

**CITY OF CORALVILLE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

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# Officials

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## Elected Officials

Name	Title	Term Expires
John Lundell	Mayor	January 1, 2016*
Jill Dodds	Council Member	January 1, 2016**
Thomas Gill	Council Member	January 1, 2018
Laurie Goodrich	Council Member	January 1, 2018
Mitch Gross	Council Member	January 1, 2016**
William Hoeft	Council Member	January 1, 2018

## Appointed Officials

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

\* Re-elected in November, 2015 for another two-year term.

\*\* Re-elected in November, 2015 for another four-year term.

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2015, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 19 to the financial statements, the City of Coralville adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. 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, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of funding progress for the retiree health plan on pages 4 through 13 and 55 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the ten years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 63 through 76, including the schedule of expenditures of federal awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the City of Coralville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coralville's internal control over financial reporting and compliance.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
December 3, 2015

## Management's Discussion and Analysis

As management of the City of Coralville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2015.

### FINANCIAL HIGHLIGHTS

- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$20,412,728, an increase of 76% as compared to the prior fiscal year balance of \$11,622,001.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,935,609, or 30%, of the 2015 total General Fund expenditures. As of June 30, 2014, unassigned General Fund balance was \$5,033,008, or 30%, of the 2014 total General Fund expenditures.
- Revenue of the City's governmental activities increased 21%, or approximately \$10 million, from fiscal year 2014 to fiscal year 2015. The increase was attributable to greater capital grant revenue.
- Program expenses of the City's governmental activities increased 28%, or approximately \$8 million, from fiscal year 2014 to fiscal year 2015. The increase was attributable to higher public safety and community and economic development expense.
- The City of Coralville's net position as of June 30, 2015 and 2014, was \$158,297,691 and \$144,735,358, respectively. Of this amount, \$4,186,156 and \$6,765,662, respectively, are unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors.
- Total governmental long-term debt increased by approximately \$14.1 million during the current fiscal year. The City issued \$30.4 million of new debt and retired \$16.3 million of existing debt. The new debt was issued to fund various projects within the City.

Total business-type activity debt retired was approximately \$2.9 million.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### **Government-Wide Financial Statement**

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

The statement of net position presents all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

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

## **Fund Financial Statements**

The City has two kinds of funds:

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated by \$3,663,951 and \$1,678,206, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

## Statement of Net Position

A condensed version of the statement of net position as of June 30, 2015 and 2014 follows.

### City of Coralville's Net Position

	2015			2014 (See Note 20)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 45,642,695	\$ 11,983,064	\$ 57,625,759	\$ 36,597,388	\$ 11,098,257	\$ 47,695,645
Restricted assets	4,948,927	9,459,653	14,408,580	5,821,470	9,317,703	15,139,173
Capital assets	297,531,605	110,846,915	408,378,520	273,353,385	113,736,126	387,089,511
Other noncurrent assets	6,993,962	—	6,993,962	7,020,477	—	7,020,477
<b>Total Assets</b>	<b><u>355,117,189</u></b>	<b><u>132,289,632</u></b>	<b><u>487,406,821</u></b>	<b><u>322,792,720</u></b>	<b><u>134,152,086</u></b>	<b><u>456,944,806</u></b>
<b>Deferred Outflows or Resources</b>	<b><u>967,092</u></b>	<b><u>525,399</u></b>	<b><u>1,492,491</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 356,084,281</u></b>	<b><u>\$ 132,815,031</u></b>	<b><u>\$ 488,899,312</u></b>	<b><u>\$ 322,792,720</u></b>	<b><u>\$ 134,152,086</u></b>	<b><u>\$ 456,944,806</u></b>
Current liabilities	\$ 21,025,233	\$ 7,339,345	\$ 28,364,578	\$ 19,894,674	\$ 7,083,458	\$ 26,978,132
Noncurrent liabilities	188,143,064	78,678,834	266,821,898	171,079,203	80,469,487	251,548,690
<b>Total Liabilities</b>	<b><u>\$ 209,168,297</u></b>	<b><u>\$ 86,018,179</u></b>	<b><u>\$ 295,186,476</u></b>	<b><u>\$ 190,973,877</u></b>	<b><u>\$ 87,552,945</u></b>	<b><u>\$ 278,526,822</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>\$ 34,688,359</u></b>	<b><u>\$ 726,786</u></b>	<b><u>\$ 35,415,145</u></b>	<b><u>\$ 33,997,626</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 33,997,626</u></b>
<b>Net Position</b>						
Invested in capital assets	\$ 95,063,054	\$ 38,477,305	\$ 133,540,359	\$ 85,015,602	\$ 38,427,552	\$ 123,443,154
Restricted	17,377,135	3,194,041	20,571,176	11,472,110	3,054,432	14,526,542
Unrestricted	(212,564)	4,398,720	4,186,156	1,333,505	5,117,157	6,450,662
<b>Total Net Position</b>	<b><u>\$ 112,227,625</u></b>	<b><u>\$ 46,070,066</u></b>	<b><u>\$ 158,297,691</u></b>	<b><u>\$ 97,821,217</u></b>	<b><u>\$ 46,599,141</u></b>	<b><u>\$ 144,420,358</u></b>

\$133 million of the City's net position (84%) represents resources which are invested in capital assets and \$21 million of the City's net position (13%) represents resources that are subject to external restrictions on how they may be used. This amount includes funds held in reserve accounts pledged to secured creditors. Unrestricted net position totaling \$4 million (3%) may be used to meet the government's ongoing obligations to citizens and unsecured creditors.

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

## Statement of Activities

A condensed version of the statement of activities as of June 30, 2015 and 2014 follows:

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

	2015			2014 (See Note 20)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenue						
Charges for service	\$ 5,073,953	\$ 26,429,628	\$ 31,503,581	\$ 5,845,650	\$ 25,253,584	\$ 31,099,234
Operating grants and contributions	2,371,785	734,654	3,106,439	3,837,827	1,053,586	4,891,413
Capital grants and contributions	12,190,791	—	12,190,791	4,571,523	—	4,571,523
Other General Revenue						
Property tax	33,203,993	—	33,203,993	29,388,885	—	29,388,885
Other taxes	4,430,178	—	4,430,178	3,145,699	—	3,145,699
Other	375,475	17,975	393,450	363,528	33,766	397,294
Gain (loss) on sale of capital assets	194,179	(19,922)	174,257	694,428	—	694,428
Total Revenue	<u>57,840,354</u>	<u>27,162,335</u>	<u>85,002,689</u>	<u>47,847,540</u>	<u>26,340,936</u>	<u>74,188,476</u>
Expenses						
Public safety	4,924,766	—	4,924,766	3,433,075	—	3,433,075
Public works	1,508,226	—	1,508,226	1,729,893	—	1,729,893
Health and social services	130,320	—	130,320	115,732	—	115,732
Culture and recreation	8,153,847	—	8,153,847	8,468,285	—	8,468,285
Community and economic development	11,305,589	—	11,305,589	4,693,705	—	4,693,705
General government	2,925,949	—	2,925,949	3,321,551	—	3,321,551
Depreciation - unallocated	10,960	—	10,960	11,391	—	11,391
Interest on long-term debt	9,112,101	—	9,112,101	8,059,261	—	8,059,261
Hotel and conference center	—	15,956,593	15,956,593	—	15,382,694	15,382,694
Sewer	—	2,373,021	2,373,021	—	2,400,534	2,400,534
Parking facilities and operations	—	1,959,626	1,959,626	—	1,606,749	1,606,749
Water	—	1,859,342	1,859,342	—	1,888,164	1,888,164
Solid waste	—	896,575	896,575	—	945,263	945,263
Golf	—	2,338,205	2,338,205	—	2,432,534	2,432,534
Transit	—	1,896,994	1,896,994	—	2,029,110	2,029,110
Storm water	—	431,085	431,085	—	480,215	480,215
Total Expenses	<u>38,071,758</u>	<u>27,711,441</u>	<u>65,783,199</u>	<u>29,832,893</u>	<u>27,165,263</u>	<u>56,998,156</u>
Increase (Decrease) in Net Position						
Before Transfers	19,768,596	(549,106)	19,219,490	18,014,647	(824,327)	17,190,320
Transfers	(1,698,237)	1,698,237	—	(1,040,768)	1,040,768	—
Increase in Net Position	18,070,359	1,149,131	19,219,490	16,973,879	216,441	17,190,320
Beginning Net Position, Restated (Notes 19 and 20)	<u>94,157,266</u>	<u>44,920,935</u>	<u>139,078,201</u>	<u>80,847,338</u>	<u>46,382,700</u>	<u>127,230,038</u>
<b>Ending Net Position</b>	<b><u>\$ 112,227,625</u></b>	<b><u>\$ 46,070,066</u></b>	<b><u>\$ 158,297,691</u></b>	<b><u>\$ 97,821,217</u></b>	<b><u>\$ 46,599,141</u></b>	<b><u>\$ 144,420,358</u></b>

## **Governmental Activities**

Total governmental activities revenue was \$57,840,354 and \$47,847,540 (before gain or loss on the sale of assets) for the years ended June 30, 2015 and 2014, respectively. The largest single revenue source for the City was property and other taxes of \$37,634,171 and \$32,534,584 recorded for the years ended June 30, 2015 and 2014, respectively, which includes property tax paid in the Tax Increment Financing areas of the City. The remaining revenue of the City comes from charges for service, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

## **Business-Type Activities**

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

## **INDIVIDUAL MAJOR FUND ANALYSIS**

### **Governmental Fund Highlights**

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of approximately \$20.4 million. Approximately \$74,000 constitutes unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service or for a variety of other restricted purposes which is primarily expendable trust and capital projects.

The General Fund is the chief operating fund of the City of Coralville. As of the end of the current fiscal year, unassigned fund balance of the General Fund was \$4.9 million, while total fund balance reached \$7.6 million. Unassigned fund balance represents 65% of total General Fund balance. The General Fund revenue increased approximately \$1,227,000, or 8.3%, over fiscal year 2014, while expenditures decreased approximately \$95,000, or 0.6%, less than the prior year. Key factors in the increase in revenue were higher property taxes and franchise taxes.

The Special Revenue - Mall/Highway 6 TIF Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects and other project costs. This fund ended 2015 with a fund balance of \$3.6 million compared to the prior year ending fund balance of \$5.1 million. The decrease resulted from transfers to other funds for approved project costs.

The General Obligation Debt Service Fund accounts for general obligation debt issued and the subsequent principal and interest payments. Property tax and transfers in from other funds are the primary sources of cash for this fund. The fund ended 2015 with a balance of \$4.2 million, an increase of approximately \$1.8 million from 2014. The primary reason for this increase was additional revenue from payments in lieu of taxes and transfer in from TIF funds for payment of certified TIF obligations.

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

The Capital Projects - Intermodal Facility accounts for the construction of a multi-modal transportation facility being constructed in the Iowa River Landing area. The project is being financed with a mix of government grants and general obligation bonds.

### **Proprietary Fund Highlights**

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

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

The Hotel and Conference Center Fund accounts for the operation and maintenance of the Marriott hotel located on East 9th Street in Coralville. The fund ended 2015 with a net position balance totaling \$10.0 million compared to the prior year ending net position balance of \$10.3 million. The decrease was the result of a net loss of \$271,883 after net transfers in of \$1,254,403. The net loss included \$1.4 million of noncash depreciation expense.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2015 with a net position balance of \$14.9 million compared to the prior year ending net position balance of \$14.7 million. The increase was due to lower than expected maintenance costs and an increase in user rates to prepare for significant capital expenditures in the future.

The Parking Facilities and Operations Fund accounts for the two parking ramps located in the Iowa River Landing development area and the Town Center parking ramp. The net position totaled approximately \$4.7 million as of the end of 2015, an increase of approximately \$617,000 due to rental income from the parking ramps.

The Golf Fund accounts for the operations of Brown Deer Golf Club. The Club includes an 18-hole golf course and clubhouse with a restaurant and full-service banquet facility. The Golf Fund recognized operating income of \$216,882 for the year ended June 30, 2015 before interest expense of \$393,704.

### **BUDGETARY HIGHLIGHTS**

The City had one budget amendment during the fiscal year which increased budgeted revenue by approximately \$22.6 million and budgeted expenditures by approximately \$20.5 million.

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2015 budget. The amounts in the 'Actual' column were taken from the City's annual report to the State of Iowa prepared on the cash basis of accounting.

