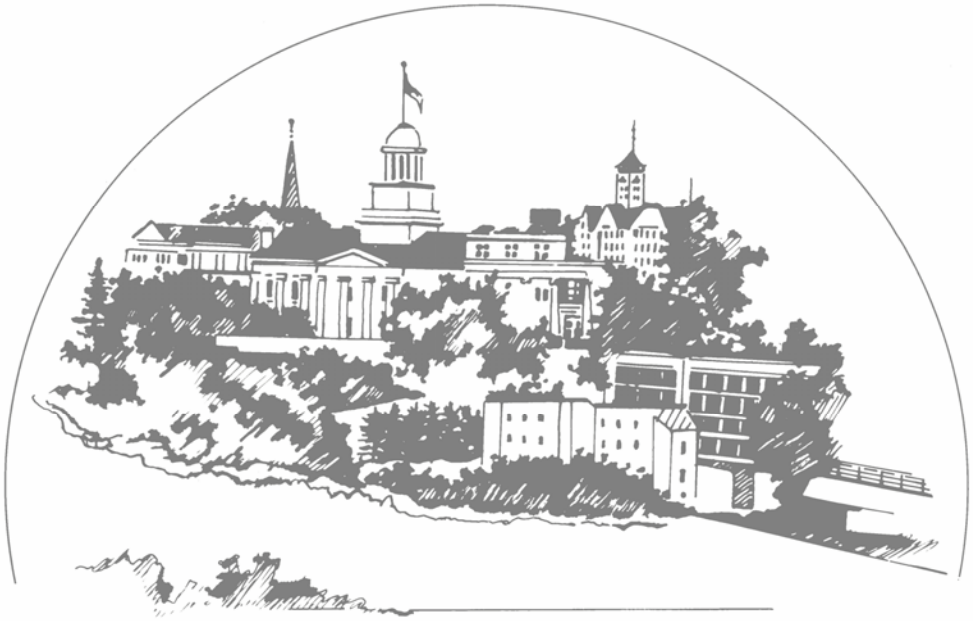
	Special Revenue		Capital Projects	
	Economic Development	Metropolitan Planning Organization of Johnson County	Bridge, Street, and Traffic Control Construction	Total
Assets				
Equity in pooled cash and investments	$ 19	$ 116	$ 891	$ 1,026
Receivables:				
Property tax	284	-	-	284
Interest	-	-	14	14
Due from other governments	-	64	1,683	1,747
Assets held for resale	-	-	165	165
Restricted assets:				
Equity in pooled cash and investments	-	-	9,700	9,700
Total assets	$ 303	$ 180	$ 12,453	$ 12,936
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 2	$ -	$ 97	$ 99
Contracts payable	-	-	539	539
Accrued liabilities	-	9	11	20
Liabilities payable from restricted assets:				
Deposits	-	-	1	1
Total liabilities	2	9	648	659
Deferred inflows of resources:				
Unavailable revenues:				
Suceeding year property taxes	281	-	-	281
Grants	-	-	531	531
Other	-	-	136	136
Total deferred inflows of resources	281	-	667	948
Fund balances:				
Restricted	20	171	11,138	11,329
Total fund balances	20	171	11,138	11,329
Total liabilities, deferred inflows of resources and fund balances	$ 303	$ 180	$ 12,453	$ 12,936

CITY OF IOWA CITY, IOWA

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Special Revenue		Capital Projects	
	Economic Development	Metropolitan Planning Organization of Johnson County	Bridge, Street, and Traffic Control Construction	Total
Revenues				
Property taxes	$ 711	$ -	$ -	$ 711
Intergovernmental	-	355	2,177	2,532
Charges for services	-	-	58	58
Use of money and property	-	-	37	37
Miscellaneous	-	17	56	73
Total revenues	711	372	2,328	3,411
Expenditures				
Current:				
Public works	-	-	1,799	1,799
Community and economic development	423	674	-	1,097
Capital outlay	-	-	5,523	5,523
Total expenditures	423	674	7,322	8,419
Excess (deficiency) of revenues over (under) expenditures	288	(302)	(4,994)	(5,008)
Other Financing Sources (Uses)				
Issuance of debt	-	-	8,132	8,132
Discount on issuance of bonds	-	-	159	159
Transfers in	-	343	1,307	1,650
Transfers out	(272)	-	(411)	(683)
Total other financing sources and (uses)	(272)	343	9,187	9,258
Net change in fund balances	16	41	4,193	4,250
Fund Balances, Beginning	4	130	6,945	7,079
Fund Balances, Ending	$ 20	$ 171	$ 11,138	$ 11,329



NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF IOWA CITY, IOWA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

June 30, 2014
(amounts expressed in thousands)

	Airport	Stormwater	Cable Television	Total
Assets				
Current assets:				
Equity in pooled cash and investments	$ -	$ 1,225	$ 1,397	$ 2,622
Receivables:				
Accounts and unbilled usage	-	123	170	293
Interest	-	1	2	3
Due from other governments	964	19	-	983
Total current assets	964	1,368	1,569	3,901
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and investments	109	-	118	227
Other post employment benefits asset	6	-	-	6
Capital assets:				
Land	12,217	2,264	-	14,481
Buildings	5,157	-	731	5,888
Improvements other than buildings	409	-	-	409
Machinery and equipment	281	260	110	651
Infrastructure	14,029	41,999	-	56,028
Accumulated depreciation	(5,798)	(10,700)	(419)	(16,917)
Construction in progress	3,201	1,955	-	5,156
Total noncurrent assets	29,611	35,778	540	65,929
Total assets	30,575	37,146	2,109	69,830
Liabilities				
Current liabilities:				
Accounts payable	79	23	119	221
Contracts payable	261	60	-	321
Accrued liabilities	2	5	9	16
Employee vested benefits	3	-	13	16
Total current liabilities	345	88	141	574
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Deposits	9	-	-	9
Advances from other funds	935	-	-	935
Employee vested benefits	2	-	10	12
Other post employment benefits obligation	-	7	12	19
Total noncurrent liabilities	946	7	22	975
Total liabilities	1,291	95	163	1,549
Net Position				
Net investment in capital assets	29,496	35,778	422	65,696
Restricted for future improvements	100	-	-	100
Unrestricted	(312)	1,273	1,524	2,485
Total net position	$ 29,284	$ 37,051	$ 1,946	$ 68,281

CITY OF IOWA CITY, IOWA

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Airport	Stormwater	Cable Television	Total
Operating Revenues:				
Charges for services	$ 328	$ 1,093	$ 773	$ 2,194
Miscellaneous	28	1	-	29
Total operating revenues	356	1,094	773	2,223
Operating Expenses:				
Personal services	72	153	497	722
Commodities	40	100	6	146
Services and charges	319	245	239	803
	431	498	742	1,671
Depreciation	780	805	33	1,618
Total operating expenses	1,211	1,303	775	3,289
Operating loss	(855)	(209)	(2)	(1,066)
Nonoperating Revenues (Expenses):				
Gain (loss) on disposal of capital assets	675	-	-	675
Operating grants	56	13	-	69
Interest income	-	3	3	6
Total nonoperating revenues (expenses)	731	16	3	750
Income (loss) before capital contributions and transfers	(124)	(193)	1	(316)
Capital contributions	5,214	2,384	-	7,598
Transfers in	72	374	-	446
Transfers out	-	(90)	(235)	(325)
Change in net position	5,162	2,475	(234)	7,403
Net Position, Beginning	24,122	34,576	2,180	60,878
Net Position, Ending	$ 29,284	$ 37,051	$ 1,946	$ 68,281

CITY OF IOWA CITY, IOWA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Airport	Stormwater	Cable Television	Total
Cash Flows From Operating Activities				
Receipts from customers and users	$ 356	$ 1,072	$ 784	$ 2,212
Payments to suppliers	(376)	(343)	(243)	(962)
Payments to employees	(69)	(150)	(503)	(722)
Net cash flows from (used for) operating activities	(89)	579	38	528
Cash Flows From Noncapital Financing Activities				
Operating grants received	11	7	-	18
Transfers from other funds	72	374	-	446
Transfers to other funds	-	(90)	(235)	(325)
Net cash flows from (used for) noncapital financing activities	158	291	(235)	214
Cash Flows From Capital and Related Financing Activities				
Capital grants received	5,072	-	-	5,072
Acquisition and construction of property and equipment	(6,386)	(1,411)	-	(7,797)
Proceeds from sale of property	675	-	-	675
Net cash flows used for capital and related financing activities	(639)	(1,411)	-	(2,050)
Cash Flows From Investing Activities				
Interest on investments	-	3	3	6
Net decrease in cash and cash equivalents	(570)	(538)	(194)	(1,302)
Cash and Cash Equivalents, Beginning	679	1,763	1,709	4,151
Cash and Cash Equivalents, Ending	$ 109	$ 1,225	$ 1,515	$ 2,849
Reconciliation of operating loss to net cash flows from (used for) operating activities:				
Operating loss	$ (855)	$ (209)	$ (2)	$ (1,066)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation expense	780	805	33	1,618
Changes in:				
Receivables:				
Accounts and unbilled usage	-	(23)	11	(12)
Accounts payable	(17)	2	2	(13)
Accrued liabilities	1	2	(1)	2
Employee vested benefits	1	-	(7)	(6)
Other post employment benefits asset/obligation	1	1	2	4
Total adjustments	766	788	40	1,594
Net cash flows from (used for) operating activities	$ (89)	$ 579	$ 38	$ 528
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets from government and others	$ -	$ 2,384	$ -	$ 2,384

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF IOWA CITY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2014
(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Assets					
Current assets:					
Equity in pooled cash and investments	$ 9,986	$ 736	$ 13,841	$ 2,871	$ 27,434
Receivables:					
Accounts and unbilled usage	-	-	22	-	22
Interest	15	1	20	4	40
Due from other governments	49	-	-	-	49
Inventories	597	-	-	-	597
Total current assets	10,647	737	13,883	2,875	28,142
Noncurrent assets:					
Other post employment benefits asset	-	-	23	-	23
Capital assets:					
Land	45	-	-	-	45
Buildings	578	-	-	243	821
Improvements other than buildings	50	-	-	-	50
Machinery and equipment	15,204	812	24	2,013	18,053
Infrastructure	-	31	-	1,746	1,777
Accumulated depreciation	(10,948)	(222)	(18)	(2,330)	(13,518)
Construction in progress	-	-	-	7	7
Total noncurrent assets	4,929	621	29	1,679	7,258
Total assets	15,576	1,358	13,912	4,554	35,400
Liabilities					
Current liabilities:					
Accounts payable	159	21	195	63	438
Accrued liabilities	21	1	3,001	22	3,045
Employee vested benefits	36	1	3	22	62
Total current liabilities	216	23	3,199	107	3,545
Noncurrent liabilities:					
Employee vested benefits	28	1	3	18	50
Other post employment benefits obligation	-	5	-	68	73
Total noncurrent liabilities	28	6	3	86	123
Total liabilities	244	29	3,202	193	3,668
Net Position					
Net investment in capital assets	4,929	621	6	1,679	7,235
Unrestricted	10,403	708	10,704	2,682	24,497
Total net position	$ 15,332	$ 1,329	$ 10,710	$ 4,361	$ 31,732

CITY OF IOWA CITY, IOWA

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

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Operating Revenues:					
Charges for services	$ 6,024	$ 235	$ 9,022	$ 1,727	$ 17,008
Miscellaneous	-	-	1	-	1
Total operating revenues	6,024	235	9,023	1,727	17,009
Operating Expenses:					
Personal services	935	29	181	1,010	2,155
Commodities	2,514	66	10	310	2,900
Services and charges	600	175	9,592	483	10,850
	4,049	270	9,783	1,803	15,905
Depreciation	1,288	23	4	236	1,551
Total operating expenses	5,337	293	9,787	2,039	17,456
Operating income (loss)	687	(58)	(764)	(312)	(447)
Nonoperating Revenues:					
Gain on disposal of capital assets	50	-	-	9	59
Interest income	24	2	32	7	65
Total nonoperating revenues	74	2	32	16	124
Income (loss) before transfers	761	(56)	(732)	(296)	(323)
Transfers in	10	164	-	435	609
Transfers out	(202)	-	-	(2)	(204)
Change in net position	569	108	(732)	137	82
Net Position, Beginning	14,763	1,221	11,442	4,224	31,650
Net Position, Ending	$ 15,332	$ 1,329	$ 10,710	$ 4,361	$ 31,732

CITY OF IOWA CITY, IOWA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Equipment Maintenance	Central Services	Loss Reserve	Information Technology	Total
Cash Flows From Operating Activities					
Receipts from customers and users	$ 6,075	$ 235	$ 10,191	$ 1,727	$ 18,228
Payments to suppliers	(3,344)	(221)	(9,562)	(756)	(13,883)
Payments to employees	(926)	(28)	686	(1,015)	(1,283)
Net cash flows from (used for) operating activities	1,805	(14)	1,315	(44)	3,062
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	10	164	-	435	609
Operating transfers to other funds	(202)	-	-	(2)	(204)
Net cash flows from (used for) noncapital financing activities	(192)	164	-	434	406
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of property and equipment	(537)	(178)	-	(376)	(1,091)
Proceeds from sale of property	54	-	-	9	63
Net cash flows from (used for) capital and related financing activities	(483)	(178)	-	(367)	(1,028)
Cash Flows From Investing Activities					
Interest on investments	17	2	23	6	48
Net increase in cash and cash equivalents	1,147	(26)	1,338	29	2,488
Cash and Cash Equivalents, Beginning	8,839	762	12,503	2,842	24,946
Cash and Cash Equivalents, Ending	$ 9,986	$ 736	$ 13,841	$ 2,871	$ 27,434
Reconciliation of operating income (loss) to net cash flows from (used for) operating activities:					
Operating income (loss)	$ 687	$ (58)	$ (764)	$ (312)	$ (447)
Adjustments to reconcile operating income (loss) to net cash flows from (used for) operating activities:					
Depreciation expense	1,288	23	4	236	1,551
Changes in:					
Receivables:					
Accounts and unbilled usage	-	-	1,168	-	1,168
Due from other governments	51	-	-	-	51
Inventories	62	-	-	-	62
Accounts payable	(292)	20	40	37	(195)
Accrued liabilities	6	-	866	3	875
Employee vested benefits	9	-	-	(11)	(2)
Other post employment benefits asset/obligation	(6)	1	1	3	(1)
Total adjustments	1,118	44	2,079	268	3,509
Net cash flows from (used for) operating activities	$ 1,805	$ (14)	$ 1,315	$ (44)	$ 3,062

AGENCY FUND

The Agency Fund accounts for assets held by the City in a trustee or custodial capacity for other entities, such as individuals, private organizations, or other governmental units. The fund in this category is:

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

CITY OF IOWA CITY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Project Green				
Assets				
Equity in pooled cash and investments	$ 145	$ 80	$ 69	$ 156
Total assets	$ 145	$ 80	$ 69	$ 156
Liabilities				
Accounts payable	$ 6	$ 5	$ 6	$ 5
Due to agency	139	75	63	151
Total liabilities	$ 145	$ 80	$ 69	$ 156

Statistical Section

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

Contents **Page**

Financial Trends 107

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

Revenue Capacity 112

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

Debt Capacity 122

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

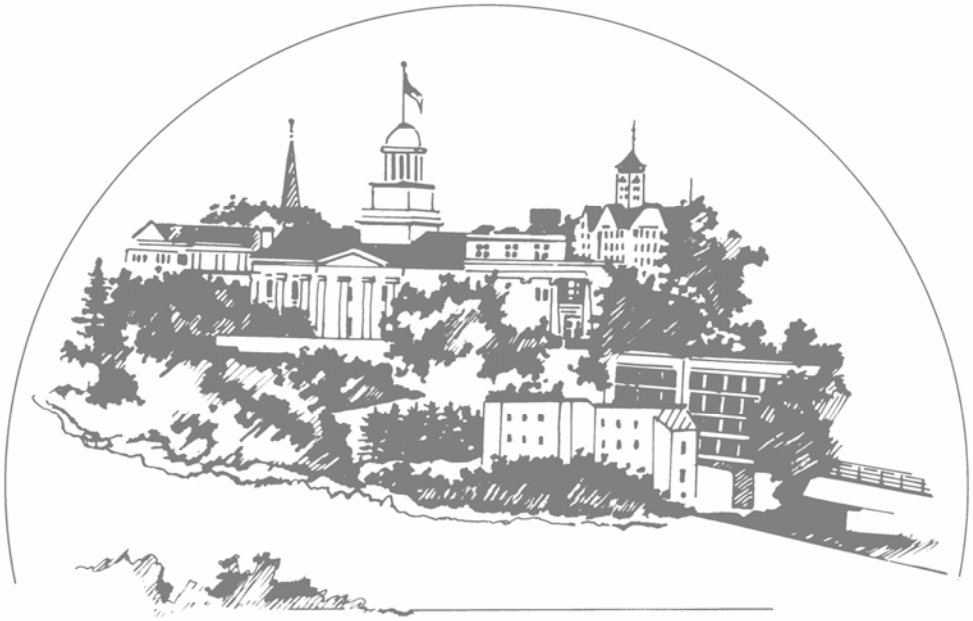
Demographic and Economic Information 132

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 134

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

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



CITY OF IOWA CITY, IOWA

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	2014
Governmental activities										
Net investment in capital assets	$ 84,768	$ 95,227	$ 101,027	$ 104,833	$ 100,741	$ 111,703	$ 123,935	$ 135,998	$ 133,989	$ 138,482
Restricted	16,973	6,852	8,181	23,741	26,586	25,588	31,179	35,021	22,867	39,958
Unrestricted	3,793	10,827	11,043	1,119	17,938	32,478	36,862	38,906	50,744	39,758
Total governmental activities net position	$ 105,534	$ 112,906	$ 120,251	$ 129,693	$ 145,265	$ 169,769	$ 191,976	$ 209,925	$ 207,600	$ 218,198
Business-type activities										
Net investment in capital assets	$ 150,797	$ 155,346	$ 172,518	$ 156,075	$ 162,211	$ 172,601	$ 186,177	$ 195,073	$ 253,617	$ 264,727
Restricted	15,038	15,682	23,893	21,320	19,159	17,588	20,658	20,176	19,033	19,438
Unrestricted	40,780	42,988	33,695	60,225	63,842	65,725	61,032	58,850	74,370	71,542
Total business-type activites net position	$ 206,615	$ 214,016	$ 230,106	$ 237,620	$ 245,212	$ 255,914	$ 267,867	$ 274,099	$ 347,020	$ 355,707
Primary government										
Net investment in capital assets	$ 235,565	$ 250,573	$ 273,545	$ 260,908	$ 262,952	$ 284,304	$ 310,112	$ 331,071	$ 387,606	$ 403,209
Restricted	32,011	22,534	32,074	45,061	45,025	43,176	51,837	55,197	41,900	59,396
Unrestricted	44,573	53,815	44,738	61,344	82,500	98,203	97,894	97,756	125,114	111,300
Total primary government net position	$ 312,149	$ 326,922	$ 350,357	$ 367,313	$ 390,477	$ 425,683	$ 459,843	$ 484,024	$ 554,620	$ 573,905

[1] The City of Iowa City reclassified the Mass Transportation Fund from the General fund to an Enterprise Fund effective the fiscal year ending June 30, 2013.

CITY OF IOWA CITY, IOWA

CHANGES IN NET POSITION

Last Ten Fiscal Years
(Accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	2014
Expenses										
Governmental activities:										
Public safety	$ 15,286	$ 16,690	$ 16,694	$ 20,504	$ 20,730	$ 19,955	$ 18,867	$ 21,186	$ 20,989	$ 22,721
Public works	11,521	12,723	13,560	13,727	15,177	16,806	19,145	17,556	10,240	8,258
Culture and recreation	11,341	11,458	11,970	13,460	9,574	12,238	10,811	13,107	14,481	16,586
Community and economic development	6,960	6,264	4,680	1,850	8,726	16,913	16,501	16,305	10,596	10,059
General government	6,500	6,892	7,258	7,433	7,600	7,549	7,356	7,591	7,513	7,687
Debt service	3,602	3,404	3,459	3,517	3,264	2,970	2,841	2,400	2,237	1,797
Total governmental activities expenses	55,210	57,431	57,621	60,491	65,071	76,431	75,521	78,145	66,056	67,108
Business-type activities:										
Wastewater	12,214	11,710	11,537	11,757	11,925	11,274	10,971	11,069	10,464	21,139
Water	8,313	9,324	8,823	8,804	9,185	8,309	8,523	8,781	9,074	8,723
Sanitation	6,031	6,101	6,684	6,868	7,296	7,705	7,461	8,315	7,279	8,402
Housing authority	7,466	7,026	6,884	7,374	7,238	7,838	7,448	7,911	7,658	7,703
Parking	3,989	3,884	4,403	3,913	4,489	4,536	4,135	4,167	4,579	4,093
Airport	520	512	418	560	693	724	1,049	1,127	1,086	1,209
Stormwater	1,452	817	932	1,072	1,223	1,187	1,418	1,304	1,318	1,314
Cable television	607	576	525	598	633	645	638	689	692	781
Transit	-	-	-	-	-	-	-	-	6,998	7,795
Total business-type activities expenses	40,592	39,950	40,206	40,946	42,682	42,218	41,643	43,363	49,148	61,159
Total primary government expenses	$ 95,802	$ 97,381	$ 97,827	$ 101,437	$ 107,753	$ 118,649	$ 117,164	$ 121,508	$ 115,204	$ 128,267
Program Revenues										
Governmental activities:										
Charges for services										
Public safety	$ 2,928	$ 2,971	$ 3,088	$ 3,019	$ 2,968	$ 2,980	$ 3,279	$ 3,401	$ 4,098	$ 3,626
Public works	1,076	1,062	1,229	1,047	1,392	1,061	1,117	1,112	52	61
Culture and recreation	653	707	712	680	715	773	872	825	775	808
Community and economic development	-	-	-	-	-	-	-	-	-	45
General government	1,482	1,556	1,569	1,633	1,626	2,574	2,931	2,817	2,763	3,030
Operating grants and contributions	2,592	2,937	3,215	3,611	8,185	15,554	13,517	8,682	4,731	3,231
Capital grants and contributions	7,679	3,849	4,283	1,747	3,773	8,291	6,048	6,078	6,876	5,580
Total governmental activities program revenues	16,410	13,082	14,096	11,737	18,659	31,233	27,764	22,915	19,295	16,381
Business-type activities:										
Charges for services:										
Wastewater	12,145	12,145	12,535	12,318	12,557	12,637	12,836	12,670	12,832	12,559
Water	8,602	9,012	8,240	8,195	8,107	7,957	8,054	8,419	8,583	8,443
Sanitation	7,154	7,133	7,204	7,853	8,286	8,096	8,259	8,115	8,181	8,467
Housing authority	181	168	132	149	181	180	208	207	205	213
Parking	4,045	3,936	4,704	4,673	5,438	5,377	5,234	4,743	5,043	5,294
Airport	220	264	234	258	248	289	293	306	314	328
Stormwater	592	597	622	616	622	617	641	811	974	1,093
Cable Television	708	718	726	814	788	790	809	824	816	773
Transit[1]	-	-	-	-	-	-	-	-	2,117	2,185