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Governmental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property tax	\$ 13,006,251	\$ 13,006,251	\$ 12,727,476	\$ —	\$ 12,727,476	\$ (278,775)
Tax increment financing	20,637,651	20,637,651	19,723,730	—	19,723,730	(913,921)
Other city taxes	2,811,998	2,811,998	3,061,677	—	3,061,677	249,679
Licenses and permits	703,250	703,250	804,636	—	804,636	101,386
Use of money and property	1,349,538	1,349,538	1,687,335	8,315,803	10,003,138	8,653,600
Intergovernmental	4,281,303	4,281,303	23,682,125	860,755	24,542,880	20,261,577
Charges for service	27,282,781	27,282,781	2,275,712	8,589,836	10,865,548	(16,417,233)
Special assessments	—	—	30,074	—	30,074	30,074
Miscellaneous	823,835	823,835	1,094,499	7,662,446	8,756,945	7,933,110
<b>Total Receipts</b>	<b>70,896,607</b>	<b>70,896,607</b>	<b>65,087,264</b>	<b>25,428,840</b>	<b>90,516,104</b>	<b>19,619,497</b>
<b>Disbursements</b>						
Public safety	6,747,497	6,747,497	5,126,655	—	5,126,655	(1,620,842)
Public works	1,841,241	1,841,241	1,483,983	—	1,483,983	(357,258)
Health and social services	123,470	133,470	126,320	—	126,320	(7,150)
Culture and recreation	7,824,184	7,824,184	7,657,955	—	7,657,955	(166,229)
Community and economic development	753,757	753,757	3,415,100	—	3,415,100	2,661,343
General government	6,198,909	6,548,909	2,848,099	—	2,848,099	(3,700,810)
Debt service	23,608,925	23,608,925	28,086,739	—	28,086,739	4,477,814
Capital projects	—	20,150,000	34,203,016	—	34,203,016	14,053,016
Business-type activities	24,317,737	24,317,737	—	24,769,237	24,769,237	451,500
<b>Total Disbursements</b>	<b>71,415,720</b>	<b>91,925,720</b>	<b>82,947,867</b>	<b>24,769,237</b>	<b>107,717,104</b>	<b>15,791,384</b>
<b>Receipts Over (Under) Disbursements</b>	<b>(519,113)</b>	<b>(21,029,113)</b>	<b>(17,860,603)</b>	<b>659,603</b>	<b>(17,201,000)</b>	<b>3,828,113</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources	20,703,882	43,327,882	86,814,402	4,274,761	91,089,163	47,761,281
Other financing uses	(20,694,882)	(20,694,882)	(55,829,520)	(3,587,038)	(59,416,558)	(38,721,676)
<b>Total Other Financing Sources</b>	<b>9,000</b>	<b>22,633,000</b>	<b>30,984,882</b>	<b>687,723</b>	<b>31,672,605</b>	<b>9,039,605</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>(510,113)</b>	<b>1,603,887</b>	<b>13,124,279</b>	<b>1,347,326</b>	<b>14,471,605</b>	<b>\$ 12,867,718</b>
Balance - Beginning of Year	28,141,133	28,141,133	998,600	15,198,619	16,197,219	
<b>Balance - End of Year</b>	<b>\$ 27,631,020</b>	<b>\$ 29,745,020</b>	<b>\$ 14,122,879</b>	<b>\$ 16,545,945</b>	<b>\$ 30,668,824</b>	

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

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

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 75,852,982	\$ 75,801,813	\$ 5,645,327	\$ 5,645,327	\$ 81,498,309	\$ 81,447,140
Land improvements	74,564,500	76,072,274	—	—	74,564,500	76,072,274
Buildings and improvements	46,348,880	39,289,801	96,289,004	99,300,893	142,637,884	138,590,694
Infrastructure	69,881,083	69,207,208	—	—	69,881,083	69,207,208
Machinery and equipment	8,503,105	8,688,467	8,215,033	8,580,912	16,718,138	17,269,379
Construction-in-progress	<u>22,381,055</u>	<u>4,293,822</u>	<u>697,551</u>	<u>208,994</u>	<u>23,078,606</u>	<u>4,502,816</u>
<b>Total</b>	<b><u>\$ 297,531,605</u></b>	<b><u>\$ 273,353,385</u></b>	<b><u>\$ 110,846,915</u></b>	<b><u>\$ 113,736,126</u></b>	<b><u>\$ 408,378,520</u></b>	<b><u>\$ 387,089,511</u></b>

### Long-Term Debt

The following summarizes maturities of principal and interest on bonded debt outstanding as of June 30, 2015:

Year Ending June 30,	Governmental Activities				Business-Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2016	\$ 12,495,000	\$ 6,769,344	\$ 3,300,000	\$ 1,834,419	\$ 1,759,000	\$ 919,650	\$ 17,554,000	\$ 9,523,413
2017	13,997,874	6,335,564	3,960,000	1,667,294	1,906,000	872,604	19,863,874	8,875,462
2018	13,955,000	5,824,873	4,110,000	1,467,044	1,960,000	819,934	20,025,000	8,111,851
2019	8,255,000	5,305,525	395,000	1,260,056	2,012,000	765,424	10,662,000	7,331,005
2020	8,885,000	5,232,038	100,000	1,239,569	2,061,000	708,475	11,046,000	7,180,082
2021-2025	34,859,000	21,536,476	2,128,000	5,980,845	9,350,000	3,426,063	46,337,000	30,943,384
2026-2030	29,973,000	15,074,799	3,160,845	5,206,844	9,779,000	1,873,492	42,912,845	22,155,135
2031-2035	38,145,000	6,139,676	3,401,200	4,508,774	2,631,480	165,963	44,177,680	10,814,413
2036-2040	—	—	5,325,000	3,338,250	—	—	5,325,000	3,338,250
2041-2045	—	—	6,895,000	1,831,750	—	—	6,895,000	1,831,750
2046-2050	—	—	3,155,000	240,500	—	—	3,155,000	240,500
	<u>160,564,874</u>	<u>72,218,295</u>	<u>35,930,045</u>	<u>28,575,345</u>	<u>31,458,480</u>	<u>9,551,605</u>	<u>227,953,399</u>	<u>110,345,245</u>
Net unamortized bond premium (discount)	<u>1,568,295</u>	<u>—</u>	<u>595,652</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,163,947</u>	<u>—</u>
<b>Net</b>	<b><u>\$162,133,169</u></b>	<b><u>\$72,218,295</u></b>	<b><u>\$36,525,697</u></b>	<b><u>\$28,575,345</u></b>	<b><u>\$31,458,480</u></b>	<b><u>\$9,551,605</u></b>	<b><u>\$230,117,346</u></b>	<b><u>\$110,345,245</u></b>

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

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is below its constitutional debt limit of approximately \$110.5 million.

The City of Coralville has been assigned a Baa2 rating from Moody's Investor Services and a BBB+ rating from Standard & Poors for general obligation debt. Subsequent to June 30, 2015, Moody's Investor Services lowered the rating to Baa3.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Several economic factors affected decisions made by the City in setting its fiscal year 2015 budget. Unemployment in Johnson County now stands at 2.3% versus 3.5% two years ago. This compares with the State's unemployment rate of 3.5% and the national rate of 5.0%. The City will experience an increase in General Fund receipts and disbursements from fiscal year 2015 to fiscal year 2016. The major factors which will play a role in this change are the general pace of growth and the need to maintain services and meet that growth.

The General Fund is projected to end fiscal year 2016 with a fund balance of approximately \$7.7 million, a 1.3% increase from fiscal year 2015.

Water, Solid Waste and Public Transit rates will remain the same for fiscal year 2016 as fiscal year 2015. Sewer and Storm Water Management rates will increase in fiscal year 2016 to meet capital improvement and programming needs of the users of these systems.

The City property tax levy rate for fiscal year 2016 will be \$13.5227 which is the same as 2015.

Property tax will provide about 53% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 4.56%, while taxable values have had an average annual growth rate of 5.31%.

## **FINANCIAL INFORMATION CONTACT**

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

## Basic Financial Statements

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## Statement of Net Position

As of June 30, 2015

	Governmental Activities	Business- Type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
<b>Current Assets</b>			
Cash and pooled investments .....	\$ 8,720,580	\$ 8,795,425	\$ 17,516,005
Receivables			
Property Tax			
Current year delinquent, net of allowance for uncollectible taxes .....	61,769	—	61,769
Succeeding year .....	32,720,381	—	32,720,381
Assets held by property manager.....	—	1,075,069	1,075,069
Customer accounts, net of allowance for uncollectible accounts .....	—	1,607,514	1,607,514
Due from other governments.....	3,419,931	—	3,419,931
Special assessments .....	13,496	—	13,496
Other.....	92,205	43,309	135,514
Inventories and prepaids .....	<u>614,333</u>	<u>461,747</u>	<u>1,076,080</u>
<b>Total Current Assets .....</b>	<b><u>45,642,695</u></b>	<b><u>11,983,064</u></b>	<b><u>57,625,759</u></b>
<b>Noncurrent Assets</b>			
<b>Restricted Assets</b>			
Cash and pooled investments .....	4,948,927	3,194,041	8,142,968
Beneficial interest in a trust .....	—	6,265,612	6,265,612
Loans, net of allowance for uncollectible amounts .....	6,726,160	—	6,726,160
Special assessments.....	148,942	—	148,942
Advances to other funds.....	118,860	—	118,860
Capital assets, net of accumulated depreciation .....	<u>297,531,605</u>	<u>110,846,915</u>	<u>408,378,520</u>
<b>Total Noncurrent Assets .....</b>	<b><u>309,474,494</u></b>	<b><u>120,306,568</u></b>	<b><u>429,781,062</u></b>
<b>Total Assets .....</b>	<b><u>355,117,189</u></b>	<b><u>132,289,632</u></b>	<b><u>487,406,821</u></b>
<b>Deferred Outflows of Resources</b>			
Pension-related deferred outflows .....	<u>967,092</u>	<u>525,399</u>	<u>1,492,491</u>
<b>Total Assets and Deferred Outflows of Resources .....</b>	<b><u>\$ 356,084,281</u></b>	<b><u>\$ 132,815,031</u></b>	<b><u>\$ 488,899,312</u></b>

See accompanying notes to the financial statements.

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainages payable .....	\$ 3,464,255	\$ 1,716,612	\$ 5,180,867
Accrued expenses .....	2,016,520	1,312,202	3,328,722
Internal balances .....	(1,166,169)	1,166,169	—
General obligation bonds payable .....	12,495,000	—	12,495,000
Other loans payable .....	915,627	10,362	925,989
Capital leases .....	—	1,375,000	1,375,000
Current Liabilities Payable From Restricted Assets			
Tax increment financing bonds payable ..	3,300,000	—	3,300,000
Revenue bonds payable .....	—	1,759,000	1,759,000
<b>Total Current Liabilities</b> .....	<b><u>21,025,233</u></b>	<b><u>7,339,345</u></b>	<b><u>28,364,578</u></b>
<b>Noncurrent Liabilities</b>			
Advances from other funds .....	—	118,860	118,860
Revenue bonds payable .....	—	29,699,480	29,699,480
General obligation bonds payable .....	149,638,169	—	149,638,169
Tax increment financing bonds payable .....	33,225,697	—	33,225,697
Other loans payable .....	2,894,058	89,519	2,983,577
Capital leases .....	—	47,396,341	47,396,341
Net pension liability .....	2,385,140	1,374,634	3,759,774
<b>Total Noncurrent Liabilities</b> .....	<b><u>188,143,064</u></b>	<b><u>78,678,834</u></b>	<b><u>266,821,898</u></b>
<b>Total Liabilities</b> .....	<b><u>209,168,297</u></b>	<b><u>86,018,179</u></b>	<b><u>295,186,476</u></b>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax .....	32,720,381	—	32,720,381
Special assessments .....	148,942	—	148,942
Pension-related deferred inflows .....	1,819,036	726,786	2,545,822
<b>Total Deferred Inflows of Resources</b>	<b><u>34,688,359</u></b>	<b><u>726,786</u></b>	<b><u>35,415,145</u></b>
<b>Net Position</b>			
Invested in capital assets .....	95,063,054	38,477,305	133,540,359
Restricted for			
Debt service .....	11,820,378	3,194,041	15,014,419
Expendable trust .....	605,843	—	605,843
Road use purposes .....	1,582,868	—	1,582,868
Employee benefits .....	6,551	—	6,551
Economic development .....	15,992	—	15,992
Special assessments .....	627,541	—	627,541
Capital projects .....	1,271,341	—	1,271,341
Other .....	1,446,621	—	1,446,621
Unrestricted .....	(212,564)	4,398,720	4,186,156
<b>Total Net Position</b> .....	<b><u>112,227,625</u></b>	<b><u>46,070,066</u></b>	<b><u>158,297,691</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> .....	<b><u>\$ 356,084,281</u></b>	<b><u>\$ 132,815,031</u></b>	<b><u>\$ 488,899,312</u></b>

# Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expenses), Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Public safety .....	\$ 4,924,766	\$ 69,693	\$ 155,727	\$ —	\$ (4,699,346)	\$ —	\$ (4,699,346)
Public works .....	1,508,226	—	2,014,532	—	506,306	—	506,306
Health and social services .....	130,320	—	—	—	(130,320)	—	(130,320)
Culture and recreation .....	8,153,847	2,368,021	189,157	—	(5,596,669)	—	(5,596,669)
Community and economic development .....	11,305,589	180,909	—	12,190,791	1,066,111	—	1,066,111
General government .....	2,925,949	2,455,330	12,369	—	(458,250)	—	(458,250)
Depreciation - unallocated* .....	10,960	—	—	—	(10,960)	—	(10,960)
Interest on long-term debt .....	9,112,101	—	—	—	(9,112,101)	—	(9,112,101)
<b>Total Governmental Activities .....</b>	<b><u>38,071,758</u></b>	<b><u>5,073,953</u></b>	<b><u>2,371,785</u></b>	<b><u>12,190,791</u></b>	<b><u>(18,435,229)</u></b>	<b><u>—</u></b>	<b><u>(18,435,229)</u></b>
<b>Business-Type Activities</b>							
Hotel and conference center .....	15,956,593	14,414,001	—	—	—	(1,542,592)	(1,542,592)
Sewer .....	2,373,021	2,990,114	15,562	—	—	632,655	617,093
Parking facilities and operations .....	1,959,626	2,534,252	—	—	—	574,626	574,626
Water .....	1,859,342	2,356,983	—	—	—	497,641	497,641
Solid waste .....	896,575	1,011,541	—	—	—	114,966	114,966
Brown Deer Golf Club .....	2,338,205	2,161,383	—	—	—	(176,822)	(176,822)
Transit .....	1,896,994	635,279	719,092	—	—	(542,623)	(527,061)
Storm water .....	431,085	326,075	—	—	—	(105,010)	(105,010)
<b>Total Business-Type Activities .....</b>	<b><u>27,711,441</u></b>	<b><u>26,429,628</u></b>	<b><u>734,654</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>(547,159)</u></b>	<b><u>(547,159)</u></b>
<b>Total .....</b>	<b><u>\$ 65,783,199</u></b>	<b><u>\$ 31,503,581</u></b>	<b><u>\$ 3,106,439</u></b>	<b><u>\$ 12,190,791</u></b>	<b><u>(18,435,229)</u></b>	<b><u>(547,159)</u></b>	<b><u>(18,982,388)</u></b>
<b>General Revenue</b>							
Taxes							
Property tax levied for general purposes .....					8,411,351	—	8,411,351
Property tax levied for debt service .....					5,075,377	—	5,075,377
Tax increment financing .....					19,717,265	—	19,717,265
Other taxes and payments in lieu of taxes .....					4,430,178	—	4,430,178
Investment earnings .....					74,429	17,975	92,404
Miscellaneous .....					301,046	—	301,046
Gain (loss) on sale of capital assets .....					194,179	(19,922)	174,257
<b>Total General Revenue .....</b>					<b><u>38,203,825</u></b>	<b><u>(1,947)</u></b>	<b><u>38,201,878</u></b>
<b>Change in Net Position Before Other Financing Sources (Uses) .....</b>					<b>19,768,596</b>	<b>(549,106)</b>	<b>19,219,490</b>
<b>Other Financing Sources (Uses)</b>							
Transfers .....					(1,698,237)	1,698,237	—
<b>Change in Net Position .....</b>					<b><u>18,070,359</u></b>	<b><u>1,149,131</u></b>	<b><u>19,219,490</u></b>
Net Position - Beginning of Year .....					107,340,403	46,914,141	154,254,544
Prior period adjustments (Notes 19 and 20) .....					(13,183,137)	(1,993,206)	(15,176,343)
Net Position - Beginning of Year, as Restated .....					94,157,266	44,920,935	139,078,201
<b>Net Position - End of Year .....</b>					<b><u>\$ 112,227,625</u></b>	<b><u>\$ 46,070,066</u></b>	<b><u>\$ 158,297,691</u></b>

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

See accompanying notes to the financial statements.