(continued)

CITY OF IOWA CITY, IOWA

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years
(Accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	2014
Capital grants and contributions: Wastewater	761	773	1,539	577	266	2,115	2,394	3,223	30,181	7,105
Capital grants and contributions: Water	588	606	845	314	132	572	973	977	494	539
Capital grants and contributions: Sanitation	-	46	-	-	-	6	-	2	-	-
Capital grants and contributions: Airport	283	1,125	1,231	1,580	3,239	3,311	358	1,576	2,452	5,214
Capital grants and contributions: Stormwater	755	468	1,251	302	68	541	140	436	226	711
Capital grants and contributions: Housing authority	-	-	-	17	-	25	11	-	-	-
Capital grants and contributions: Parking	-	-	-	8	-	-	269	4	-	-
Capital grants and contributions: Transit	-	-	-	-	-	-	-	-	898	243
Operating grants and contributions: Housing authority	7,012	7,414	7,165	6,281	6,668	7,765	7,438	6,782	6,968	6,721
Operating grants and contributions: Water	-	-	-	-	15	6	-	-	442	6
Operating grants and contributions: Airport	-	-	-	-	2	-	-	-	11	56
Operating grants and contributions: Sanitation	-	3	6	-	607	6	10	-	23	27
Operating grants and contributions: Wastewater	-	-	1	-	1	-	-	-	-	62
Operating grants and contributions: Stormwater	-	-	-	-	-	-	-	-	13	13
Operating grants and contributions: Transit	-	-	-	-	-	-	-	-	1,767	2,118
Total business-type activities program revenues	43,046	44,408	46,435	43,955	47,225	50,290	47,927	49,095	82,540	62,170
Total primary government revenues	$ 59,456	$ 57,490	$ 60,531	$ 55,692	$ 65,884	$ 81,523	$ 75,691	$ 72,010	$ 101,835	$ 78,551
Net (Expense) / Revenues										
Governmental activities	$ (38,800)	$ (44,349)	$ (43,525)	$ (48,754)	$ (46,412)	$ (45,198)	$ (47,757)	$ (55,230)	$ (46,761)	$ (50,727)
Business-type activities	2,454	4,458	6,229	3,009	4,543	8,072	6,284	5,732	33,392	1,011
Total primary government net expense	$ (36,346)	$ (39,891)	$ (37,296)	$ (45,745)	$ (41,869)	$ (37,126)	$ (41,473)	$ (49,498)	$ (13,369)	$ (49,716)
General Revenues and Other Changes in Net Position										
Governmental activities:										
General revenues:										
Property taxes	$ 35,327	$ 37,770	$ 41,492	$ 43,400	$ 47,085	$ 49,467	$ 48,011	$ 50,516	$ 51,017	$ 50,551
Road use tax	5,269	5,303	5,305	5,432	5,254	5,525	6,068	6,394	6,589	6,745
Local Sales Option tax	-	-	-	-	-	8,141	8,911	8,644	8,858	466
Other taxes	1,351	1,240	1,412	1,435	1,489	1,535	2,464	2,491	2,609	2,778
Earnings on investments	1,576	2,678	4,045	3,932	3,057	1,766	1,539	1,823	841	973
Miscellaneous	3,994	4,422	3,656	3,516	4,894	3,893	6,230	4,228	4,390	4,353
Gain on sale of assets	95	100	281	(7)	-	-	761	2,950	1,312	1,651
Transfers	645	208	(5,321)	488	205	(625)	(4,020)	(3,867)	(10,485)	(6,192)
Total governmental activities	48,257	51,721	50,870	58,196	61,984	69,702	69,964	73,179	65,131	61,325
Business-type activities:										
General revenues:										
Earnings on investments	1,771	2,575	3,606	3,279	2,577	1,311	954	813	671	494
Gain on sale of assets	304	185	591	1,260	360	230	314	336	293	725
Miscellaneous	418	391	343	454	317	464	381	484	918	265
Transfers	(645)	(208)	5,321	(488)	(205)	625	4,020	3,867	10,485	6,192
Extraordinary items	-	-	-	-	-	-	-	(5,000)	-	-
Total business-type activities	1,848	2,943	9,861	4,505	3,049	2,630	5,669	500	12,367	7,676
Total primary government	$ 50,105	$ 54,664	$ 60,731	$ 62,701	$ 65,033	$ 72,332	$ 75,633	$ 73,679	$ 77,498	$ 69,001
Change in Net Position										
Governmental activites	$ 9,457	$ 7,372	$ 7,345	$ 9,442	$ 15,572	$ 24,504	$ 22,207	$ 17,949	$ 18,370	$ 10,598
Business-type activites	4,302	7,401	16,090	7,514	7,592	10,702	11,953	6,232	45,759	8,687
Total primary government	$ 13,759	$ 14,773	$ 23,435	$ 16,956	$ 23,164	$ 35,206	$ 34,160	$ 24,181	$ 64,129	$ 19,285

[1] The City of Iowa City reclassified the Mass Transportation Fund from the General Fund to an Enterprise Fund effective the fiscal year ending June 30, 2013.

CITY OF IOWA CITY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011[1]	2012	2013[2]	2014
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 331	$ 314	$ 69	$ 69
Restricted	-	-	-	-	-	-	16,268	23,779	25,689	26,533
Assigned	-	-	-	-	-	-	3,542	5,191	1,744	3,400
Reserved	362	570	568	446	555	406	-	-	-	-
Unassigned	-	-	-	-	-	-	15,931	14,273	17,113	17,907
Unreserved	15,525	16,551	18,528	14,488	15,362	26,101	-	-	-	-
Total general fund	$ 15,887	$ 17,121	$ 19,096	$ 14,934	$ 15,917	$ 26,507	$ 36,072	$ 43,557	$ 44,615	$ 47,909
All other Governmental Funds										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,889	$ 34,853	$ 28,108	$ 31,285
Reserved	2,198	1,592	1,984	3,107	5,339	3,903	-	-	-	-
Designated for long-term debt	3,067	2,725	4,289	8,691	11,759	13,952	-	-	-	-
Unassigned	-	-	-	-	-	-	(1,741)	(366)	(5,844)	(9)
Unreserved, reported in:										
Special revenue funds	6,222	3,422	3,366	2,571	(1,852)	(1,674)	-	-	-	-
Capital projects funds	6,143	7,093	7,894	11,118	10,960	8,043	-	-	-	-
Total all other governmental funds	$ 17,630	$ 14,832	$ 17,533	$ 25,487	$ 26,206	$ 24,224	$ 33,148	$ 34,487	$ 22,264	$ 31,276

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

[2] The City of Iowa City reclassified the Mass Transportation Fund from the General fund to an Enterprise Fund effective the fiscal year ending June 30, 2013.

CITY OF IOWA CITY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	2014
Revenues:										
Property taxes and assessments	$ 36,677	$ 39,011	$ 42,905	$ 44,835	$ 48,572	$ 59,143	$ 59,387	$ 61,649	$ 62,483	$ 53,797
Licenses and permits	1,255	1,279	1,404	1,270	1,284	1,211	1,412	1,307	1,784	1,660
Intergovernmental	15,546	14,260	13,455	12,764	19,521	31,404	29,870	21,952	19,941	17,636
Charges for services	3,301	2,227	2,423	2,228	2,498	2,433	2,515	2,614	1,800	1,819
Use of money and property	1,354	2,203	3,378	3,206	2,645	1,599	1,479	1,768	782	909
Miscellaneous	4,121	4,176	3,858	3,977	5,302	4,784	7,749	5,750	6,325	6,040
Total governmental activities revenues	$ 62,254	$ 63,156	$ 67,423	$ 68,280	$ 79,822	$ 100,574	$ 102,412	$ 95,040	$ 93,115	$ 81,861
Expenditures										
Current										
Public safety	$ 14,601	$ 15,819	$ 16,412	$ 18,705	$ 18,752	$ 19,108	$ 18,717	$ 20,091	$ 20,648	$ 21,370
Public works	9,698	10,351	12,452	12,108	12,405	13,311	14,766	15,462	8,503	8,432
Culture and recreation	9,183	10,122	10,261	10,703	10,849	11,266	12,498	13,075	13,000	13,087
Community and economic development	6,375	4,698	3,445	4,437	8,037	10,520	8,878	8,037	8,219	8,196
General government	6,282	6,510	7,194	7,207	7,300	7,191	7,695	7,553	7,286	7,184
Debt service										
Principal	9,349	6,099	6,700	7,323	8,418	9,354	10,386	13,294	16,465	13,560
Interest	3,676	3,458	3,464	3,556	3,364	3,064	2,889	2,543	2,339	1,903
Capital projects	13,939	15,153	13,000	11,811	17,096	17,690	21,873	16,006	17,861	14,528
Total expenditures	$ 73,103	$ 72,210	$ 72,928	$ 75,850	$ 86,221	$ 91,504	$ 97,702	$ 96,061	$ 94,321	$ 88,260
Excess (deficiency) of revenues over (under) expenditures	$ (10,849)	$ (9,054)	$ (5,505)	$ (7,570)	$ (6,399)	$ 9,070	$ 4,710	$ (1,021)	$ (1,206)	$ (6,399)
Other financing sources (uses):										
Issuance of long-term debt	$ 7,020	$ 7,265	$ 8,870	$ 9,150	$ 30,035	$ -	$ 16,165	$ 9,690	$ 2,655	$ 19,730
Issuance of refunding debt	-	-	-	-	-	-	10,930	-	-	-
Sale of capital assets	406	109	470	111	554	222	845	3,619	1,369	1,684
Insurance Recoveries	-	-	-	-	-	20	594	53	-	-
Issuance of note payable	211	-	-	-	-	-	-	-	-	-
Premium (discount) on issuance of bonds	43	29	-	16	552	-	394	165	(42)	385
Payment of refunded bonds	0	-	-	-	(23,140)	-	(11,085)	-	-	-
Transfers in	15,776	21,627	21,552	25,413	16,486	16,742	18,658	19,499	25,198	13,040
Transfers out	(15,237)	(21,540)	(20,711)	(23,328)	(16,386)	(17,446)	(22,722)	(23,181)	(35,493)	(16,134)
Total other financing sources (uses)	$ 8,219	$ 7,490	$ 10,181	$ 11,362	$ 8,101	$ (462)	$ 13,779	$ 9,845	$ (6,313)	$ 18,705
Net change in fund balances	$ (2,630)	$ (1,564)	$ 4,676	$ 3,792	$ 1,702	$ 8,608	$ 18,489	$ 8,824	$ (7,519)	$ 12,306
Debt service as a percentage of noncapital expenditures	21.5%	16.6%	17.0%	16.6%	17.0%	15.3%	16.2%	18.6%	24.0%	20.7%

[1] The City of Iowa City reclassified the Mass Transportation Fund from the General fund to an Enterprise Fund effective the fiscal year ending June 30, 2013.