# Balance Sheet - Governmental Funds

As of June 30, 2015

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects		Other Governmental Funds	Total
				Iowa River Landing	Intermodal Facility		
<b>Assets</b>							
Cash and pooled investments .....	\$ 4,729,269	\$ —	\$ 1,132,627	\$ —	\$ —	\$ 2,858,684	\$ 8,720,580
Receivables							
Property Tax							
Current year delinquent.....	30,849	14,274	8,095	—	—	8,551	61,769
Succeeding year .....	8,189,570	15,753,813	3,336,991	—	—	5,440,007	32,720,381
Loans.....	—	3,611,470	—	—	—	3,114,690	6,726,160
Due from other funds .....	2,314,865	—	—	—	2,177,700	3,847,811	8,340,376
Due from other governments.....	372,640	—	—	—	863,088	2,184,203	3,419,931
Advances to other funds .....	118,860	—	—	—	—	—	118,860
Other.....	92,205	—	—	—	—	—	92,205
Special assessments .....	—	—	—	—	—	162,438	162,438
Inventories and prepaids .....	565,169	—	—	—	—	49,164	614,333
Restricted Assets							
Cash and pooled investments .....	—	18,176	3,042,613	—	—	1,888,138	4,948,927
<b>Total Assets .....</b>	<b>\$ 16,413,427</b>	<b>\$ 19,397,733</b>	<b>\$ 7,520,326</b>	<b>\$ —</b>	<b>\$ 3,040,788</b>	<b>\$ 19,553,686</b>	<b>\$ 65,925,960</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable .....	\$ 350,179	\$ 17,057	\$ 16,200	\$ 338,826	\$ 1,769,447	\$ 972,546	\$ 3,464,255
Accrued liabilities.....	307,801	—	—	—	—	12,836	320,637
Due to other funds.....	—	—	—	2,742,198	—	4,432,009	7,174,207
<b>Total Liabilities .....</b>	<b>657,980</b>	<b>17,057</b>	<b>16,200</b>	<b>3,081,024</b>	<b>1,769,447</b>	<b>5,417,391</b>	<b>10,959,099</b>
<b>Deferred Inflows of Resources</b>							
Succeeding years property tax .....	8,189,570	15,753,813	3,336,991	—	—	5,440,007	32,720,381
Special assessments.....	—	—	—	—	—	148,942	148,942
Other .....	—	—	—	—	—	1,684,810	1,684,810
<b>Total Deferred Inflows of Resources .....</b>	<b>8,189,570</b>	<b>15,753,813</b>	<b>3,336,991</b>	<b>—</b>	<b>—</b>	<b>7,273,759</b>	<b>34,554,133</b>
<b>Fund Balances</b>							
Nonspendable .....	684,029	—	—	—	—	331,664	1,015,693
Restricted							
Debt service.....	—	3,626,863	4,167,135	—	—	4,026,380	11,820,378
Expendable trust.....	—	—	—	—	—	605,843	605,843
Road use purposes.....	—	—	—	—	—	1,582,868	1,582,868
Employee benefits .....	—	—	—	—	—	6,551	6,551
Economic development.....	—	—	—	—	—	15,992	15,992
Special assessments .....	—	—	—	—	—	627,541	627,541
Capital projects .....	—	—	—	—	1,271,341	—	1,271,341
Other.....	—	—	—	—	—	1,446,621	1,446,621
Committed for capital asset acquisition.....	1,946,239	—	—	—	—	—	1,946,239
Unassigned .....	4,935,609	—	—	(3,081,024)	—	(1,780,924)	73,661
<b>Total Fund Balances .....</b>	<b>7,565,877</b>	<b>3,626,863</b>	<b>4,167,135</b>	<b>(3,081,024)</b>	<b>1,271,341</b>	<b>6,862,536</b>	<b>20,412,728</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ 16,413,427</b>	<b>\$ 19,397,733</b>	<b>\$ 7,520,326</b>	<b>\$ —</b>	<b>\$ 3,040,788</b>	<b>\$ 19,553,686</b>	<b>\$ 65,925,960</b>

See accompanying notes to the financial statements.

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

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As of June 30, 2015

<b>Total Fund Balances for Governmental Funds (Page 16)....</b>		<b>\$ 20,412,728</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Certain receivables are not available financial resources and, therefore, are reported as deferred inflows of resources in governmental funds. ....		1,684,810
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. ....		297,531,605
Long-term liabilities, accrued interest and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds payable .....	\$ (162,133,169)	
Tax increment financing bonds payable .....	(36,525,697)	
Other loans payable .....	(3,809,685)	
Accrued interest payable .....	(831,201)	
Compensated absences.....	(864,682)	
Net pension liability .....	<u>(2,385,140)</u>	(206,549,574)
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources .....	\$ 967,092	
Deferred inflows of resources .....	<u>(1,819,036)</u>	<u>(851,944)</u>
 <b>Net Position of Governmental Activities (Page 14) .....</b>		 <b><u>\$ 112,227,625</u></b>

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

Year Ended June 30, 2015

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects		Other Governmental Funds	Total
				Iowa River Landing	Intermodal Facility		
<b>Revenue</b>							
Property tax.....	\$ 8,402,512	\$ —	\$ 3,325,860	\$ —	\$ —	\$ 1,749,517	\$ 13,477,889
TIF and other city taxes.....	3,422,458	16,172,193	—	—	—	3,545,072	23,139,723
Special assessments.....	—	—	—	—	—	19,383	19,383
Licenses and permits.....	669,766	—	—	—	—	—	669,766
Use of money and property.....	213,824	—	18,049	—	—	1,383,632	1,615,505
Intergovernmental.....	593,807	—	1,014,552	522,001	6,098,506	8,489,176	16,718,042
Charges for service.....	2,396,299	—	—	—	—	160,405	2,556,704
Miscellaneous.....	238,104	8,008	—	—	—	326,558	572,670
<b>Total Revenue.....</b>	<b>15,936,770</b>	<b>16,180,201</b>	<b>4,358,461</b>	<b>522,001</b>	<b>6,098,506</b>	<b>15,673,743</b>	<b>58,769,682</b>
<b>Expenditures</b>							
Operating							
Public safety.....	5,070,970	—	—	—	—	17,744	5,088,714
Public works.....	—	—	—	—	—	1,446,340	1,446,340
Health and social services.....	130,320	—	—	—	—	—	130,320
Culture and recreation.....	7,182,989	—	—	—	—	209,387	7,392,376
Community and economic development.....	1,170,887	1,302,789	—	—	—	1,663,208	4,136,884
General government.....	2,856,759	—	—	—	—	—	2,856,759
Debt Service							
Principal.....	—	—	16,152,364	—	—	—	16,152,364
Interest and other charges.....	—	—	8,697,474	—	—	—	8,697,474
Capital projects.....	—	—	—	11,705,548	12,307,786	9,402,052	33,415,386
<b>Total Expenditures.....</b>	<b>16,411,925</b>	<b>1,302,789</b>	<b>24,849,838</b>	<b>11,705,548</b>	<b>12,307,786</b>	<b>12,738,731</b>	<b>79,316,617</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>(475,155)</b>	<b>14,877,412</b>	<b>(20,491,377)</b>	<b>(11,183,547)</b>	<b>(6,209,280)</b>	<b>2,935,012</b>	<b>(20,546,935)</b>
<b>Other Financing Sources (Uses)</b>							
General obligation bond proceeds.....	—	—	30,660,045	—	—	—	30,660,045
Discount on bonds issued.....	—	—	(161,063)	—	—	—	(161,063)
Cost of debt issuance.....	—	—	(595,275)	—	—	—	(595,275)
Proceeds from sale of assets.....	—	904,937	—	—	—	227,255	1,132,192
Transfers in.....	2,663,274	406,348	20,088,383	10,126,870	7,361,410	12,427,317	53,073,602
Transfers out.....	(1,748,546)	(17,639,255)	(27,716,914)	—	—	(7,667,124)	(54,771,839)
<b>Total Other Financing Sources (Uses).....</b>	<b>914,728</b>	<b>(16,327,970)</b>	<b>22,275,176</b>	<b>10,126,870</b>	<b>7,361,410</b>	<b>4,987,448</b>	<b>29,337,662</b>
<b>Net Change in Fund Balances.....</b>	<b>439,573</b>	<b>(1,450,558)</b>	<b>1,783,799</b>	<b>(1,056,677)</b>	<b>1,152,130</b>	<b>7,922,460</b>	<b>8,790,727</b>
Fund Balances - Beginning of Year, as previously reported	7,246,182	5,077,421	2,383,336	(2,024,347)	119,211	(2,579,235)	10,222,568
Fund period adjustment (Note 20).....	(119,878)	—	—	—	—	1,519,311	1,399,433
Fund Balances - Beginning of Year, as Restated.....	7,126,304	5,077,421	2,383,336	(2,024,347)	119,211	(1,059,924)	11,622,001
<b>Fund Balances - End of Year.....</b>	<b>\$ 7,565,877</b>	<b>\$ 3,626,863</b>	<b>\$ 4,167,135</b>	<b>\$ (3,081,024)</b>	<b>\$ 1,271,341</b>	<b>\$ 6,862,536</b>	<b>\$ 20,412,728</b>

See accompanying notes to the financial statements.

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

Year Ended June 30, 2015

**Changes in Fund Balances - Total Governmental Funds (Page 18) \$ 8,790,727**

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

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

Capital outlay .....	\$ 32,086,040	
Depreciation expense.....	(6,969,807)	
Proceeds from sale of capital assets .....	(1,132,192)	
Gain on sale of capital assets.....	<u>194,179</u>	24,178,220

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

Long-term debt issued.....	\$ (30,660,045)	
Long-term debt principal repaid.....	16,152,364	
Issuance discounts capitalized .....	161,063	
Amortization of discounts and premiums .....	215,850	
Increase in accrued interest .....	(35,202)	
Pension expense.....	<u>(299,902)</u>	(14,465,872)

The current year City employer share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the statement of net position. .... 726,769

Certain receivables are reported in the statement of net position net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds..... (1,123,507)

Increase in compensated absences expenses reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds..... (35,978)

**Change in Net Position of Governmental Activities (Page 15) \$ 18,070,359**

## Statement of Net Position - Proprietary Funds

As of June 30, 2015

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Brown Deer Golf Club	Nonmajor Proprietary Funds	Total
<b>Current Assets</b>						
Cash and pooled investments .....	\$ —	\$ 2,325,743	\$ 2,019,980	\$ —	\$ 4,449,702	\$ 8,795,425
Receivables						
Assets held by property manager.....	889,316	—	—	185,753	—	1,075,069
Customer accounts.....	395,265	488,641	90,106	64,753	568,749	1,607,514
Other .....	—	—	—	—	43,309	43,309
Inventories and prepaids ...	62,270	35,423	59,585	80,868	223,601	461,747
<b>Total Current Assets</b>	<b>1,346,851</b>	<b>2,849,807</b>	<b>2,169,671</b>	<b>331,374</b>	<b>5,285,361</b>	<b>11,983,064</b>
<b>Noncurrent Assets</b>						
Restricted Assets						
Cash and pooled investments.....	—	516,155	2,317,086	—	360,800	3,194,041
Beneficial interest in a trust.....	5,555,226	—	—	710,386	—	6,265,612
Capital assets (net of accumulated depreciation)	46,345,969	20,114,343	20,339,272	9,898,124	14,149,207	110,846,915
<b>Total Noncurrent Assets</b>	<b>51,901,195</b>	<b>20,630,498</b>	<b>22,656,358</b>	<b>10,608,510</b>	<b>14,510,007</b>	<b>120,306,568</b>
<b>Total Assets</b> .....	<b>53,248,046</b>	<b>23,480,305</b>	<b>24,826,029</b>	<b>10,939,884</b>	<b>19,795,368</b>	<b>132,289,632</b>
<b>Deferred Outflows of Resources</b>						
Pension-related deferred outflows .....	—	82,651	55,246	53,178	334,324	525,399
<b>Total Assets and Deferred Outflows of Resources</b> .....	<b>\$ 53,248,046</b>	<b>\$ 23,562,956</b>	<b>\$ 24,881,275</b>	<b>\$ 10,993,062</b>	<b>\$ 20,129,692</b>	<b>\$ 132,815,031</b>
<b>Liabilities and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable .....	\$ 835,318	\$ 91,055	\$ 429,776	\$ 221,931	\$ 138,532	\$ 1,716,612
Accrued liabilities and compensated absences...	667,642	68,116	23,917	116,993	173,479	1,050,147
Due to other funds.....	426,761	—	—	739,408	—	1,166,169
Current maturities of long-term debt .....	1,160,000	497,000	969,000	225,362	293,000	3,144,362
Customer deposits .....	—	—	—	—	262,055	262,055
<b>Total Current Liabilities</b>	<b>3,089,721</b>	<b>656,171</b>	<b>1,422,693</b>	<b>1,303,694</b>	<b>867,066</b>	<b>7,339,345</b>
<b>Noncurrent Liabilities</b>						
Advances from other funds.....	—	—	—	118,860	—	118,860
Long-term debt .....	40,113,614	7,644,000	18,489,000	7,372,246	3,566,480	77,185,340
Net pension liability .....	—	216,247	144,541	139,135	874,711	1,374,634
<b>Total Noncurrent Liabilities</b> .....	<b>40,113,614</b>	<b>7,860,247</b>	<b>18,633,541</b>	<b>7,630,241</b>	<b>4,441,191</b>	<b>78,678,834</b>
<b>Total Liabilities</b> .....	<b>43,203,335</b>	<b>8,516,418</b>	<b>20,056,234</b>	<b>8,933,935</b>	<b>5,308,257</b>	<b>86,018,179</b>
<b>Deferred Inflows of Resources</b>						
Pension-related deferred inflows.....	—	114,332	76,421	73,562	462,471	726,786
<b>Net Position</b>						
Invested in capital assets, net of related debt.....	10,627,581	11,973,343	881,272	3,010,902	11,984,207	38,477,305
Restricted for debt service	—	516,155	2,317,086	—	360,800	3,194,041
Unrestricted .....	(582,870)	2,442,708	1,550,262	(1,025,337)	2,013,957	4,398,720
<b>Total Net Position</b> .....	<b>10,044,711</b>	<b>14,932,206</b>	<b>4,748,620</b>	<b>1,985,565</b>	<b>14,358,964</b>	<b>46,070,066</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> .....	<b>\$ 53,248,046</b>	<b>\$ 23,562,956</b>	<b>\$ 24,881,275</b>	<b>\$ 10,993,062</b>	<b>\$ 20,129,692</b>	<b>\$ 132,815,031</b>

See accompanying notes to the financial statements.

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

Year Ended June 30, 2015

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Brown Deer Golf Club	Nonmajor Proprietary Funds	Total
<b>Operating Revenue</b>						
<b>Charges for Sales and Service</b> .....	<b>\$ 14,414,001</b>	<b>\$ 2,990,114</b>	<b>\$ 2,534,252</b>	<b>\$ 2,161,383</b>	<b>\$ 4,329,878</b>	<b>\$ 26,429,628</b>
<b>Operating Expenses</b>						
Salaries and employee benefits .....	—	526,857	311,796	386,934	2,123,443	3,349,030
Contractual services .....	1,369,237	577,228	142,206	143,829	1,087,824	3,320,324
Commodities .....	11,076,605	101,684	351,240	1,223,385	878,320	13,631,234
Depreciation .....	1,389,869	927,872	578,094	190,353	887,694	3,973,882
<b>Total Operating Expenses</b> .....	<b>13,835,711</b>	<b>2,133,641</b>	<b>1,383,336</b>	<b>1,944,501</b>	<b>4,977,281</b>	<b>24,274,470</b>
<b>Operating Income (Loss)</b>	<b>578,290</b>	<b>856,473</b>	<b>1,150,916</b>	<b>216,882</b>	<b>(647,403)</b>	<b>2,155,158</b>
<b>Nonoperating Revenue (Expenses)</b>						
Intergovernmental Revenue						
Federal .....	—	15,562	—	—	446,836	462,398
State .....	—	—	—	—	272,256	272,256
Loss on sale of assets	—	—	—	—	(19,922)	(19,922)
Interest revenue .....	16,306	623	150	875	21	17,975
Interest expense .....	(2,120,882)	(239,380)	(576,290)	(393,704)	(106,715)	(3,436,971)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(2,104,576)</b>	<b>(223,195)</b>	<b>(576,140)</b>	<b>(392,829)</b>	<b>592,476</b>	<b>(2,704,264)</b>
<b>Income (Loss) Before Transfers</b> .....	<b>(1,526,286)</b>	<b>633,278</b>	<b>574,776</b>	<b>(175,947)</b>	<b>(54,927)</b>	<b>(549,106)</b>
Transfers in .....	1,279,403	—	46,000	215,000	743,607	2,284,010
Transfers out .....	(25,000)	(396,273)	(3,500)	—	(161,000)	(585,773)
<b>Net Income (Loss)</b> .....	<b>(271,883)</b>	<b>237,005</b>	<b>617,276</b>	<b>39,053</b>	<b>527,680</b>	<b>1,149,131</b>
Net Position - Beginning of Year, as previously reported .....	10,316,594	15,274,204	4,307,805	2,116,373	14,899,165	46,914,141
Prior period adjustments (Notes 19 and 20) .....	—	(579,003)	(176,461)	(169,861)	(1,067,881)	(1,993,206)
Net Position - Beginning of Year, as Restated....	10,316,594	14,695,201	4,131,344	1,946,512	13,831,284	44,920,935
<b>Net Position - End of Year</b> .....	<b>\$ 10,044,711</b>	<b>\$ 14,932,206</b>	<b>\$ 4,748,620</b>	<b>\$ 1,985,565</b>	<b>\$ 14,358,964</b>	<b>\$ 46,070,066</b>

See accompanying notes to the financial statements.

# Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2015

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Brown Deer Golf Club	Nonmajor Proprietary Funds	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers .....	\$ 14,355,316	\$ 2,988,290	\$ 2,865,898	\$ 2,129,986	\$ 4,275,592	\$ 26,615,082
Payments to suppliers .....	(12,137,150)	(1,056,717)	(613,465)	(1,436,938)	(2,107,798)	(17,352,068)
Payments to employees .....	—	(542,932)	(322,541)	(397,276)	(2,188,466)	(3,451,215)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>2,218,166</u></b>	<b><u>1,388,641</u></b>	<b><u>1,929,892</u></b>	<b><u>295,772</u></b>	<b><u>(20,672)</u></b>	<b><u>5,811,799</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>						
Noncapital federal and state grants .....	—	15,562	—	—	719,092	734,654
Net transfers .....	1,254,403	(396,273)	42,500	215,000	582,607	1,698,237
<b>Net Cash Provided by (Used in) Noncapital Financing Activities .....</b>	<b><u>1,254,403</u></b>	<b><u>(380,711)</u></b>	<b><u>42,500</u></b>	<b><u>215,000</u></b>	<b><u>1,301,699</u></b>	<b><u>2,432,891</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Increase in due from other governments .....	—	259,773	—	—	—	259,773
Increase in due to other funds .....	—	—	—	111,704	—	111,704
Proceeds from debt .....	—	—	—	—	11,000	11,000
Net received from trust .....	(2,175)	—	—	(166)	—	(2,341)
Received from sale of assets .....	—	—	—	—	19,000	19,000
Purchase of capital assets .....	(72,403)	(274,754)	(35,340)	(26,324)	(673,409)	(1,082,230)
Repayment of debt .....	(1,035,000)	(488,000)	(941,000)	(206,672)	(266,259)	(2,936,931)
Payment of interest .....	(2,186,037)	(239,083)	(602,521)	(390,189)	(106,715)	(3,524,545)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities .....</b>	<b><u>(3,295,615)</u></b>	<b><u>(742,064)</u></b>	<b><u>(1,578,861)</u></b>	<b><u>(511,647)</u></b>	<b><u>(1,016,383)</u></b>	<b><u>(7,144,570)</u></b>
<b>Cash Flows From Investing Activities</b>						
(Increase) decrease in due from other funds .....	(193,260)	2,011,221	1,817,457	—	4,181,521	7,816,939
Interest received .....	16,306	623	150	875	21	17,975
<b>Net Cash Provided by (Used in) Investing Activities .....</b>	<b><u>(176,954)</u></b>	<b><u>2,011,844</u></b>	<b><u>1,817,607</u></b>	<b><u>875</u></b>	<b><u>4,181,542</u></b>	<b><u>7,834,914</u></b>
<b>Net Increase in Cash .....</b>	<b><u>—</u></b>	<b><u>2,277,710</u></b>	<b><u>2,211,138</u></b>	<b><u>—</u></b>	<b><u>4,446,186</u></b>	<b><u>8,935,034</u></b>
Cash and Pooled Investments at Beginning of Year .....	—	564,188	2,125,928	—	364,316	3,054,432
<b>Cash and Pooled Investments at End of Year .....</b>	<b><u>\$ —</u></b>	<b><u>\$ 2,841,898</u></b>	<b><u>\$ 4,337,066</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 4,810,502</u></b>	<b><u>\$ 11,989,466</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>						
Operating income (loss) .....	\$ 578,290	\$ 856,473	\$ 1,150,916	\$ 216,882	\$ (647,403)	\$ 2,155,158
Adjustments to Reconcile Income (Loss) by (Used in) Operating Activities						
From Operations to Net Cash Provided by (Used in) Operating Activities						
Depreciation .....	1,389,869	927,872	578,094	190,353	887,694	3,973,882
Increase in receivables .....	(58,685)	(1,824)	(90,106)	(31,397)	(64,941)	(246,953)
Increase in inventories and prepaids .....	(7,075)	(24,928)	(32,393)	(8,621)	(39,384)	(112,401)
Increase in pension-related deferred outflows	—	(50,789)	(33,949)	(32,678)	(205,443)	(322,859)
Increase (decrease) in accounts and retainages payable .....	367,665	(355,585)	334,126	(65,737)	(112,386)	168,083
Increase (decrease) in accrued liabilities and compensated absences .....	(51,898)	2,708	—	4,634	10,116	(34,440)
Increase in customer deposits .....	—	—	—	—	10,655	10,655
Decrease in net pension liability .....	—	(79,618)	(53,217)	(51,226)	(322,051)	(506,112)
Increase in pension-related deferred inflows	—	114,332	76,421	73,562	462,471	726,786
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>\$ 2,218,166</u></b>	<b><u>\$ 1,388,641</u></b>	<b><u>\$ 1,929,892</u></b>	<b><u>\$ 295,772</u></b>	<b><u>\$ (20,672)</u></b>	<b><u>\$ 5,811,799</u></b>
<b>Schedule of Noncash Investing and Financing Activities</b>						
<b>Cash Paid for Capital Assets</b>						
Capital asset additions .....	\$ 72,403	\$ 331,988	\$ 35,340	\$ 26,324	\$ 657,538	\$ 1,123,593
Net change in accounts payable .....	—	(57,234)	—	—	15,871	(41,363)
<b>Cash Paid for Capital Assets .....</b>	<b><u>\$ 72,403</u></b>	<b><u>\$ 274,754</u></b>	<b><u>\$ 35,340</u></b>	<b><u>\$ 26,324</u></b>	<b><u>\$ 673,409</u></b>	<b><u>\$ 1,082,230</u></b>
<b>Loss on Asset Disposal</b>						
Cash received .....	\$ —	\$ —	\$ —	\$ —	\$ 19,000	\$ 19,000
Book value of assets disposed .....	—	—	—	—	38,922	38,922
<b>Gain on Asset Disposal .....</b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (19,922)</u></b>	<b><u>\$ (19,922)</u></b>

See accompanying notes to the financial statements.

# Notes to the Financial Statements

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

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

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

### **Reporting Entity**

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

### **Excluded Component Unit**

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

### **Basis of Presentation**

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

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

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

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

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

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

### ***Fund Financial Statements***

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

The City had the following major governmental funds:

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

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

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

The Intermodal Facility Fund is a capital projects fund that accounts for a multi-modal facility being constructed in the Iowa River Landing area.

The City had the following major enterprise funds:

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

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

Parking Facilities and Operations - This fund accounts for the two parking ramps located in the Iowa River Landing area and the Town Center parking ramp.

Brown Deer Golf Club Fund - This fund accounts for the operation of Brown Deer Golf Club.

### Measurement Focus and Basis of Accounting

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

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

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

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

# Notes to the Financial Statements

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

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

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

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

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

### **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City amended its budget once during the year ended June 30, 2015.

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

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

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

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

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. As of June 30, 2015, disbursements exceeded the budgeted amounts in Community and Economic Development, Debt Service, Capital Projects and Business-Type Activities functional areas.

### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

#### ***Cash and Pooled Investments***

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

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

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

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

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

#### ***Receivables and Payables***

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

### (1) Summary of Significant Accounting Policies

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2013 assessed property valuations, is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2014.

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

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

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

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

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

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

#### ***Inventories and Prepaids***

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

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

#### ***Restricted Assets***

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

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Capital Assets**

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

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

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

### **Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

### **Compensated Absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. In the government-wide and proprietary fund financial statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

### **Long-Term Liabilities**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column in the statement of net position and the proprietary fund type statement of net position.

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

## (1) Summary of Significant Accounting Policies

### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Deferred Inflows of Resources***

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred inflows of resources in the statement of net position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

### ***Fund Balance***

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

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

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

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

***Unassigned*** - All amounts not included in other spendable classifications.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Net Position**

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

### **Estimates and Assumptions**

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

## (2) Cash and Pooled Investments

The City's deposits as of June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

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

On June 30, 2015, the City had investments in the Iowa Public Agency Investment Trust which were valued at an amortized cost of \$5,223 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The City's cash and pooled investments as of June 30, 2015 were as follows:

Cash accounts.....	\$ 25,136,262
Pooled cash investments - Iowa Public Agency Investment Trust.....	5,223
Certificates of deposit.....	517,488
<b>Total .....</b>	<b><u>\$ 25,658,973</u></b>

## (3) Loans Receivable

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

## Notes to the Financial Statements

### (3) Loans Receivable

The following is a summary of the loans as of June 30, 2015:

Year Entered Into	Balance July 1, 2014	Loans Made	Loans Forgiven	Balance June 30, 2015
2005	\$ 1,100,000	\$ —	\$ —	\$ 1,100,000
2006	1,019,190	—	—	1,019,190
2007	450,200	—	—	450,200
2008	210,000	—	—	210,000
2009	1,757,500	—	—	1,757,500
2012	579,000	—	—	579,000
2013	728,000	—	—	728,000
2014	750,000	—	—	750,000
	<u>\$ 6,593,890</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,593,890</u>

No interest income was recognized on these loans during the year ended June 30, 2015.