CITY OF IOWA CITY, IOWA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax	Road Use Tax	Hotel/Motel Tax	Local Option Sales Tax[1]	Utility Franchise Fee[2]	Total
2005	$ 36,076	$ 5,269	$ 611	$ -	$ -	$ 41,956
2006	38,336	5,303	674	-	-	44,313
2007	42,221	5,305	683	-	-	48,209
2008	44,101	5,432	734	-	-	50,267
2009	47,861	5,254	713	-	-	53,828
2010	50,256	5,525	699	8,141	47	64,668
2011	48,831	6,068	776	8,912	868	65,455
2012	51,374	6,394	811	8,644	822	68,045
2013	51,836	6,589	872	8,858	918	69,073
2014	51,331	6,745	967	466	1,031	60,540

[1] 1% Local Option Sales Tax went into effect 7/1/09 and will be effective through 6/30/13.

[2] 1% Utility Franchise Fee went into effect 4/1/10.

CITY OF IOWA CITY, IOWA

ASSESSED AND TAXABLE VALUE OF PROPERTY

Last Ten Fiscal Years

(amounts expressed in thousands)

Collection Year Ended June 30		Residential	Agricultural (Taxed at Ag Rate)	Commercial, Industial & Utilities (excluding Gas & Electric)	Military Exemptions	Net Valuation	Incremental Value (Debt Service Levy Only)	Gas & Electric Utilities (excise tax)	Total Value	Residential Rollback Percentage	Taxable Value as a Percentage of Assessed Value	Total Direct Rate
2005	Assessed	$ 2,154,179	$ 1,968	$ 970,343	$ 3,627	$ 3,122,863	$ 23,957	$ 44,723	$ 3,191,543			
	Taxable	1,044,016	1,968	963,482	3,627	$ 2,005,839	23,439	45,612	$ 2,074,890	48.456%	65.012%	$ 17.314
2006	Assessed	2,236,070	1,802	980,167	3,484	$ 3,214,555	31,028	46,919	$ 3,292,502			
	Taxable	1,072,233	1,802	980,167	3,484	$ 2,050,718	31,028	42,834	$ 2,124,580	47.962	64.528	17.729
2007	Assessed	2,636,228	1,582	1,044,739	3,463	$ 3,679,086	77,785	50,311	$ 3,807,182			
	Taxable	1,208,405	1,582	1,035,929	3,463	$ 2,242,453	77,785	42,641	$ 2,362,879	45.996	62.064	17.302
2008	Assessed	2,722,754	1,534	1,058,580	3,424	$ 3,779,444	94,864	54,053	$ 3,928,361			
	Taxable	1,234,872	1,534	1,058,580	3,424	$ 2,291,562	94,864	41,542	$ 2,427,968	45.560	61.806	17.297
2009	Assessed	2,991,702	1,565	1,108,123	3,396	$ 4,097,994	111,540	54,081	$ 4,263,615			
	Taxable	1,307,511	1,410	1,105,109	3,396	$ 2,410,634	111,540	44,597	$ 2,566,771	44.080	60.202	17.717
2010	Assessed	3,065,279	1,499	1,133,818	3,324	$ 4,197,272	117,813	61,066	$ 4,376,151			
	Taxable	1,384,088	1,407	1,133,818	3,324	$ 2,515,989	117,813	45,157	$ 2,678,959	45.589	61.217	17.853
2011	Assessed	3,122,875	2,315	1,223,304	3,239	$ 4,345,255	25,409	79,196	$ 4,449,860			
	Taxable	1,464,644	1,534	1,223,304	3,239	$ 2,686,243	25,409	46,333	$ 2,757,985	46.909	61.979	17.757
2012	Assessed	3,182,636	2,264	1,231,756	3,163	$ 4,413,493	25,409	81,240	$ 4,520,142			
	Taxable	1,544,261	1,562	1,231,756	3,163	$ 2,774,416	25,409	48,338	$ 2,848,163	48.530	63.010	17.842
2013	Assessed	3,284,249	2,516	1,236,609	3,097	$ 4,520,277	11,712	83,538	$ 4,615,527			
	Taxable	1,666,036	1,448	1,236,609	3,097	$ 2,900,996	11,712	47,404	$ 2,960,112	50.752	64.134	17.269
2014	Assessed	3,367,052	2,656	1,200,457	3,060	$ 4,567,105	14,114	87,100	$ 4,668,319			
	Taxable	1,776,096	1,592	1,200,457	3,060	$ 2,975,085	14,114	46,813	$ 3,036,012	52.817	65.034	16.805

Sources:

Iowa Department of Management

Notes:
Property is reassessed in the odd numbered years to make adjustments to all property values, according to current market values. As per the Code of Iowa, all real property subject to taxation shall be valued at its actual value and, except as otherwise provided, shall be reassessed at 100% of its actual value.

CITY OF IOWA CITY, IOWA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(per $1,000 assessed valuation)

	City of Iowa City			Overlapping Rates				Total
Collection Year	Operating Millage	Debt Service Millage	Total City Millage	Johnson County[1]	Iowa City School District	Kirkwood Community College	State of Iowa	Direct & Overlapping Rates
2005	$ 13.360	$ 3.954	$ 17.314	$ 6.166	$ 12.875	$ 0.668	$ 0.004	$ 37.027
2006	13.580	4.149	17.729	6.391	13.582	0.649	0.004	38.355
2007	13.423	3.879	17.302	6.415	13.632	0.872	0.004	38.225
2008	13.511	3.786	17.297	6.823	13.852	0.855	0.004	38.831
2009	13.414	4.303	17.717	7.803	14.192	0.852	0.004	40.568
2010	13.634	4.219	17.853	7.708	14.191	0.840	0.003	40.595
2011	13.319	4.438	17.757	7.540	14.690	0.926	0.003	40.916
2012	13.193	4.649	17.842	7.320	14.591	0.999	0.003	40.755
2013	12.826	4.443	17.269	7.075	14.073	1.079	0.003	39.499
2014	12.775	4.030	16.805	7.077	13.688	1.065	0.003	38.638

Source: "Tax Levies for Johnson County, Iowa," compiled by the Johnson County Auditor.

Note:

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

Tax rates are per $1,000 of assessed value.

CITY OF IOWA CITY, IOWA

PROPERTY TAX BUDGETS AND COLLECTIONS

Last Ten Fiscal Years
(Cash basis of accounting)

(amounts expressed in thousands)

Collection Year	Total Tax Levied	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections[1]	Total Tax Collections	Total as a Percent of Levy
2005	$ 34,403	$ 34,814	101.2 %	$ 15	$ 34,829	101.2 %
2006	36,460	36,654	100.5	44	36,698	100.7
2007	39,094	38,947	99.6	13	38,960	99.7
2008	39,973	39,768	99.5	70	39,838	99.7
2009	43,168	43,118	99.9	18	43,136	99.9
2010	45,393	45,318	99.8	17	45,335	99.9
2011	47,789	47,826	100.1	8	47,834	100.1
2012	49,595	49,543	99.9	1	49,544	99.9
2013	50,407	50,139	99.5	3	50,142	99.5
2014	50,307	49,835	99.1	1	49,836	99.1

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

Note: This schedule is presented on a cash basis of accounting. Taxes are collected by the Johnson County Treasurer and submitted to the City in the following month. Because of the month delay, some years will show Current Tax Collections in excess of the Total Tax Levied.

[1] Delinquent tax collection is presented by collection year, rather than levy year, because information is not available from Johnson County Treasurer by levy year.

CITY OF IOWA CITY, IOWA

PRINCIPAL TAXPAYERS

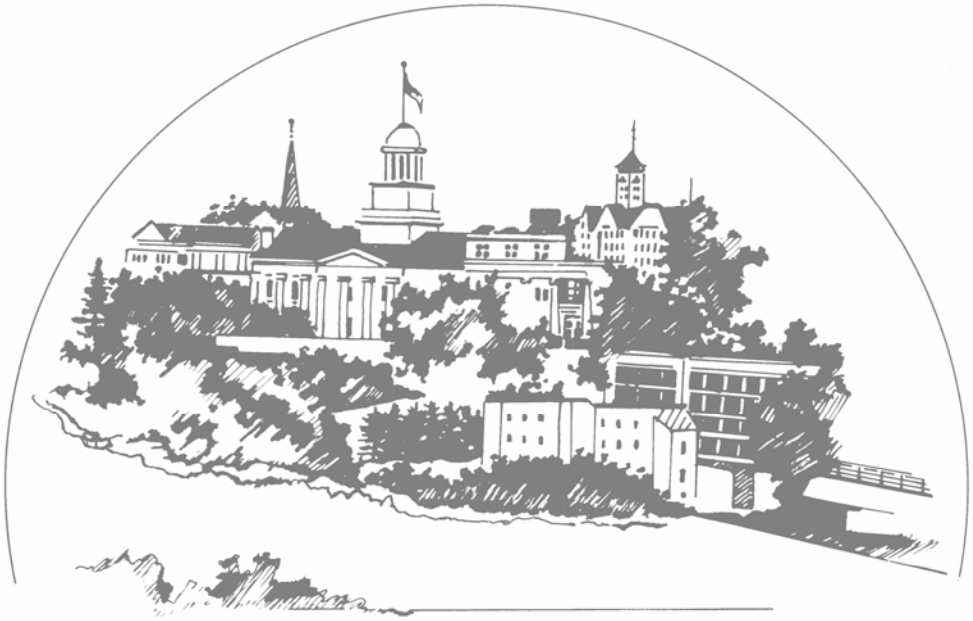
Current Year and Nine Years Ago

(amounts expressed in thousands)

		2005			2014		
Ten largest taxpayers[1]	**Type of Business**	**Taxable Valuation**	**Rank**	**% of Total Taxable Valuation**	**Taxable Valuation**	**Rank**	**% of Total Taxable Valuation**
ACT Inc. (formerly American College Testing Program)	Educational Testing Service	$ 26,902	2	1.30 %	$ 46,590	1	1.53 %
Mid-American Energy Company[2]	Public Gas and Electric Utility	46,919	1	2.26	44,174	2	1.46
Ann Gerdin Truse (formerly Russell Gerdin)	Warehousing	-	-	0.00	22,321	3	0.74
Dealer Properties IC LLC (Billion Auto)	Car Dealerships	-	-	0.00	19,343	4	0.64
Proctor & Gamble LLC	Manufacturing Company	10,523	8	0.51	16,227	5	0.53
Alpha Inc	Industrial		-	0.00	15,528	6	0.51
National Computer Systems (Pearson)	Information Services	16,159	5	0.78	13,800	7	0.45
CCAL 100 Hawk Ridge Drice LLC The Lodge	Housing Complex	-	-	0.00	12,856	8	0.42
Wal-Mart Real Estate	Retail			0.00	12,749	9	0.42
Southgate Development Company	Real Estate Developer	18,475	4	0.89	12,542	10	0.41
Jame A and Lorretta Clark	Apartments	26,252	3	1.27	-	-	0.00
MIP Iowa City LLC Sheraton Hotel	Hotel	10,200	9	0.49	-	-	0.00
OC Group LC Old Capital Mall	Shaooping Mall	9,262	10	0.45	-	-	0.00
M G D LC (Sycamore Mall)	Shopping Mall	11,457	7	0.55	-	-	0.00
Moen Group	Real Estate Developer	11,824	6	0.57	-	-	0.00
Total		$ 187,973		9.06 %	$ 216,130		7.12 %

Sources:

[1]City of Iowa City Assessor's Office - 2012 Annual Report



CITY OF IOWA CITY, IOWA

PRINCIPAL WATER SYSTEM CUSTOMERS

Current Year and Nine Years Ago

	2005			2014		
Customer Name	**Charges**	**Rank**	**Percentage**	**Charges**	**Rank**	**Percentage**
Proctor & Gamble	$ 537,724	1	6.54 %	$ 597,724	1	7.68 %
Veterans Administration Medical Center	146,106	2	1.78	102,726	2	1.32
Dolphin Lake Point (Lakeside Manor)	76,748	3	0.93	77,900	3	1.00
Mark IV Apts	49,165	8	0.60	61,811	4	0.79
Mercy Hospital	73,312	4	0.89	61,346	5	0.79
Campus Apartments	72,288	5	0.88	56,351	6	0.72
University of Iowa (Mayflower Apartments)	46,237	9	N/A	40,466	7	0.52
RBD Iowa City LLC (Sheraton Hotel)	-	-	N/A	34,109	8	0.44
Oaknoll Retirement	-	-	N/A	30,561	9	0.39
Seville Apartments	-	-	N/A	30,381	10	0.39
Lear Corp	49,714	6	0.60		-	N/A
Roberts Dairy	49,559	7	0.60	-	-	N/A
Holiday Inn/MPI LESSE	43,612	10	0.53	-	-	N/A
	$ 1,144,465		13.36 %	$ 1,093,375		14.06 %
Total Water System Charges	$ 8,217,941			$ 7,778,364		

Sources:
City of Iowa City Revenue Division

CITY OF IOWA CITY, IOWA

SALES HISTORY AND TOTAL WATER CHARGES

Last Ten Fiscal Years

Fiscal Year	Water Sales Cubic Feet Sold	Water System Charges
2005	254,560,239	$ 8,315,719
2006	267,107,998	8,844,993
2007	261,072,632	8,414,310
2008	249,361,929	7,976,536
2009	234,804,167	7,497,903
2010	234,342,825	7,568,378
2011	236,838,370	7,661,898
2012	246,618,257	7,953,738
2013	254,616,773	8,194,467
2014	239,790,719	7,778,364

Sources:
City of Iowa City Revenue Department

CITY OF IOWA CITY, IOWA

PRINCIPAL SEWER SYSTEM CUSTOMERS

Current Year and Nine Years Ago

	2005			2014		
Customer Name	**Charges**	**Rank**	**Percentage**	**Charges**	**Rank**	**Percentage**
University of Iowa	$ 1,993,643	1	16.43 %	$ 2,033,586	1	16.42 %
Proctor & Gamble	1,655,028	2	13.64	1,139,625	2	9.20
Veterans Administration Medical Center	187,230	3	1.54	135,545	3	1.09
Dolphin Lake Point (Lakeside Apts)	111,441	4	0.92	133,843	4	1.08
Iowa City Landfill Division	-	-	N/A	127,451	5	1.03
Mercy Hospital	79,497	7	0.66	103,838	6	0.84
Mark IV Apartments	55,012	10	0.45	89,261	7	0.72
Campus Apartments	83,039	6	0.68	74,248	8	0.60
University of Iowa/Mayflower Apartments	68,896	8	0.57	71,122	9	0.57
RBD Iowa City LLC (Sheraton Hotel)	-	-	N/A	59,549	10	0.48
Roberts Dairy	100,437	5	0.83	-	-	N/A
Holiday Inn/ MPI LESSEE	66,264	9	0.55	-	-	N/A
	$ 4,400,487		36.27 %	$ 3,968,068		32.05 %
Total Sewer System Charges	$ 12,131,294			$ 12,382,031		

Sources:
City of Iowa City Revenue Department

CITY OF IOWA CITY, IOWA

SALES HISTORY AND TOTAL SEWER CHARGES

Last Ten Fiscal Years

Fiscal Year	Sewer Sales Cubic Feet Sold	Sewer System Charges
2005	297,714,953	$ 12,557,646
2006	302,925,357	12,373,762
2007	315,199,203	11,084,369
2008	285,492,596	12,221,769
2009	276,455,246	12,499,949
2010	265,375,857	12,541,905
2011	280,303,237	12,748,695
2012	282,134,840	12,784,321
2013	285,472,392	12,883,641
2014	269,505,370	12,382,031

Sources:
City of Iowa City Revenue Department

CITY OF IOWA CITY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds[1]	Revenue Bonds[1]	Capital Loan Note	General Obligation Bonds[1]	Revenue Bonds[1]	Total Primary Government	Percentage of Personal Income[2]	Per Capita[2]
2005	$ 77,105,405	$ -	$ 211,000	$ 8,202,996	$ 109,918,239	$ 195,437,640	3.97 %	$ 3,133
2006	78,286,801	-	211,000	6,813,828	104,975,288	190,286,917	3.62	3,026
2007	80,441,894	-	211,000	5,458,633	99,892,337	186,003,864	3.28	2,774
2008	82,268,532	-	211,000	4,885,710	94,549,386	181,914,628	3.00	2,682
2009	81,222,533	-	211,000	4,317,787	87,875,855	173,627,175	2.81	2,513
2010	71,791,737	-	211,000	3,731,167	79,281,888	155,015,792	2.47	2,284
2011	77,743,957	-	211,000	3,130,849	75,857,306	156,943,112	2.32	2,276
2012	74,225,654	-	211,000	1,483,473	69,059,307	144,979,434	2.03	2,103
2013	57,688,803	2,614,644	211,000	1,182,315	62,764,738	124,461,500	1.66	1,775
2014	64,132,510	2,616,768	211,000	886,157	57,568,517	125,414,952	1.60	1,752

Notes:

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

[1] Bonds reported net of related premiums and discounts.

[2] Population and personal income information can be found on page 132.

CITY OF IOWA CITY, IOWA

RATIOS OF GENERAL OBLIGATION BONDED DEBT[1] TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

Fiscal Year	Property Assessed Value[2]	Debt Payable from Governmental	Debt Payable from Proprietary	Gross Bonded Debt	Debt Service Fund Balance	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita[3]
2005	$ 3,191,543	$ 77,105	$ 8,203	$ 85,308	$ 3,067	$ 82,241	25.77 : 1000	$ 1,318
2006	3,292,502	78,287	6,814	85,101	2,725	82,376	25.02 : 1000	1,310
2007	3,807,182	80,442	5,459	85,901	4,289	81,612	21.44 : 1000	1,217
2008	3,928,361	82,268	4,886	87,154	8,691	78,463	19.97 : 1000	1,157
2009	4,263,615	81,222	4,318	85,540	11,759	73,781	17.30 : 1000	1,068
2010	4,376,151	71,792	3,731	75,523	13,952	61,571	14.07 : 1000	907
2011	4,449,860	77,744	3,131	80,875	13,151	67,724	15.22 : 1000	982
2012	4,520,142	74,226	1,483	75,709	11,009	64,700	14.31 : 1000	938
2013	4,615,527	57,689	1,182	58,871	6,527	52,344	11.34 : 1000	746
2014	4,668,319	64,133	886	65,019	9,532	55,487	12.15 : 1000	775

Notes:

[1] General Obligation bonds, net of related premiums and discounts.

[2] City of Iowa City Budget Book.

[3] Population data can be found on page 132.

CITY OF IOWA CITY, IOWA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES[1]

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended June 30	Principal[2]	Interest[2]	Total Debt Service	Total General Governmental Expenditures and Transfers	Ratio of Debt Service to General Expenditures
2005	$ 9,349	$ 3,676	$ 13,025	$ 88,342	.15 : 1.00
2006	6,099	3,458	9,557	93,360	.10 : 1.00
2007	6,700	3,464	10,164	93,639	.11 : 1.00
2008	7,323	3,556	10,879	99,178	.11 : 1.00
2009	8,418	3,364	11,782	102,607	.11 : 1.00
2010	9,354	3,064	12,418	108,950	.11 : 1.00
2011	10,386	2,889	13,275	120,424	.11 : 1.00
2012	13,294	2,543	15,837	119,242	.13 : 1.00
2013	16,465	2,339	18,804	129,814	.14 : 1.00
2014	10,900	1,903	12,803	101,734	.13 : 1.00

Notes:

[1] General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

[2] Beginning in FY13, Taxable Urban Renewal Revenue Bonds are also included.

CITY OF IOWA CITY, IOWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2014

(amounts expressed in thousands, except per capita)

Name of Governmental Unit	Total General Long-Term Direct Debt Outstanding	Percent Applicable to the City of Iowa City	Amount Applicable to the City of Iowa City	Per Capita
City of Iowa City	$ 66,960	100.00 %	$ 66,960	$ 935.3170
Iowa City Community School District	12,280	57.33	7,041	98.3448
Total	$ 79,240		$ 74,001	$ 1,033.6618
Per capita assessed value				$ 65,208

Source: Johnson County Auditor's Office.