In addition, during the year ended June 30, 2005, the City made a \$300,000 economic development loan to the Iowa City/Coralville Convention and Visitors Bureau. The loan includes interest at 5.5% with quarterly payments due through June 30, 2020. Payments made on the loan during 2015 included \$21,192 of principal and \$8,008 of interest. The unpaid balance as of June 30, 2015 was \$132,270.

### (4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2015 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
General Fund .....	\$ 2,314,865	\$ —
Special Revenue Funds		
12th Avenue TIF .....	280,467	—
Oakdale Area TIF .....	—	280,467
Police Grants .....	—	31,448
Special Assessments .....	614,045	—
Capital Projects Funds		
Flood Mitigation .....	807,035	—
Street Projects .....	691,032	—
Iowa River Landing .....	—	2,742,198
Brownfields .....	—	135,463
Intermodal Facility .....	2,177,700	—
Coral Ridge Avenue .....	769,296	—
Highway 6 Projects .....	—	782,952
Oakdale Boulevard Project .....	16,339	—

## Notes to the Financial Statements

### (4) Interfund Receivables and Payables

Due From/To	Interfund Receivables	Interfund Payables
Capital Projects Funds		
Cardinal Road Project.....	\$ 15,916	\$ —
1st Avenue Reconstruction .....	—	1,359,425
Oakdale Area.....	—	350,929
Coral Ridge Mall Area.....	—	423,586
Transit/Parks Facility.....	237,318	—
North Fire Station.....	—	324,955
Animal Control Facility .....	115,000	—
Recreation Improvements .....	—	14,701
Northridge Trails .....	—	171,374
12th Avenue Urban Renewal .....	—	495,778
Land Use Project .....	264,825	—
North End Area Projects .....	—	60,931
Water Connection Camp Cardinal.....	36,538	—
Enterprise Funds		
Hotel.....	—	426,761
Brown Deer Golf Club .....	—	739,408
	<b><u>\$ 8,340,376</u></b>	<b><u>\$ 8,340,376</u></b>

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

#### Advances To/From

During the year ended June 30, 2014, the City Council approved an inter-fund loan agreement for the General Fund to loan \$118,860 to the Brown Deer Golf Course Enterprise Fund under an agreement which requires annual payments of \$17,666 including interest at 1%, through May, 2021. The 2015 payment was not made and has been added to the 2016 maturity.

As of June 30, 2015, annual maturities of this advance are as follows:

Year Ending June 30,	Principal	Interest	Total
2016.....	\$ 33,119	\$ 2,213	\$ 35,332
2017.....	16,809	857	17,666
2018.....	16,977	689	17,666
2019.....	17,146	520	17,666
2020.....	17,318	348	17,666
2021.....	17,491	175	17,666
<b>Total .....</b>	<b><u>\$ 118,860</u></b>	<b><u>\$ 4,802</u></b>	<b><u>\$ 123,662</u></b>

## Notes to the Financial Statements

### (5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance - Beginning of Year (Restated - Note 20)	Increases	Decreases	Balance - End of Year
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 75,801,813	\$ 701,169	\$ 650,000	\$ 75,852,982
Construction in progress .....	<u>4,293,822</u>	<u>22,076,462</u>	<u>3,989,229</u>	<u>22,381,055</u>
Total Capital Assets Not Being Depreciated.....	<u>80,095,635</u>	<u>22,777,631</u>	<u>4,639,229</u>	<u>98,234,037</u>
Capital Assets Being Depreciated				
Land improvements.....	80,569,186	142,640	—	80,711,826
Buildings and improvements .....	49,553,116	8,614,521	259,040	57,908,597
Furniture and equipment .....	15,190,693	152,961	579,251	14,764,403
Vehicles .....	2,541,412	540,927	133,385	2,948,954
Road network .....	96,346,982	3,846,589	—	100,193,571
Bridge network.....	8,401,965	—	—	8,401,965
Parking ramps .....	<u>5,522,881</u>	<u>—</u>	<u>—</u>	<u>5,522,881</u>
Total Capital Assets Being Depreciated	<u>258,126,235</u>	<u>13,297,638</u>	<u>971,676</u>	<u>270,452,197</u>
Less Accumulated Depreciation for				
Land improvements.....	4,496,912	1,650,414	—	6,147,326
Buildings and improvements .....	10,263,315	1,347,578	51,176	11,559,717
Furniture and equipment .....	7,649,845	589,432	499,102	7,740,175
Vehicles .....	1,393,793	209,669	133,385	1,470,077
Road network .....	38,791,971	2,894,217	—	41,686,188
Bridge network.....	1,444,214	168,039	—	1,612,253
Parking ramps .....	<u>828,435</u>	<u>110,458</u>	<u>—</u>	<u>938,893</u>
Total Accumulated Depreciation.....	<u>64,868,485</u>	<u>6,969,807</u>	<u>683,663</u>	<u>71,154,629</u>
Net Capital Assets Being Depreciated....	<u>193,257,750</u>	<u>6,327,831</u>	<u>288,013</u>	<u>199,297,568</u>
<b>Net Governmental Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 273,353,385</u></b>	<b><u>\$ 29,105,462</u></b>	<b><u>\$ 4,927,242</u></b>	<b><u>\$ 297,531,605</u></b>
<b>Business-Type Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 5,645,327	\$ —	\$ —	\$ 5,645,327
Construction in progress .....	<u>208,994</u>	<u>488,557</u>	<u>—</u>	<u>697,551</u>
Total Capital Assets Not Being Depreciated.....	<u>5,854,321</u>	<u>488,557</u>	<u>—</u>	<u>6,342,878</u>
Capital Assets Being Depreciated				
Buildings and improvements .....	128,618,968	83,238	71,424	128,630,782
Furniture and equipment .....	29,926,138	192,272	603,894	29,514,516
Vehicles .....	<u>879,746</u>	<u>465,503</u>	<u>366,437</u>	<u>978,812</u>
Total Capital Assets Being Depreciated	<u>159,424,852</u>	<u>741,013</u>	<u>1,041,755</u>	<u>159,124,110</u>
Less Accumulated Depreciation for				
Buildings and improvements .....	29,318,075	3,095,128	71,425	32,341,778
Furniture and equipment .....	21,771,085	774,052	578,870	21,966,267
Vehicles .....	<u>453,887</u>	<u>104,702</u>	<u>246,561</u>	<u>312,028</u>
Total Accumulated Depreciation.....	<u>51,543,047</u>	<u>3,973,882</u>	<u>896,856</u>	<u>54,620,073</u>
Net Capital Assets Being Depreciated....	<u>107,881,805</u>	<u>(3,232,869)</u>	<u>144,899</u>	<u>104,504,037</u>
<b>Net Business-Type Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 113,736,126</u></b>	<b><u>\$ (2,744,312)</u></b>	<b><u>\$ 144,899</u></b>	<b><u>\$ 110,846,915</u></b>

## Notes to the Financial Statements

### (5) Capital Assets

Depreciation expense was charged to functions as follows for the year ended June 30, 2015:

Governmental Activities	
Public safety.....	\$ 411,044
Public works.....	153,283
Culture and recreation.....	1,131,562
Community and economic development.....	5,139,651
General government .....	<u>123,307</u>
	6,958,847
Unallocated depreciation.....	10,960
<b>Total Governmental Activities Depreciation Expense .....</b>	<b><u>\$ 6,969,807</u></b>
Business-Type Activities	
Hotel and conference center .....	\$ 1,389,869
Sewer.....	927,872
Parking facilities and operation.....	578,094
Water .....	473,283
Solid waste.....	112,720
Golf .....	190,353
Transit.....	<u>301,691</u>
<b>Total Business-Type Activities Depreciation Expense .....</b>	<b><u>\$ 3,973,882</u></b>

### (6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2015:

	Balance - Balance of Year (Restated - Note 19)	Additions	Reductions	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
<b>Governmental Activities</b>						
General obligation						
bonds .....	\$ 155,329,612	\$ 19,848,937	\$ 13,045,380	\$ 162,133,169	\$ 12,495,000	1.00%-8.00%
Tax increment						
revenue bonds .....	28,481,124	10,650,045	2,605,472	36,525,697	3,300,000	5.00%-5.25%
Other long-term debt	4,527,047	—	717,362	3,809,685	915,627	0.00%-6.50%
Compensated						
absences.....	828,704	864,682	828,704	864,682	864,682	N/A
Net pension liability ..	4,366,704	—	1,981,564	2,385,140	—	N/A
<b>Totals.....</b>	<b><u>\$ 193,533,191</u></b>	<b><u>\$ 31,363,664</u></b>	<b><u>\$ 19,178,482</u></b>	<b><u>\$ 205,718,373</u></b>	<b><u>\$ 17,575,309</u></b>	
<b>Business-Type Activities</b>						
Revenue bonds .....	\$ 33,142,739	\$ 11,000	\$ 1,695,259	\$ 31,458,480	\$ 1,759,000	1.00%-5.00%
Capital leases.....	50,062,292	—	1,290,951	48,771,341	1,375,000	4.00%-5.25%
Other long-term debt	106,553	—	6,672	99,881	10,362	4.00%
Compensated						
absences.....	165,151	174,952	165,151	174,952	174,952	N/A
Net pension liability ..	1,880,746	—	506,112	1,374,634	—	N/A
<b>Totals.....</b>	<b><u>\$ 85,357,481</u></b>	<b><u>\$ 185,952</u></b>	<b><u>\$ 3,664,145</u></b>	<b><u>\$ 81,879,288</u></b>	<b><u>\$ 3,319,314</u></b>	

### (6) Long-Term Debt

#### Governmental Activities

##### ***General Obligation Bonds***

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

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

As of June 30, 2015, there were 36 outstanding general obligation bonds/notes outstanding with interest rates ranging from 1% to 8%, with annual principal and interest payments due through June, 2035.

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

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

As of June 30, 2015, there were three outstanding tax increment revenue bonds/note outstanding with interest rates ranging from 5.00% to 5.25%, with annual principal and interest payments due through June, 2047.

#### Other Long-Term Debt

##### ***Land Purchase Contracts***

The City has entered into agreements to purchase land for recreation space and future development. The agreements include interest at rates ranging from 0% to 6.5%. Total principal and interest paid during the year ended June 30, 2015 totaled \$717,362 and \$128,201, respectively.

## Notes to the Financial Statements

### (6) Long-Term Debt

As of June 30, 2015, annual maturities of the land purchase contracts are as follows:

Year Ending June 30,	Principal	Interest	Total
2016.....	\$ 915,627	\$ 110,411	\$ 1,026,038
2017.....	591,298	89,433	680,731
2018.....	472,911	66,983	539,894
2019.....	1,576,261	53,033	1,629,294
2020.....	79,764	9,780	89,544
Later Years .....	173,824	8,398	182,222
<b>Total .....</b>	<b><u>\$ 3,809,685</u></b>	<b><u>\$ 338,038</u></b>	<b><u>\$ 4,147,723</u></b>

### Business-Type Activities

As of June 30, 2015, there were the following outstanding enterprise fund revenue bonds/notes and certifications of participation capital lease obligations outstanding:

Fund	Number of Bonds/Notes Outstanding	Interest Rates	Principal and Interest Payments Due Through
Hotel and Conference Center	1	5.25%	June, 2026
Sewer	5	1.00% to 3.89%	June, 2034
Iowa River Landing Parking	1	2.95% to 5.00%	June, 2031
Water	2	2.00% to 3.50%	June, 2030
Brown Deer Golf Course	3	4.00% to 5.00%	June, 2035
Storm Water	1	1.75%	June, 2033

### Revenue Bonds

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

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2030. Net revenue is required to be at least 125% of the debt service coming due in the next year. The total principal and interest remaining to be paid on the notes is \$2,580,648. Principal and interest due in the next year and total customer net revenue (operating income plus depreciation) for 2015 was \$281,910 and \$1,044,259, respectively.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net revenue and are payable through 2031. Net revenue is required to be at least 110% of the current year debt service. The total principal and interest remaining to be paid on the notes is \$10,359,342. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation) was \$753,225 and \$1,784,345, respectively.

## Notes to the Financial Statements

### (6) Long-Term Debt

The City has pledged future storm water fee revenue, net of specified operating expenses, to repay storm water revenue notes. Proceeds from the notes provided financing for the construction of storm water infrastructure. The notes are payable solely from storm water fee net revenue and are payable through 2033. Net revenue is required to be at least 110% of the current year debt service. The City did not meet this requirement. The total principal and interest remaining to be paid on the notes is \$2,030,045. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation and certain expenditures) was \$90,154 and \$58,198, respectively.

#### **Capital Lease Obligations**

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

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

During the year ended June 30, 2006, the City refinanced the capital lease agreement through the issuance of \$8,465,000 of Certificates of Participation issued by Central State Bank to repay the existing obligation. The terms of the new agreement remained substantially the same as the original agreement. During the year ended June 30, 2015, Bankers Trust Company succeeded Central State Bank as trustee.

During the year ended June 30, 2015, principal and interest paid totaled \$200,000 and \$379,775, respectively.

As of June 30, 2015, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2016.....	\$ 586,026
2017.....	586,350
2018.....	586,226
2019.....	590,650
2020.....	594,400
2021-2025.....	3,007,014
2026-2030.....	3,092,130
2031-2035.....	<u>3,197,626</u>
Total Minimum Lease Payments .....	12,240,422
Less: Amount representing interest.....	4,655,422
Unamortized original issue discount .....	<u>87,273</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 7,497,727</u></b>

## Notes to the Financial Statements

### (6) Long-Term Debt

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

During the year ended June 30, 2015, principal and interest paid totaled \$1,035,000 and \$2,181,038, respectively.