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

CITY OF IOWA CITY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 159,577	$ 164,625	$ 190,359	$ 196,418	$ 213,181	$ 218,808	$ 222,493	$ 226,007	$ 230,776	$ 233,416
Total net debt applicable to limit	85,290	85,060	85,840	87,090	84,995	75,050	80,575	75,320	61,205	67,075
Legal debt margin	$ 74,287	$ 79,565	$ 104,519	$ 109,328	$ 128,186	$ 143,758	$ 141,918	$ 150,687	$ 169,571	$ 166,341
Total net debt applicable to the limit as a percentage of debt limit	53.45%	51.67%	45.09%	44.34%	39.87%	34.30%	36.21%	33.33%	26.52%	28.74%

Legal Debt Margin Calculation for Fiscal Year 2014

Total Assessed Valuation	$ 4,668,319
Debt Limit - 5% of Total Assessed Valuation	233,416
Less: Amount of Debt Applicable to Debt Limit	67,075
Legal Debt Margin	$ 166,341

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

CITY OF IOWA CITY, IOWA

GENERAL OBLIGATION DEBT ANNUAL MATURITY SCHEDULE

	Payments			Funding Source(s)			
Fiscal Year	**Principal**	**Interest**	**Total**	**Property Tax Revenue**	**Tax Increment Financing**	**Water Revenue**	**Principal Outstanding at Beginning of Fiscal Year**
2014	$ 11,790,000	$ 1,872,314	$ 13,662,314	$ 12,875,766	$ 442,223	$ 344,325	$ 58,550,000
2015	11,970,000	1,840,432	13,810,432	12,985,067	480,340	345,025	64,420,000
2016	11,500,000	1,394,380	12,894,380	12,041,109	546,471	306,800	52,450,000
2017	9,890,000	1,084,787	10,974,787	10,129,305	544,582	300,900	40,950,000
2018	8,810,000	836,244	9,646,244	9,101,410	544,834	-	31,060,000
2019	6,350,000	584,669	6,934,669	6,391,270	543,399	-	22,250,000
2020	5,735,000	408,481	6,143,481	5,602,651	540,830	-	15,900,000
2021	4,435,000	249,629	4,684,629	4,144,054	540,575	-	10,165,000
2022	2,830,000	127,550	2,957,550	2,417,824	539,726	-	5,730,000
2023	1,870,000	68,150	1,938,150	1,457,063	481,087	-	2,900,000
2024	1,030,000	25,750	1,055,750	728,377	327,373	-	1,030,000
Total	**$ 76,210,000**	**$ 8,492,386**	**$ 84,702,386**	**$ 77,873,896**	**$ 5,531,440**	**$ 1,297,050**	

CITY OF IOWA CITY, IOWA

SCHEDULE OF REVENUE BOND COVERAGE

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended June 30	Revenue	Expenses[1]	Net Revenue Available for Debt Service	Annual Debt Service[2] Principal	Interest	Total	Ratio of Coverage
Parking Revenue[3]							
2005	$ 4,360	$ 2,377	$ 1,983	$ 305	$ 663	$ 968	2.05
2006	4,161	2,380	1,781	320	645	965	1.85
2007	5,035	2,973	2,062	335	626	961	2.15
2008	4,995	2,454	2,541	355	606	961	2.64
2009	5,630	3,024	2,606	370	584	954	2.73
2010[6]	5,509	3,149	2,360	390	504	894	2.64
2011	5,389	2,920	2,469	420	391	811	3.04
2012	4,945	3,034	1,911	500	339	839	2.28
2013	5,122	3,549	1,573	515	324	839	1.87
2014	5,365	2,969	2,396	530	308	838	2.86
Wastewater Treatment Revenue[4]							
2005	$ 12,600	$ 4,432	$ 8,168	$ 3,630	$ 3,537	$ 7,167	1.14
2006	12,798	4,260	8,538	3,815	3,390	7,205	1.19
2007	13,708	4,236	9,472	3,905	3,234	7,139	1.33
2008[6]	13,332	4,581	8,751	4,105	3,071	7,176	1.22
2009[6]	13,462	5,202	8,260	4,260	2,813	7,073	1.17
2010[6]	13,174	5,050	8,124	4,205	2,307	6,512	1.25
2011[6]	13,281	5,477	7,804	1,840	2,054	3,894	2.00
2012	13,175	5,663	7,512	4,615	1,693	6,308	1.19
2013	13,301	5,340	7,961	4,865	1,547	6,412	1.24
2014	12,835	5,708	7,127	3,250	1,428	4,678	1.52
Water Revenue[5]							
2005	$ 9,287	$ 4,783	$ 4,504	$ 845	$ 1,340	$ 2,185	2.06
2006	9,918	5,722	4,196	880	1,305	2,185	1.92
2007	9,220	5,356	3,864	915	1,268	2,183	1.77
2008[6]	9,258	5,348	3,910	955	1,229	2,184	1.79
2009[6]	8,833	5,726	3,107	995	1,171	2,166	1.43
2010[6]	8,336	5,153	3,183	680	1,055	1,735	1.83
2011	8,354	5,464	2,890	1,110	902	2,012	1.44
2012[6]	8,649	5,653	2,996	1,200	861	2,061	1.45
2013[6]	9,342	6,348	2,994	845	758	1,603	1.87
2014[6]	8,613	5,818	2,795	1,335	650	1,985	1.41

Notes:

[1] Excludes depreciation and interest.

[2] Includes principal and interest of revenue bonds only.

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

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

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

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

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY SCHEDULE

	Payments			Funding Source(s)				
Fiscal Year	**Principal**	**Interest**	**Total**	**Sewer Revenue**	**Parking Revenue**	**Water Revenue**	**Tax Increment Financing**	**Principal Outstanding at Beginning of Fiscal Year**
2014	$ 5,115,000	$ 2,452,262	$ 7,567,262	$ 4,668,681	$ 838,300	$ 1,984,946	$ 75,335	$ 64,615,000
2015	5,290,000	2,282,000	7,572,000	4,674,900	832,250	1,989,515	75,335	59,500,000
2016	5,630,000	2,090,619	7,720,619	4,695,119	832,950	1,987,215	205,335	54,210,000
2017	5,800,000	1,881,706	7,681,706	4,659,575	830,150	1,987,946	204,035	48,580,000
2018	6,035,000	1,661,273	7,696,273	4,661,575	831,450	1,995,903	207,345	42,780,000
2019	6,240,000	1,429,950	7,669,950	4,646,400	826,850	1,991,515	205,185	36,745,000
2020	6,500,000	1,175,401	7,675,401	4,647,463	826,350	1,994,103	207,485	30,505,000
2021	6,240,000	909,029	7,149,029	4,118,013	828,900	1,997,571	204,545	24,005,000
2022	5,075,000	669,863	5,744,863	2,717,288	824,469	1,996,781	206,325	17,765,000
2023	3,910,000	479,728	4,389,728	1,361,250	823,869	1,996,764	207,845	12,690,000
2024	2,945,000	330,042	3,275,042	793,250	824,000	1,453,847	203,945	8,780,000
2025	2,980,000	192,851	3,172,851	797,250	712,375	1,458,481	204,745	5,835,000
2026	1,770,000	83,258	1,853,258	794,375	-	853,788	205,095	2,855,000
2027	165,000	39,975	204,975	-	-	-	204,975	1,085,000
2028	170,000	34,365	204,365	-	-	-	204,365	920,000
2029	175,000	28,245	203,245	-	-	-	203,245	750,000
2030	185,000	21,770	206,770	-	-	-	206,770	575,000
2031	190,000	14,925	204,925	-	-	-	204,925	390,000
2032	200,000	7,800	207,800	-	-	-	207,800	200,000
Total	**$ 64,615,000**	**$ 15,785,062**	**$ 80,400,062**	**$ 43,235,139**	**$ 9,831,913**	**$ 23,688,375**	**$ 3,644,635**	

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY BY FUNDING SOURCE

Parking

Fiscal Year	Principal	Outstanding Interest	Total
2014	$ 530,000	$ 308,300	$ 838,300
2015	540,000	292,250	832,250
2016	560,000	272,950	832,950
2017	580,000	250,150	830,150
2018	605,000	226,450	831,450
2019	625,000	201,850	826,850
2020	650,000	176,350	826,350
2021	680,000	148,900	828,900
2022	705,000	119,469	824,469
2023	735,000	88,869	823,869
2024	770,000	54,000	824,000
2025	695,000	17,375	712,375
Total	$ 7,675,000	$ 2,156,913	$ 9,831,913

Sewer

Fiscal Year	Principal	Outstanding Interest	Total
2014	$ 3,250,000	$ 1,418,681	$ 4,668,681
2015	3,370,000	1,304,900	4,674,900
2016	3,520,000	1,175,119	4,695,119
2017	3,625,000	1,034,575	4,659,575
2018	3,775,000	886,575	4,661,575
2019	3,915,000	731,400	4,646,400
2020	4,090,000	557,463	4,647,463
2021	3,740,000	378,013	4,118,013
2022	2,485,000	232,288	2,717,288
2023	1,220,000	141,250	1,361,250
2024	700,000	93,250	793,250
2025	740,000	57,250	797,250
2026	775,000	19,375	794,375
Total	$ 35,205,000	$ 8,030,139	$ 43,235,139

(continued)

CITY OF IOWA CITY, IOWA

REVENUE DEBT ANNUAL MATURITY BY FUNDING SOURCE (continued)

Water

Fiscal Year	Principal	Outstanding Interest	Total
2014	$ 1,335,000	$ 649,946	$ 1,984,946
2015	1,380,000	609,515	1,989,515
2016	1,420,000	567,215	1,987,215
2017	1,465,000	522,946	1,987,946
2018	1,520,000	475,903	1,995,903
2019	1,565,000	426,515	1,991,515
2020	1,620,000	374,103	1,994,103
2021	1,680,000	317,571	1,997,571
2022	1,740,000	256,781	1,996,781
2023	1,805,000	191,764	1,996,764
2024	1,325,000	128,847	1,453,847
2025	1,390,000	68,481	1,458,481
2026	835,000	18,788	853,788
Total	$ 19,080,000	$ 4,608,375	$ 23,688,375

Taxable Urban Renewal

Fiscal Year	Principal	Outstanding Interest	Total
2014	$ -	$ 75,335	$ 75,335
2015	-	75,335	75,335
2016	130,000	75,335	205,335
2017	130,000	74,035	204,035
2018	135,000	72,345	207,345
2019	135,000	70,185	205,185
2020	140,000	67,485	207,485
2021	140,000	64,545	204,545
2022	145,000	61,325	206,325
2023	150,000	57,845	207,845
2024	150,000	53,945	203,945
2025	155,000	49,745	204,745
2026	160,000	45,095	205,095
2027	165,000	39,975	204,975
2028	170,000	34,365	204,365
2029	175,000	28,245	203,245
2030	185,000	21,770	206,770
2031	190,000	14,925	204,925
2032	200,000	7,800	207,800
Total	$ 2,655,000	$ 989,635	$ 3,644,635

CITY OF IOWA CITY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population[6]	Personal Income[1]	Per Capita Personal Income[1]	Average Increase	School Enrollment[2]	Unemployment Rate[3]	Retail Sales[4]
2005	62,380	$ 4,920,872	$ 34,740	8.75 %	11,866	2.9 %	$ 878,009,171
2006	62,887	5,260,852	36,610	5.38	11,988	2.4	901,481,066
2007	67,062	5,677,628	38,854	6.13	12,824	2.9	934,971,428
2008	67,831	6,062,777	40,745	4.87	12,911	3.1	958,509,729
2009	69,086	6,180,244	40,779	0.08	13,049	4.3	905,139,461
2010	67,862	6,280,167	41,048	0.66	13,319	5.0	725,329,723
2011	68,947	6,779,334	43,631	6.29	13,638	4.8	741,407,021
2012	68,947	7,155,456	45,222	3.65	13,862	4.1	767,122,555
2013[5]	70,133	7,491,372	47,345	4.69	14,057	3.8	793,201,342
2014[5]	71,591	7,828,529	49,476	4.50	14,162	3.5	649,794,164

Sources and Notes:

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

[2] Iowa City Community School District and local private schools

[3] Iowa Workforce Development Center

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

[5] Personal Income and Per Capita Personal Income for 2014 and 2013 not availabe. Amounts projected based on average increase over previous 9 years.

[6] US Census Bureau

CITY OF IOWA CITY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2005		2014		
Employers	**Employees**	**Rank**	**Employees**	**Rank**	**Percentage**
University of Iowa and University of Iowa Hospital and Clinics	24,627	1	30,804	1	31.1 %
Iowa City Community School District	1,600	2	1,700	2	1.7
Veterans Administration Medical Center	1,241	4	1,562	3	1.6
NCS Pearson	1,050	7	1,200	4	1.2
Mercy Hospital	1,250	3	1,187	5	1.2
ACT Inc. (formerly American College Testing Program)	1,200	5	1,181	6	1.2
Hy-Vee	1,153	6	1,166	7	1.2
City of Iowa City	986	8	1,087	8	1.1
System Unlimited	-	-	890	9	0.9
International Automotive Components formerly Lear Corp	930	9	785	10	0.8
Gillette Canada (Oral B Laboratories)	500	10	-	-	N/A
	34,537		41,562		42.0 %
Total Employees			98,900		

Sources:
Iowa City Area Development Group

Note:
Total number of employees is not available for 2005; percentage of total city employment by employer is not presented.
2014 Principal Employer total numbers are not avaiable, the only employer number avaible is the City of Iowa City

CITY OF IOWA CITY, IOWA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Full-Time Equivalent Employees as of June 30

	2005	2006	2007	2008	2009	2010	2011
Public Safety							
Police	94.25	94.25	96.25	96.25	103.25	103.25	98
Fire	56	57	57	57	57	57	66
Inspection Services	13.88	14.88	14.88	15.38	15.55	15.55	15.55
Public Works							
Public Works Admin	2	2	2	2	2	2	2
Engineering	11.6	11.6	11.6	11.35	11.35	11.35	12.1
Flood Recovery	-	-	-	-	-	-	0.4
Culture and Recreation							
Parks and Rec Admin	2	2	2	2	2	2	2
Recreation	15.17	15.17	15.42	15.42	15.42	15.42	15.42
Parks	12	13	13	13	13	13	13
Forestry	3	3	3	3	3	3	3
Cemetery	3	3	3	3	3	3	3
CBD Maintenance	3	3	3	3	3	3	3
Library	42.63	42.63	42.89	43.14	43.14	43.14	43.14
Senior Center	6.31	6.31	6.31	6.31	6.31	6.31	6.31
Community and Economic Development	8.45	8.45	8.45	8.95	9.05	9.05	9.1
General Government							
City Council	7	7	7	7	7	7	7
City Clerk	4	4	4	4	4	4	4
City Attorney	6.6	6.6	6.6	6.6	6	6	5.6
City Manager[2]	3	3	3	3	3	3	3
Personnel	4	4	4	4	4	4	4
Human Rights	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Finance	26.61	26.75	26.75	26.5	26.3	26.3	26.24
Government Buildings	4.96	4.96	4.96	4.96	4.96	4.96	4.96
Energy Conservation	0.5	0.5	0.5	0.25	0.25	0.25	-
Transit[3]	50.5	50.5	50.5	54.75	58.5	58.5	56.25
Special Revenue							
Employee Benefits	0.34	0.39	0.39	0.29	0.29	0.29	0.26
CIP / Roads	3	2	2	1	2	2	-
Flood Mitigation Grants	-	-	-	-	-	-	1.6
Community Development	4.35	4.35	4.35	3.98	3.88	3.88	3.83
UniverCity Program							
Traffic Engineering	5.65	4.15	4.15	4.15	4.15	4.15	4.15
Streets	22	23.5	23.5	23.5	25.5	25.5	25.5
MPOJC (formerly JCCOG)	6.1	6.6	6.6	6.6	6.6	6.6	6.6
Other Shared Revenues							
Library Development	0.8	1	1	1	1	1	1
Capital Project Administration	-	-	-	-	-	-	3
Internal Service Funds							
Information Technology	8	11.75	12	12.3	12.3	12.3	11.3
Equipment	11.25	11.26	11.26	11.26	11.26	11.26	11.26
Central Services	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Risk Management	1.32	1.38	1.38	1.73	1.93	1.93	2.01
Business-Type Activities							
Parking	32.75	32.75	32.75	32.75	33.25	33.25	32.75
Mass Transit[3]							
Wastewater Treatment	27.3	25.5	25.5	25.5	25.6	25.6	25.6
Water	31.7	32.5	32	32.75	32.75	32.75	32.75
Sanitation	34.35	33.85	33.85	34.85	34.85	35.85	35.85
Airport	2	1.6	1.6	1.6	1.75	1.75	1.75
Cable Television	6.19	6.19	6.19	6.19	6.44	6.44	6.69
Stormwater	-	0.5	1	2	1.9	1.9	1.9
Housing Authority	12.75	13.25	13.25	13.25	13.25	13.25	13.25
Total	599.56	605.37	608.13	614.81	629.03	630.03	633.37

Source: City's Financial Plan

2012	2013	2014
97	103	105
65	65	65
15.55	15.55	13.55
2	2	2
12.1	12.1	12.1
0.4	0.4	0.38
2	2	2
15.42	15.42	15.42
13	13	13
3	3	3
3	3	3
3	3	3
43.64	43.63	45.13
6.5	6.5	6.5
9.1	8.4	8.95
7	7	7
4	4	4
5.6	5.6	5.6
3	5	6
4	4	3
2.5	2	2
27.53	23.47	23.97
4.83	4.83	4.83
-		
56.25	0	0
0.55	0.55	0.55
-		
1.6		
3.83	3.33	2.98
	0.2	
4.15	4.15	4.15
25.5	25.5	25.5
6.6	5.6	5.6
	1.6	1.62
1	1	
5	6	6
11.8	10.86	9.86
11.26	10.75	10.75
0.75	0.76	0.5
1.8	1.8	1.8
32.75	29.25	26.25
	51.75	51.25
25.4	25.4	24.4
32.75	32.75	31.75
37.85	37.85	35.85
1.75	1	1
6.63	6.63	6.63
2.1	2.1	2.1
13.25	13.18	12.19
637.74	623.91	615.16

CITY OF IOWA CITY, IOWA

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police[1]										
Physical arrests	7,528	6,895	6,505	6,434	6,486	5,983	6,590	5,911	4,468	5,126
Traffic Violations	7,428	8,198	6,684	5,827	4,460	4,446	3,403	3,761	2,499	3,015
Fire[2]										
Number of calls answered	3,596	3,679	4,136	4,257	4,152	4,472	4,635	5,173	4,713	4,770
Inspections conducted	1,083	1,232	1,495	1,712	1,959	2,145	1,806	1,970	1,431	1,581
Parking										
Parking Violations	145,033	139,338	166,187	147,673	126,050	118,717	109,553	96,117	88,909	60,680
Wastewater Treatment										
Daily average treatment in gallons[3]	4,870,000	4,580,000	9,430,000	12,810,000	12,340,000	12,860,000	10,370,000	8,280,000	9,840,000	10,020,000
Maximum daily capacity of plant in gallons	40,000,000	40,000,000	40,000,000	41,000,000	41,000,000	41,100,000	41,100,000	41,100,000	41,100,000	41,100,000
Number of sewer system customers	21,552	22,046	22,481	22,909	23,161	23,344	23,527	23,529	24,059	24,389
Water										
Daily average consumption in gallons	5,448,500	5,680,600	5,516,238	5,475,122	5,508,077	5,483,255	5,508,800	5,486,800	5,535,000	5,640,219
Maximum daily capacity of plant in gallons	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000	16,700,000
Water System Customers by Classification										
Residential	21,972	22,529	22,973	23,097	23,391	23,657	23,875	24,086	24,442	24,790
Commercial	1,400	1,408	1,448	1,465	1,494	1,481	1,498	1,489	1,491	1,491
Industrial	13	13	13	14	15	15	15	15	15	15
Other	129	134	137	138	144	153	156	200	204	202
Total Customers	23,514	24,084	24,571	24,714	25,044	25,306	25,544	25,790	26,152	26,498
Sanitation										
Number of Customers	14,158	14,371	14,556	14,574	14,700	14,831	14,926	15,030	15,177	15,331
Tonnage	8,667	8,463	8,722	8834	8,747	8,869	8,969	8,935	8,956	9,160
Landfill										
Tonnage	113,356	111,124	135,315	132,760	140,810	150,369	147,265	148,953	111,445	115,624

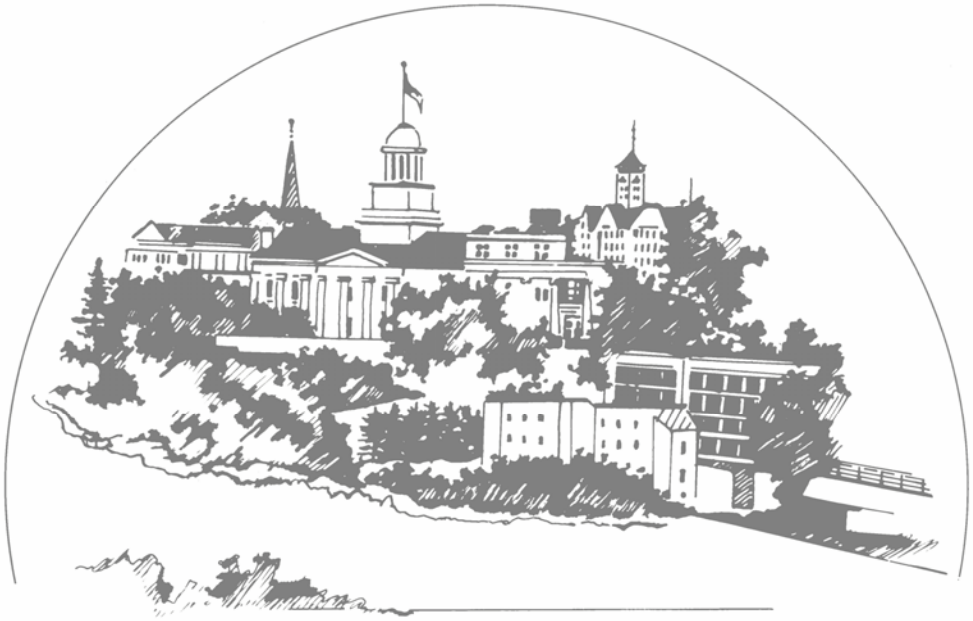
Sources: Various city divisions.