As of June 30, 2015, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2016.....	\$ 3,286,700
2017.....	3,360,800
2018.....	3,432,813
2019.....	3,507,475
2020.....	3,589,263
2021-2025.....	32,364,587
2026-2030.....	<u>8,335,800</u>
Total Minimum Lease Payments .....	57,877,438
Less amount representing interest .....	17,297,438
Plus unamortized original issue premium .....	693,614
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 41,273,614</u></b>

#### **Other Long-Term Debt**

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

As of June 30, 2015, annual maturities of the SBA loans are as follows:

<b>Year Ending June 30,</b>	<b>SBA Loans</b>	
	<b>Principal</b>	<b>Interest</b>
2016.....	\$ 10,362	\$ 3,834
2017.....	10,784	3,412
2018.....	11,224	2,972
2019.....	11,681	2,515
2020.....	12,157	2,039
2021-2025.....	<u>43,673</u>	<u>3,105</u>
<b>Total .....</b>	<b><u>\$ 99,881</u></b>	<b><u>\$ 17,877</u></b>

## Notes to the Financial Statements

### (6) Long-Term Debt

#### Adjustable Rate Debt

During the year ended June 30, 2015, the City issued two bonds which are being repaid with TIF revenue and rent income generated from the properties purchased with the debt. The first agreement contains an adjustable interest rate initially set at 5.00% which will reset on June 1, 2019, 2024 and 2029 to be equal to the rate on United States Treasury Notes adjusted to a constant maturity of five years (as identified in the Federal Reserve Bank weekly release H.15 during the week of such interest rate adjustment) plus 3.25%. The second agreement contains an adjustable interest rate initially set at 5.25% which will reset on June 1, 2019, 2024 and 2029 to be equal to the rate on United States Treasury Notes adjusted to a constant maturity of five years (as identified in the Federal Reserve Bank weekly release H.15 during the week of such interest rate adjustment) plus 3.50%.

During the year ended June 30, 2014, the City issued a general obligation bond with an adjustable interest rate initially set at 4.25% which will reset on June 1, 2019 and June 1, 2024 to be equal to the five-year Treasury Rate Index plus 2.25% provided, however, that the rate will not increase by more than 1.25% on each reset date and the rate will never be less than 4.25% nor more than 6.75%.

During the year ended June 30, 2013, the City issued Parking Revenue Bonds with an adjustable interest rate initially set at 2.95% which can reset once on June 15, 2022 to be equal to the five-year LIBOR Swap Rate plus 1.98% provided, however, that the rate will not be more than 5%.

#### Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities				Business- Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016 .....	\$ 12,495,000	\$ 6,769,344	\$ 3,300,000	\$ 1,834,419	\$ 1,759,000	\$ 919,650	\$ 17,554,000	\$ 9,523,413
2017 .....	13,997,874	6,335,564	3,960,000	1,667,294	1,906,000	872,604	19,863,874	8,875,462
2018 .....	13,955,000	5,824,873	4,110,000	1,467,044	1,960,000	819,934	20,025,000	8,111,851
2019 .....	8,255,000	5,305,525	395,000	1,260,056	2,012,000	765,424	10,662,000	7,331,005
2020 .....	8,885,000	5,232,038	100,000	1,239,569	2,061,000	708,475	11,046,000	7,180,082
2021-2025 ...	34,859,000	21,536,476	2,128,000	5,980,845	9,350,000	3,426,063	46,337,000	30,943,384
2026-2030 ...	29,973,000	15,074,799	3,160,845	5,206,844	9,779,000	1,873,492	42,912,845	22,155,135
2031-2035 ...	38,145,000	6,139,676	3,401,200	4,508,774	2,631,480	165,963	44,177,680	10,814,413
2036-2040 ...	—	—	5,325,000	3,338,250	—	—	5,325,000	3,338,250
2041-2045 ...	—	—	6,895,000	1,831,750	—	—	6,895,000	1,831,750
2046-2050 ...	—	—	3,155,000	240,500	—	—	3,155,000	240,500
	<u>160,564,874</u>	<u>72,218,295</u>	<u>35,930,045</u>	<u>28,575,345</u>	<u>31,458,480</u>	<u>9,551,605</u>	<u>227,953,399</u>	<u>110,345,245</u>
Net unamor- tized bond premium (discount)	<u>1,568,295</u>	<u>—</u>	<u>595,652</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,163,947</u>	<u>—</u>
<b>Net .....</b>	<b><u>\$162,133,169</u></b>	<b><u>\$72,218,295</u></b>	<b><u>\$36,525,697</u></b>	<b><u>\$28,575,345</u></b>	<b><u>\$31,458,480</u></b>	<b><u>\$9,551,605</u></b>	<b><u>\$230,117,346</u></b>	<b><u>\$110,345,245</u></b>

Interest expense and other charges recorded in governmental fund types totaled \$8.7 million for the year ended June 30, 2015. Interest expense recorded in proprietary fund types totaled \$3.4 million.

### (6) Long-Term Debt

#### Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. Except for Storm Water Revenue Bond debt service coverage ratio, as of June 30, 2015, the City was in compliance with these covenants, in all material respects.

### (7) Retirement System

#### Plan Description

IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

#### Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

### **(7) Retirement System**

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

#### **Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

#### **Contributions**

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point. IPERS' Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protective occupation members contributed 6.76% of pay and the City contributed 10.14% for a total rate of 16.90%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$939,829.

#### **Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2015, the City reported a liability of \$3,759,774 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2014, the City's proportion was 0.0948% which was a decrease of 0.0140% from its proportion measured as of June 30, 2013.

## Notes to the Financial Statements

### (7) Retirement System

For the year ended June 30, 2015, the City recognized pension expense of \$410,775. As of June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience .....	\$ 47,647	\$ —
Changes of assumptions .....	193,483	—
Net difference between projected and actual earnings on pension plan investments.....	—	2,545,822
Changes in proportion and differences between City contributions and proportionate share of contributions .....	311,532	—
City contributions subsequent to the measurement date .....	939,829	—
<b>Total</b> .....	<b><u>\$ 1,492,491</u></b>	<b><u>\$ 2,545,822</u></b>

\$939,829 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year Ending June 30,

2016 .....	\$ (507,329)
2017 .....	(507,329)
2018 .....	(507,329)
2019 .....	(507,327)
2020 .....	36,154
<b>Total</b> .....	<b><u>\$ (1,993,160)</u></b>

There were no nonemployer contributing entities to IPERS.

#### Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3% per annum
Salary increases (effective June 30, 2014)	4% to 17%, average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.5% per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

## Notes to the Financial Statements

### (7) Retirement System

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non-US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
<b>Total</b>	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 8,942,004	\$ 3,759,774	\$ (612,685)

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

#### Payables to the Pension Plan

As of June 30, 2015, the City reported no payables to the defined benefit pension plan.

## Notes to the Financial Statements

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

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

#### Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 150 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

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

#### Funding Policy

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

#### Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution .....	\$ 47,223
Interest on net OPEB obligation.....	7,798
Adjustment to annual required contribution.....	<u>(10,638)</u>
Annual OPEB Cost .....	44,383
Contributions made .....	<u>21,355</u>
Increase in Net OPEB Obligation .....	23,028
Net OPEB Obligation - Beginning of Year.....	<u>173,283</u>
Net OPEB Obligation - End of Year .....	<u><u>\$ 196,311</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end-of-year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

## Notes to the Financial Statements

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 44,383	48.1%	\$ 196,311
2014	43,656	44.6	173,283
2013	44,049	44.2	149,096

### Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$405,037 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$405,037. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8.5 million and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2015, there were no trust fund assets.

### Actuarial Methods and Assumptions

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

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

As of the January 1, 2013 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. The general inflation rate is projected to be 3%.

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

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

## Notes to the Financial Statements

### (9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer From	Amount
General	Special Revenue	
	Mall/Highway 6 TIF	\$ 352,274
	Nonmajor Governmental Funds	1,919,998
	Capital Projects	
	Nonmajor Governmental Funds	76,002
	Proprietary	
	Hotel and Conference Center	25,000
	Sewer	136,500
	Parking Facilities and Operation	3,500
	Nonmajor Proprietary	<u>150,000</u>
		<u>2,663,274</u>
	Mall/Highway 6 TIF	Special Revenue
Nonmajor Governmental Funds		290,348
Capital Projects		
Nonmajor Governmental Funds		105,000
Proprietary		
	Nonmajor Proprietary	<u>11,000</u>
		<u>406,348</u>
General Obligation Debt Service	General	647,007
	Special Revenue	
	Mall/Highway 6 TIF	15,007,267
	Nonmajor Governmental Funds	3,803,284
	Capital Projects	
	Flood Mitigation	<u>630,825</u>
		<u>20,088,383</u>
Iowa River Landing	Special Revenue	
	Mall/Highway 6 TIF	904,937
	General Obligation Debt Service	<u>9,221,933</u>
		<u>10,126,870</u>
Intermodal Facility Nonmajor Special Revenue	General Obligation Debt Service	<u>7,361,410</u>
	General	10,000
	Special Revenue	
	Mall/Highway 6 TIF	<u>7,720</u>
		<u>17,720</u>
Nonmajor Capital Projects	General	358,086
	General Obligation Debt Service	10,996,071
	Capital Projects	
	Nonmajor Governmental Funds	795,667
	Proprietary	
	Sewer	<u>259,773</u>
		<u>12,409,597</u>

## Notes to the Financial Statements

### (9) Interfund Transfers

Hotel and Conference Center	Special Revenue	
	Mall/Highway 6 TIF	\$ 1,276,903
	General Obligation Debt Service	<u>2,500</u>
		<u>1,279,403</u>
Golf	General Fund	80,000
	General Obligation Debt Service	<u>135,000</u>
		<u>215,000</u>
Parking Facilities and Operation	Special Revenue	
	Nonmajor Governmental Funds	<u>46,000</u>
Nonmajor Proprietary	Special Revenue	
Storm Water	Nonmajor Governmental Funds	90,154
Transit	General Fund	<u>653,453</u>
		<u>743,607</u>
<b>Total</b>		<b><u>\$ 55,357,612</u></b>

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

### (10) Deficit Balances

Deficit balances result primarily from the timing between construction project payments and grants being received or debt being issued. The deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following individual funds had a deficit as of June 30, 2015:

Special Revenue	
Police Grants .....	\$ 31,448
Rental Properties .....	2,077
Capital Projects	
Iowa River Landing .....	3,081,024
Brownfields .....	123,471
Highway 6 Projects .....	782,952
1st Avenue Reconstruction .....	1,360,044
Oakdale Area .....	498,915
Coral Ridge Mall Area .....	435,669
North Fire Station .....	324,955
Recreation Improvements .....	920
Northridge Trails .....	171,374
12th Avenue Urban Renewal .....	507,861
North End Area Projects .....	64,263
Proprietary	
Storm Water .....	1,396,030

# Notes to the Financial Statements

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## (11) Operating Lease

The City is leasing golf carts and two beverage carts under an operating lease requiring annual payments totaling \$45,499. The City is also leasing GPS units for use at the golf course. That lease requires payments totaling \$11,712 per year.

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

### Year Ending June 30,

2016 .....	\$ 57,211
2017 .....	57,211
2018 .....	57,211
2019 .....	8,113
	<u>\$ 179,746</u>

## (12) Leasing Activities

The City owns a building which is outfitted to operate as a brewery. The building and equipment are being leased under an operating lease to a local business which is operating a brewery. The lease requires monthly rental payments of \$37,333 through September, 2022. At that time the business has an option to purchase the building and equipment or to renew the lease for another ten years. Rent income recognized during the year ended June 30, 2015 totaled \$448,000 plus the City received \$120,117 in common area maintenance fees and payments in lieu of taxes.

The City owns retail space in three buildings located in the Iowa River Landing area. These retail spaces are generally leased to tenants at fixed monthly rates with additional rents due upon the tenant reaching certain levels of sales. Total rent income earned from these leases was \$177,233 for the year ended June 30, 2015.

In connection with its ownership of the retail space in the Iowa River Landing area, the City provides certain common area maintenance to businesses located adjacent to the City's property. In exchange, the businesses have agreed to pay a fee for this service. Total common area maintenance fees earned from these businesses during the year ended June 30, 2015 was \$85,483.

The City also owns real estate which it is leasing to businesses until such time as the City either needs the land for development or decides ownership is no longer beneficial to the City. Total rent income from these leases totaled \$547,378 for the year ended June 30, 2015.

## Notes to the Financial Statements

### (12) Leasing Activities

The following is an analysis of the leased property as of June 30, 2015:

Class of Property	<u>Asset Balance</u>
<b>Brewery</b>	
Building.....	\$ 3,457,844
Brewery equipment.....	1,942,000
Less accumulated depreciation .....	<u>(443,351)</u>
Brewery Subtotal.....	\$ 4,956,493
<b>Iowa River Landing Retail Space</b>	
Buildings.....	\$ 9,495,281
Less accumulated depreciation .....	<u>(155,929)</u>
Iowa River Landing Retail Space Subtotal .....	9,339,352
<b>Total</b> .....	<b><u>\$ 14,295,845</u></b>

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

Year Ending June 30,	
2016 .....	\$ 967,283
2017 .....	941,998
2018 .....	878,886
2019 .....	703,993
2020 .....	469,375
Later Years.....	560,000
<b>Total Minimum Rentals</b> .....	<b><u>\$ 4,521,535</u></b>

### (13) Commitments

#### Construction

The City is involved in construction of capital assets, including flood mitigation, streets and streetscape improvements, recreation facilities and water and sewer plant improvements. Some construction is funded through grants from state and federal governments. The remainder is generally funded through the proceeds of debt issues. As of June 30, 2015, the City was committed to approximately \$12 million of construction contracts and agreements to purchase capital assets.

#### Economic Development Loans

In May, 2015, the City committed to providing a \$490,000 forgivable loan to assist a local business with a building expansion.

### (14) Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions which are not included in the City's financial statements: Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Johnson County Council of Governments and the Johnson County Compensation Board.

### (15) Risk Management

#### Iowa Community Assurances Pool

During 2005, the City became a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose approximately 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the basis rate.

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2015, the City made payments of approximately \$600,000 to the risk pool.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims, property loss or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2015, no liability has been recorded in the City's financial statements. As of June 30, 2015, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

### **(15) Risk Management**

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2015 were approximately \$213,000.

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

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

### **(16) Subsequent Events**

Management has evaluated subsequent events through December 3, 2015, the date which the financial statements were available to be issued.

Subsequent events included the following:

#### **Debt**

Subsequent to June 30, 2015, the City took action to issue up to \$1,965,000 of sewer revenue bonds for the design phase of sewer plant improvements.

#### **Projects, Land and Equipment**

The City entered into several new agreements with consultants, engineers and construction companies for various capital projects and approved the purchase of land totaling approximately \$1.5 million.

## Notes to the Financial Statements

### (16) Subsequent Events

#### Economic Development Loans

The City approved a second forgivable economic development loan totaling \$400,000 to assist a local business with a building expansion.

#### Debt Rating

In December, 2015, Moody's Investor Services reduced the City's general obligation debt and water and sewer revenue bond debt ratings from Baa2 to Baa3, and the annual appropriate debt from Ba1 to Ba2.

### (17) Contingencies

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

### (18) Conduit Debt

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

### (19) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and for changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Net position - June 30, 2014, as previously reported (see Note 20) .....	\$ 97,821,217	\$ 46,599,141
Net pension liability as of June 30, 2014.....	(4,366,704)	(1,880,746)
Deferred outflows of resources related to contributions made after the June 30, 2014 measurement date .....	702,753	202,540
<b>Net Position - July 1, 2014, as Restated.....</b>	<b><u>\$ 94,157,266</u></b>	<b><u>\$ 44,920,935</u></b>

## Notes to the Financial Statements

### (20) Prior Period Adjustments

In addition to the restatement of beginning net position due to implementation of GASB No. 68 as discussed in Note 19, during 2015, management determined the following corrections were needed:

General Fund - reduction in the amount accrued as receivable under federal and state grants for expenses incurred in connection with the flood in 2008.

Flood Mitigation Capital Project Fund - increase in the amount accrued as receivable under federal grants in connection with flood mitigation projects completed in 2014.

Sewer Enterprise Fund - refund of sewer fees overcharged to a governmental customer in prior years.

Government-Wide Statement of Net Position - capital assets included a project in both construction in progress and completed capital assets in error.

The error corrections had no net effect on the change in fund balance or net position, as applicable, for the year ended June 30, 2015.

The beginning fund balance or net position of the affected funds have been restated as follows:

	<b>Fund Balance/ Net Position Beginning of of Year, As Previously Reported</b>	<b>Prior Period Adjustment</b>	<b>Fund Balance/ Net Position Beginning of Year, As Restated</b>
<b>Prior Period Adjustments</b>			
General Fund .....	\$ 7,246,182	\$ (119,878)	\$ 7,126,304
Flood Mitigation Capital Projects Fund ...	(7,756,836)	1,519,311	(6,237,525)
Sewer Enterprise Fund.....	15,274,204	(315,000)	14,959,204
Government Wide .....	107,340,403	(9,519,186)	97,821,217
<b>GASB No. 68 Implementation</b>			
Government-Wide Financial Statements			
Governmental Activities .....	97,821,217	(3,663,951)	94,157,266
Business-Type Activities			
Sewer .....	14,959,204	(264,003)	14,695,201
Parking Facilities and Operation .....	4,307,805	(176,461)	4,131,344
Golf .....	2,116,373	(169,861)	1,946,512
Water .....	8,796,063	(305,521)	8,490,542
Solid Waste.....	1,614,695	(231,346)	1,383,349
Transit.....	5,746,721	(479,154)	5,267,567
Storm Water.....	(1,258,314)	(51,860)	(1,310,174)

**Required Supplementary Information**

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

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Govern- mental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property tax .....	\$ 13,006,251	\$ 13,006,251	\$ 12,727,476	\$ —	\$ 12,727,476	\$ (278,775)
Tax increment financing .....	20,637,651	20,637,651	19,723,730	—	19,723,730	(913,921)
Other city taxes .....	2,811,998	2,811,998	3,061,677	—	3,061,677	249,679
Licenses and permits ..	703,250	703,250	804,636	—	804,636	101,386
Use of money and property	1,349,538	1,349,538	1,687,335	8,315,803	10,003,138	8,653,600
Intergovernmental .....	4,281,303	4,281,303	23,682,125	860,755	24,542,880	20,261,577
Charges for service .....	27,282,781	27,282,781	2,275,712	8,589,836	10,865,548	(16,417,233)
Special assessments...	—	—	30,074	—	30,074	30,074
Miscellaneous.....	823,835	823,835	1,094,499	7,662,446	8,756,945	7,933,110
<b>Total Receipts .....</b>	<b>70,896,607</b>	<b>70,896,607</b>	<b>65,087,264</b>	<b>25,428,840</b>	<b>90,516,104</b>	<b>19,619,497</b>
<b>Disbursements</b>						
Public safety .....	6,747,497	6,747,497	5,126,655	—	5,126,655	(1,620,842)
Public works .....	1,841,241	1,841,241	1,483,983	—	1,483,983	(357,258)
Health and social services	123,470	133,470	126,320	—	126,320	(7,150)
Culture and recreation	7,824,184	7,824,184	7,657,955	—	7,657,955	(166,229)
Community and economic development.....	753,757	753,757	3,415,100	—	3,415,100	2,661,343
General government....	6,198,909	6,548,909	2,848,099	—	2,848,099	(3,700,810)
Debt service .....	23,608,925	23,608,925	28,086,739	—	28,086,739	4,477,814
Capital projects.....	—	20,150,000	34,203,016	—	34,203,016	14,053,016
Business-type activities	24,317,737	24,317,737	—	24,769,237	24,769,237	451,500
<b>Total Disbursements</b>	<b>71,415,720</b>	<b>91,925,720</b>	<b>82,947,867</b>	<b>24,769,237</b>	<b>107,717,104</b>	<b>15,791,384</b>
<b>Receipts Over (Under) Disbursements.....</b>	<b>(519,113)</b>	<b>(21,029,113)</b>	<b>(17,860,603)</b>	<b>659,603</b>	<b>(17,201,000)</b>	<b>3,828,113</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources .....	20,703,882	43,327,882	86,814,402	4,274,761	91,089,163	47,761,281
Other financing uses	(20,694,882)	(20,694,882)	(55,829,520)	(3,587,038)	(59,416,558)	(38,721,676)
<b>Total Other Financing Sources (Uses).....</b>	<b>9,000</b>	<b>22,633,000</b>	<b>30,984,882</b>	<b>687,723</b>	<b>31,672,605</b>	<b>9,039,605</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses .....</b>	<b>(510,113)</b>	<b>1,603,887</b>	<b>13,124,279</b>	<b>1,347,326</b>	<b>14,471,605</b>	<b>\$ 12,867,718</b>
Balance - Beginning of Year .....	28,141,133	28,141,133	998,600	15,198,619	16,197,219	
<b>Balance - End of Year</b>	<b>\$ 27,631,020</b>	<b>\$ 29,745,020</b>	<b>\$ 14,122,879</b>	<b>\$ 16,545,945</b>	<b>\$ 30,668,824</b>	

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

# Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2015

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue.....	\$ 65,087,264	\$ (6,317,582)	\$ 58,769,682
Expenditures .....	<u>82,947,867</u>	<u>(3,631,250)</u>	<u>79,316,617</u>
Net.....	(17,860,603)	(2,686,332)	(20,546,935)
Other financing sources (uses).....	30,984,882	(1,647,220)	29,337,662
Beginning fund balances .....	<u>998,600</u>	<u>10,623,401</u>	<u>11,622,001</u>
<b>Ending Fund Balances .....</b>	<b><u>\$ 14,122,879</u></b>	<b><u>\$ 6,289,849</u></b>	<b><u>\$ 20,412,728</u></b>

	<b>Proprietary Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue.....	\$ 25,428,840	\$ 1,753,417	\$ 27,182,257
Expenditures .....	<u>24,769,237</u>	<u>2,962,126</u>	<u>27,731,363</u>
Net.....	659,603	(1,208,709)	(549,106)
Other financing sources (uses).....	687,723	1,010,514	1,698,237
Beginning fund balances .....	<u>15,198,619</u>	<u>29,722,316</u>	<u>44,920,935</u>
<b>Ending Fund Balances .....</b>	<b><u>\$ 16,545,945</u></b>	<b><u>\$ 29,524,121</u></b>	<b><u>\$ 46,070,066</u></b>

## Notes to Required Supplementary Information - Budgetary Reporting ---

Year Ended June 30, 2015

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

During the year ended June 30, 2015, disbursements in Community and Economic Development, Debt Service, Capital Projects and Business-Type Activities functional areas exceeded the budgeted amount.

# Schedule of Proportionate Share of the Net Pension Liability ————— Iowa Public Employees' Retirement System

Last Fiscal Year\*

	<b>2015</b>
City's proportion of the net pension liability .....	0.0948%
City's proportionate share of the net pension liability .....	\$ 3,759,774
City's covered-employee payroll .....	\$ 10,523,819
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll .....	35.72%
Plan fiduciary net position as a percentage of the total pension liability .....	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available.

**Schedule of Contributions**  
**Iowa Public Employees' Retirement System**

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution .....	\$ 939,777	\$ 905,293	\$ 851,288	\$ 752,572	\$ 639,649	\$ 578,085	\$ 527,213	\$ 474,589	\$ 439,192	\$ 425,216
Contributions in relation to the statutorily required contributions.....	<u>939,777</u>	<u>905,293</u>	<u>851,288</u>	<u>752,572</u>	<u>639,649</u>	<u>578,085</u>	<u>527,213</u>	<u>474,589</u>	<u>439,192</u>	<u>425,216</u>
Contribution Deficiency (Excess).....	<u>\$ —</u>									
City's covered-employee payroll .....	\$ 10,523,819	\$ 10,137,660	\$ 9,818,777	\$ 9,337,122	\$ 9,203,583	\$ 8,693,008	\$ 8,302,567	\$ 7,844,446	\$ 7,638,122	\$ 7,395,061
Contributions as a percentage of covered-employee payroll .....	8.93%	8.93%	8.67%	8.06%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

## Notes to Required Supplementary Information - Pension Liability ---

Year Ended June 30, 2015

### Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

### Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## Notes to Required Supplementary Information - Pension Liability ---

Year Ended June 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7-1-09	\$ —	\$ 319,122	\$ 319,122	—%	\$ 6,845,174	4.7%
2010	7-1-09	—	319,122	319,122	—	7,000,000 (est)	4.6
2011	7-1-09	—	319,122	319,122	—	8,000,000 (est)	4.0
2012	7-1-11	—	364,635	364,635	—	7,700,000	4.8
2013	7-1-11	—	364,635	364,635	—	7,700,000 (est)	4.8
2014	7-1-11	—	364,635	364,635	—	7,700,000 (est)	4.8
2015	7-1-14	—	405,037	405,037	—	8,500,000	4.7

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

**Supplementary Information**

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# Combining Balance Sheet Schedule - Nonmajor Governmental Funds

As of June 30, 2015

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
<b>Assets</b>				
Cash and pooled investments .....	\$ 2,858,684	\$ —	\$ —	\$ 2,858,684
Receivables				
Property Tax				
Current year delinquent .....	8,551	—	—	8,551
Succeeding year .....	5,440,007	—	—	5,440,007
Loans .....	3,114,690	—	—	3,114,690
Due from other funds .....	894,512	2,953,299	—	3,847,811
Due from other governments .....	194,409	1,989,794	—	2,184,203
Special assessments .....	162,438	—	—	162,438
Inventories and prepaids .....	49,164	—	—	49,164
Restricted Assets				
Cash and pooled investments .....	<u>1,787,837</u>	<u>—</u>	<u>100,301</u>	<u>1,888,138</u>
<b>Total Assets .....</b>	<b><u>\$ 14,510,292</u></b>	<b><u>\$ 4,943,093</u></b>	<b><u>\$ 100,301</u></b>	<b><u>\$ 19,553,686</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 53,433	\$ 919,113	\$ —	\$ 972,546
Accrued liabilities .....	12,836	—	—	12,836
Due to other funds .....	<u>311,915</u>	<u>4,120,094</u>	<u>—</u>	<u>4,432,009</u>
<b>Total Liabilities .....</b>	<b><u>378,184</u></b>	<b><u>5,039,207</u></b>	<b><u>—</u></b>	<b><u>5,417,391</u></b>
<b>Deferred Inflows of Resources</b>				
Succeed years property tax .....	5,440,007	—	—	5,440,007
Special assessments .....	148,942	—	—	148,942
Other .....	<u>—</u>	<u>1,684,810</u>	<u>—</u>	<u>1,684,810</u>
<b>Total Deferred Inflows     of Resources .....</b>	<b><u>5,588,949</u></b>	<b><u>1,684,810</u></b>	<b><u>—</u></b>	<b><u>7,273,759</u></b>
<b>Fund Balances</b>				
Nonspendable .....	331,664	—	—	331,664
Restricted				
Debt service .....	4,026,380	—	—	4,026,380
Expendable trust .....	605,843	—	—	605,843
Road use purposes .....	1,582,868	—	—	1,582,868
Employee benefits .....	6,551	—	—	6,551
Economic development .....	15,992	—	—	15,992
Special assessments .....	627,541	—	—	627,541
Other .....	1,346,320	—	100,301	1,446,621
Unassigned .....	<u>—</u>	<u>(1,780,924)</u>	<u>—</u>	<u>(1,780,924)</u>
<b>Total Fund Balances .....</b>	<b><u>8,543,159</u></b>	<b><u>(1,780,924)</u></b>	<b><u>100,301</u></b>	<b><u>6,862,536</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 14,510,292</u></b>	<b><u>\$ 4,943,093</u></b>	<b><u>\$ 100,301</u></b>	<b><u>\$ 19,553,686</u></b>