Notes:

[1] Numbers are based on a calendar year and 2014 figures are compiled through 10/28/14.

[2] Numbers are based on a calendar year and 2014 figures are compiled through 10/23/14.

[3] Numbers for FY07 and after are based on both the North and South Wastewater Plants.



CITY OF IOWA CITY, IOWA

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	17	17	17	18	18	18	18	20
Fire										
Stations	3	3	3	3	3	3	3	4	4	4
Fire apparatus	8	8	8	9	9	9	9	11	11	11
Public Works										
Streets										
Miles	262	262	268	269	270	272	272	275	276	279
Street lights	3,357	3,378	3,395	3,403	3,408	3,410	3,412	3,412	3,412	
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Acreage	40	40	40	40	40	40	40	40	40	40
Parks	61	61	61	61	61	40	41	41	42	43
Acreage	1,400	1,400	1,600	1,603	1603	1335	1354	1441	1506	1897
Recreation										
Recreation centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Ball diamonds	29	29	29	31	30	30	30	30	27	27
Tennis courts	12	12	12	12	12	12	12	12	12	12
Soccer fields	25	25	25	25	20	20	20	20	20	20

(continued)

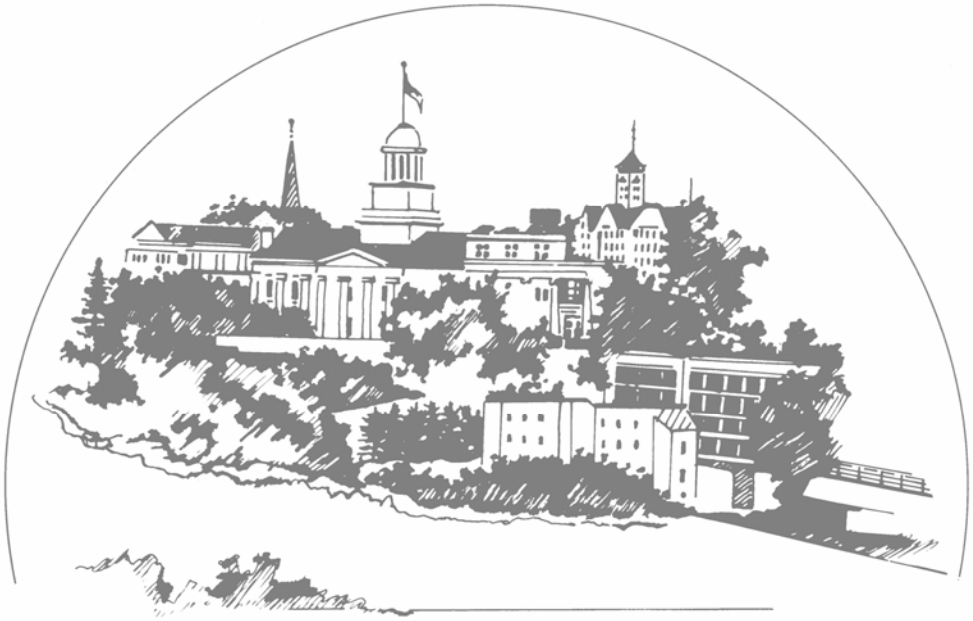
CITY OF IOWA CITY, IOWA

CAPITAL ASSETS BY FUNCTION (continued)

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Parking										
Facilities	4	5	5	5	5	5	5	5	5	5
Spaces	2,537	3,137	3,100	3,085	3,086	3,086	3,086	3,086	3,086	3086
Wastewater Treatment										
Miles of sanitary sewer	277	280	286	288	289	291	292	294	295	298
Miles of storm sewer	105	110	117	118	120	122	124	127	128	131
Number of treatment plants	2	2	2	2	2	2	2	2	2	1
Number of service connectors	21,552	22,046	22,481	22,576	22,875	23,093	23,308	23,529	23,851	26498
Water										
Miles of water mains	252	257	260	262	263	264	264	266	268	271
Number of city owned fire hydrants	2,448	2,474	2,569	2,575	2,635	2,662	2,680	2,735	3,330	3385
Sanitation										
Landfills	1	1	1	1	1	1	1	1	1	1
Acreage	200	200	200	395	395	395	395	411	411	41

Sources: Various city divisions.



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CPAs & BUSINESS ADVISORS

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 Iowa City, Iowa

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is 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, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Response to Finding
The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Eide Bailly LLP

Dubuque, Iowa
December 11, 2014

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Iowa City, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section 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 the compliance for each of the City'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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City of Iowa City, Iowa, complied, in all material respects, with the 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, 2014.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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'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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

Eide Bailly LLP

Dubuque, Iowa
December 11, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass-through program from:			
Iowa Department of Agriculture:			
Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-1670	$ 6,882
U.S. Department of Commerce:			
Direct program:			
Economic Adjustment Assistance	11.307		2,991,861
Economic Adjustment Assistance	11.307		469,931
Total U.S. Department of Commerce			3,461,792
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/ Entitlement Grants	14.218		583,011
Community Development Block Grants/ Entitlement Grants	14.218		485,190
			1,068,201
Pass-through program from:			
Iowa Economic Development Authority:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-271	2,544,127
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRIEF-276	2,360,595
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-010	764,858
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-273	717,223
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-225	36,900
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRB-204	10,177
			6,433,880

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development: (continued)			
Direct program:			
Home Investment Partnerships Program	14.239		$ 248,873
Home Investment Partnerships Program	14.239		216,261
Home Investment Partnerships Program	14.239		196,652
Home Investment Partnerships Program	14.239		15,583
			677,369
Public and Indian Housing	14.850		149,559
Public and Indian Housing	14.850		115,778
			265,337
Section 8 Housing Choice Vouchers	14.871		6,301,282
Public Housing Capital Fund	14.872		101,252
Public Housing Capital Fund	14.872		53,503
			154,755
Total U.S. Department of Housing and Urban Development			14,900,824
U.S. Department of Justice:			
Pass-through program from:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-14-51-CJ	65,515
Direct program:			
Bulletproof Vest Partnership Program	16.607		2,671
Bulletproof Vest Partnership Program	16.607		485
			3,156
Public Safety Partnership and Community Policing Grants	16.710		99,210
Pass-through program from:			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	10-Hotspots/Interdiction	6,307
			105,517

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		$ 32,616
Edward Byrne Memorial Justice Assistance Grant Program	16.738		16,817
Edward Byrne Memorial Justice Assistance Grant Program	16.738		12,780
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,786
Pass-through program from:			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-58470	101,600
			166,599
Total U.S. Department of Justice			340,787
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		4,500,988
Airport Improvement Program	20.106		493,734
Airport Improvement Program	20.106		28,394
			5,023,116
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BRM-3715(650)--8N-52	315,975
Highway Planning and Construction	20.205	STP-U-3715(637)--70-52	22,658
Iowa Department of Transportation and Metropolitan Planning Organization of Johnson County:			
Highway Planning and Construction	20.205	14MPO-MPOJC	150,400
			489,033
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	14MPO-MPOJC	39,600

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation: (continued)			
Direct program:			
Federal Transit – Formula Grants	20.507		$ 1,400,381
Transit Services Program Cluster:			
Pass-through program from:			
Iowa Department of Transportation:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-16-X005-371-14	119,697
Job Access and Reverse Commute Program	20.516	IA-37-X022-371-13	92,881
New Freedom Program	20.521	IA-57-X009-371-14	21,188
New Freedom Program	20.521	IA-57-X009-371-13	10,716
			31,904
Total Transit Services Program Cluster			244,482
Public Transportation Research	20.514	IA-26-X004-371-12	243,320
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 13-410, Task 30	7,457
National Priority Safety Programs	20.616	PAP 14-405d-M6OT, Task 27	16,391
Total U.S. Department of Transportation			7,463,780

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct program:			
Urban Waters Small Grants	66.440		$ 5,926
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4126-IA	199,874
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4119-IA	42,572
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4187-IA	15,292
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763 DR-IA	5,667
			263,405
Hazard Mitigation Grant	97.039	HMGP-DR-1854-0006 01	33,271
Total U.S. Department of Homeland Security			296,676
Total			$ 26,476,667

See Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Iowa City, Iowa, and is presented on the modified accrual basis of accounting for governmental funds and the full accrual basis of accounting for proprietary funds. 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. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Specialty Crop Block Grant Program - Farm Bill	10.170	$ 6,882
Community Development Block Grants/Entitlement Grants	14.218	631,931
Home Investment Partnerships Program	14.239	439,144
Public Safety Partnership and Community Policing Grants	16.710	2,358
Edward Byrne Memorial Justice Assistance Grant Program	16.738	61,548
New Freedom Program	20.521	31,904

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

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 OMB Circular A-133 §.510(a):	No

Identification of major programs:

Name of Federal Program	CFDA Number
Economic Adjustment Assistance	11.307
Section 8 Housing Choice Vouchers	14.871
Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs:	$ 794,300
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2014-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2014, did not exceed the amount budgeted.

2014-IA-B **Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2014-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2014-IA-D **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Art Bettis, Spouse of Brenda Nations, Sustainability Coordinator, Landfill	Consulting Services	$ 1,500

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the Sustainability Coordinator does not appear to represent a conflict of interest since total transaction with the individual did not exceed $1,500 during the fiscal year.

2014-IA-E **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2014-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2014-IA-G **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2014-IA-H **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.

2014-IA-I **Revenue Bonds** – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

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

2014-IA-J **Notice of Public Hearing** – The notice of public hearing for the Prince Industrial Electric – Project A3457 was published. However, the notice of public hearing was published more than 20 days before the date of the hearing.

Recommendation – The notice of public hearing should have been published not less than 4 days and not more than 20 days before the date of the hearing as provided in Chapters 26.12 and 362.3 of the Code of Iowa.

Response – Publication dates will be monitored by City staff so that this does not happen in the future.

Findings Related to the Financial Statements:

There were no findings reported.

Findings Related to the Federal Program:

There were no findings reported.

There were no prior year federal findings.