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

Year Ended June 30, 2015

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
<b>Revenue</b>				
Property tax.....	\$ 1,749,517	\$ —	\$ —	\$ 1,749,517
TIF and other city taxes .....	3,545,072	—	—	3,545,072
Special assessments.....	19,383	—	—	19,383
Use of money and property .....	1,348,632	35,000	—	1,383,632
Intergovernmental .....	2,029,838	6,459,338	—	8,489,176
Charges for service .....	114,817	40,013	5,575	160,405
Miscellaneous.....	<u>234,225</u>	<u>92,333</u>	<u>—</u>	<u>326,558</u>
<b>Total Revenue.....</b>	<b><u>9,041,484</u></b>	<b><u>6,626,684</u></b>	<b><u>5,575</u></b>	<b><u>15,673,743</u></b>
<b>Expenditures</b>				
Operating				
Public safety .....	17,744	—	—	17,744
Public works.....	1,446,340	—	—	1,446,340
Culture and recreation.....	209,387	—	—	209,387
Community and economic development.....	1,663,208	—	—	1,663,208
Capital projects.....	<u>—</u>	<u>9,402,052</u>	<u>—</u>	<u>9,402,052</u>
<b>Total Expenditures .....</b>	<b><u>3,336,679</u></b>	<b><u>9,402,052</u></b>	<b><u>—</u></b>	<b><u>12,738,731</u></b>
<b>Revenue Over (Under) Expenditures</b>	<b><u>5,704,805</u></b>	<b><u>(2,775,368)</u></b>	<b><u>5,575</u></b>	<b><u>2,935,012</u></b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets .....	227,255	—	—	227,255
Transfers in .....	17,720	12,409,597	—	12,427,317
Transfers out .....	<u>(6,059,631)</u>	<u>(1,607,493)</u>	<u>—</u>	<u>(7,667,124)</u>
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>(5,814,656)</u></b>	<b><u>10,802,104</u></b>	<b><u>—</u></b>	<b><u>4,987,448</u></b>
<b>Net Change in Fund Balances .....</b>	<b><u>(109,851)</u></b>	<b><u>8,026,736</u></b>	<b><u>5,575</u></b>	<b><u>7,922,460</u></b>
Fund Balances - Beginning of Year, as previously reported.....				
	8,653,010	(11,326,971)	94,726	(2,579,235)
Prior period adjustment (Note 20).....	<u>—</u>	<u>1,519,311</u>	<u>—</u>	<u>1,519,311</u>
Fund Balances - Beginning of Year, as Restated.....	<u>8,653,010</u>	<u>(9,807,660)</u>	<u>94,726</u>	<u>(1,059,924)</u>
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 8,543,159</u></b>	<b><u>\$ (1,780,924)</u></b>	<b><u>\$ 100,301</u></b>	<b><u>\$ 6,862,536</u></b>

# Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

As of June 30, 2015

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
<b>Assets</b>											
Cash and pooled investments .....	\$ —	\$ —	\$ 11,719	\$ 1,390,954	\$ —	\$ 1,440,019	\$ —	\$ —	\$ 15,992	\$ —	\$ 2,858,684
Receivables											
Property Tax											
Current year delinquent.....	2,000	—	—	—	—	—	6,551	—	—	—	8,551
Succeeding year .....	2,421,007	1,287,350	—	—	—	—	1,731,650	—	—	—	5,440,007
Loans .....	—	2,799,690	—	—	—	—	—	—	315,000	—	3,114,690
Special assessments .....	—	—	—	—	—	—	—	—	—	162,438	162,438
Due from other funds .....	280,467	—	—	—	—	—	—	—	—	614,045	894,512
Due from other governments.....	—	—	—	—	—	194,409	—	—	—	—	194,409
Inventories and prepaids .....	—	—	32,500	—	—	16,664	—	—	—	—	49,164
Restricted Assets											
Cash and cash equivalents .....	1,226,163	—	561,674	—	—	—	—	—	—	—	1,787,837
<b>Total Assets .....</b>	<b>\$ 3,929,637</b>	<b>\$ 4,087,040</b>	<b>\$ 605,893</b>	<b>\$ 1,390,954</b>	<b>\$ —</b>	<b>\$ 1,651,092</b>	<b>\$ 1,738,201</b>	<b>\$ —</b>	<b>\$ 330,992</b>	<b>\$ 776,483</b>	<b>\$ 14,510,292</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>											
<b>Liabilities</b>											
Accounts payable .....	\$ 86	\$ 1,387	\$ 50	\$ 11,109	\$ —	\$ 38,724	\$ —	\$ 2,077	\$ —	\$ —	\$ 53,433
Accrued liabilities.....	—	—	—	—	—	12,836	—	—	—	—	12,836
Due to other funds.....	—	280,467	—	—	31,448	—	—	—	—	—	311,915
<b>Total Liabilities .....</b>	<b>86</b>	<b>281,854</b>	<b>50</b>	<b>11,109</b>	<b>31,448</b>	<b>51,560</b>	<b>—</b>	<b>2,077</b>	<b>—</b>	<b>—</b>	<b>378,184</b>
<b>Deferred Inflows of Resources</b>											
Unavailable Revenue											
Succeeding year property tax.....	2,421,007	1,287,350	—	—	—	—	1,731,650	—	—	—	5,440,007
Other.....	—	—	—	—	—	—	—	—	—	148,942	148,942
<b>Total Deferred Inflows of Resources .....</b>	<b>2,421,007</b>	<b>1,287,350</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,731,650</b>	<b>—</b>	<b>—</b>	<b>148,942</b>	<b>5,588,949</b>
<b>Fund Balances</b>											
Nonspendable .....	—	—	—	—	—	16,664	—	—	315,000	—	331,664
Restricted .....	1,508,544	2,517,836	605,843	1,379,845	(31,448)	1,582,868	6,551	(2,077)	15,992	627,541	8,211,495
<b>Total Fund Balances .....</b>	<b>1,508,544</b>	<b>2,517,836</b>	<b>605,843</b>	<b>1,379,845</b>	<b>(31,448)</b>	<b>1,599,532</b>	<b>6,551</b>	<b>(2,077)</b>	<b>330,992</b>	<b>627,541</b>	<b>8,543,159</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ 3,929,637</b>	<b>\$ 4,087,040</b>	<b>\$ 605,893</b>	<b>\$ 1,390,954</b>	<b>\$ —</b>	<b>\$ 1,651,092</b>	<b>\$ 1,738,201</b>	<b>\$ —</b>	<b>\$ 330,992</b>	<b>\$ 776,483</b>	<b>\$ 14,510,292</b>

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

Year Ended June 30, 2015

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
<b>Revenue</b>											
Property tax.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,749,517	\$ —	\$ —	\$ —	\$ 1,749,517
TIF and other city taxes.....	2,447,564	1,097,508	—	—	—	—	—	—	—	—	3,545,072
Special assessments.....	—	—	—	—	—	—	—	—	—	19,383	19,383
Interest and rent income.....	—	563	4,013	831,679	—	—	—	512,377	—	—	1,348,632
Intergovernmental.....	—	—	—	—	15,306	2,014,532	—	—	—	—	2,029,838
Charges for service.....	—	—	114,817	—	—	—	—	—	—	—	114,817
Miscellaneous.....	815	—	199,889	—	—	33,521	—	—	—	—	234,225
<b>Total Revenue.....</b>	<b>2,448,379</b>	<b>1,098,071</b>	<b>318,719</b>	<b>831,679</b>	<b>15,306</b>	<b>2,048,053</b>	<b>1,749,517</b>	<b>512,377</b>	<b>—</b>	<b>19,383</b>	<b>9,041,484</b>
<b>Expenditures</b>											
Operating											
Public safety.....	—	—	—	—	17,744	—	—	—	—	—	17,744
Public works.....	—	—	—	—	—	1,446,340	—	—	—	—	1,446,340
Culture and recreation.....	—	—	209,387	—	—	—	—	—	—	—	209,387
Community and economic development.....	383,904	28,784	—	324,447	—	—	—	228,073	698,000	—	1,663,208
<b>Total Expenditures.....</b>	<b>383,904</b>	<b>28,784</b>	<b>209,387</b>	<b>324,447</b>	<b>17,744</b>	<b>1,446,340</b>	<b>—</b>	<b>228,073</b>	<b>698,000</b>	<b>—</b>	<b>3,336,679</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>2,064,475</b>	<b>1,069,287</b>	<b>109,332</b>	<b>507,232</b>	<b>(2,438)</b>	<b>601,713</b>	<b>1,749,517</b>	<b>284,304</b>	<b>(698,000)</b>	<b>19,383</b>	<b>5,704,805</b>
<b>Other Financing Sources (Uses)</b>											
Proceeds from sale of assets.....	227,255	—	—	—	—	—	—	—	—	—	227,255
Transfers in.....	—	—	10,000	—	—	—	—	7,720	—	—	17,720
Transfers out.....	(2,620,474)	(1,332,810)	(5,000)	(10,000)	—	(50,000)	(1,750,998)	(290,349)	—	—	(6,059,631)
<b>Total Other Financing Sources (Uses).....</b>	<b>(2,393,219)</b>	<b>(1,332,810)</b>	<b>5,000</b>	<b>(10,000)</b>	<b>—</b>	<b>(50,000)</b>	<b>(1,750,998)</b>	<b>(282,629)</b>	<b>—</b>	<b>—</b>	<b>(5,814,656)</b>
<b>Net Change in Fund Balances.....</b>	<b>(328,744)</b>	<b>(263,523)</b>	<b>114,332</b>	<b>497,232</b>	<b>(2,438)</b>	<b>551,713</b>	<b>(1,481)</b>	<b>1,675</b>	<b>(698,000)</b>	<b>19,383</b>	<b>(109,851)</b>
Fund Balances - Beginning of Year.....	1,837,288	2,781,359	491,511	882,613	(29,010)	1,047,819	8,032	(3,752)	1,028,992	608,158	8,653,010
<b>Fund Balances - End of Year.....</b>	<b>\$ 1,508,544</b>	<b>\$ 2,517,836</b>	<b>\$ 605,843</b>	<b>\$ 1,379,845</b>	<b>\$ (31,448)</b>	<b>\$ 1,599,532</b>	<b>\$ 6,551</b>	<b>\$ (2,077)</b>	<b>\$ 330,992</b>	<b>\$ 627,541</b>	<b>\$ 8,543,159</b>

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

As of June 30, 2015

	Street Projects	Brown- fields	Coral Ridge Avenue	Highway 6 Projects	Oakdale Boulevard Project	Cardinal Road Project	1st Avenue Recon- struction	Oakdale Area	Coral Ridge Mall Area	Transit/ Parks Facility
<b>Assets</b>										
Receivables										
Due from other funds .....	\$ 691,032	\$ —	\$ 769,296	\$ —	\$ 16,339	\$ 15,916	\$ —	\$ —	\$ —	\$ 237,318
Due from other governments.....	9,025	31,249	—	1,073,524	—	—	123,700	473,223	—	—
<b>Total Assets .....</b>	<b>\$ 700,057</b>	<b>\$ 31,249</b>	<b>\$ 769,296</b>	<b>\$ 1,073,524</b>	<b>\$ 16,339</b>	<b>\$ 15,916</b>	<b>\$ 123,700</b>	<b>\$ 473,223</b>	<b>\$ —</b>	<b>\$ 237,318</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable .....	\$ 87,241	\$ 19,257	\$ 371,562	\$ —	\$ —	\$ —	\$ 619	\$ 147,986	\$ 12,083	\$ —
Due to other funds.....	—	135,463	—	782,952	—	—	1,359,425	350,929	423,586	—
<b>Total Liabilities .....</b>	<b>87,241</b>	<b>154,720</b>	<b>371,562</b>	<b>782,952</b>	<b>—</b>	<b>—</b>	<b>1,360,044</b>	<b>498,915</b>	<b>435,669</b>	<b>—</b>
<b>Deferred Inflows of Resources</b>										
Unavailable Revenue										
Other.....	9,025	—	—	1,073,524	—	—	123,700	473,223	—	—
<b>Fund Balances</b>										
Restricted.....	603,791	(123,471)	397,734	(782,952)	16,339	15,916	(1,360,044)	(498,915)	(435,669)	237,318
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 700,057</b>	<b>\$ 31,249</b>	<b>\$ 769,296</b>	<b>\$ 1,073,524</b>	<b>\$ 16,339</b>	<b>\$ 15,916</b>	<b>\$ 123,700</b>	<b>\$ 473,223</b>	<b>\$ —</b>	<b>\$ 237,318</b>

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

As of June 30, 2015

	North Fire Station	Animal Control Facility	Recreation Improve- ments	Northridge Trails	12th Avenue Urban Renewal	Land Use Project	North End Area Projects	Flood Mitigation	Water Connection Camp Cardinal	Total
<b>Assets</b>										
Receivables										
Due from other funds .....	\$ —	\$ 115,000	\$ —	\$ —	\$ —	\$ 264,825	\$ —	\$ 807,035	\$ 36,538	\$ 2,953,299
Due from other governments.....	—	—	20,000	5,338	—	—	—	253,735	—	1,989,794
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ 115,000</b>	<b>\$ 20,000</b>	<b>\$ 5,338</b>	<b>\$ —</b>	<b>\$ 264,825</b>	<b>\$ —</b>	<b>\$ 1,060,770</b>	<b>\$ 36,538</b>	<b>\$ 4,943,093</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable .....	\$ —	\$ —	\$ 6,219	\$ —	\$ 12,083	\$ 56,210	\$ 3,332	\$ 202,521	\$ —	\$ 919,113
Due to other funds.....	324,955	—	14,701	171,374	495,778	—	60,931	—	—	4,120,094
<b>Total Liabilities .....</b>	<b>324,955</b>	<b>—</b>	<b>20,920</b>	<b>171,374</b>	<b>507,861</b>	<b>56,210</b>	<b>64,263</b>	<b>202,521</b>	<b>—</b>	<b>5,039,207</b>
<b>Deferred Inflows of Resources</b>										
Unavailable Revenue										
Other.....	—	—	—	5,338	—	—	—	—	—	1,684,810
<b>Fund Balances</b>										
Restricted.....	(324,955)	115,000	(920)	(171,374)	(507,861)	208,615	(64,263)	858,249	36,538	(1,780,924)
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ —</b>	<b>\$ 115,000</b>	<b>\$ 20,000</b>	<b>\$ 5,338</b>	<b>\$ —</b>	<b>\$ 264,825</b>	<b>\$ —</b>	<b>\$ 1,060,770</b>	<b>\$ 36,538</b>	<b>\$ 4,943,093</b>

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

Year Ended June 30, 2015

	Street Projects	Brown-fields	Coral Ridge Avenue	Highway 6 Projects	Oakdale Boulevard Project	Cardinal Road Project	1st Avenue Recon-struction	Oakdale Area	James Street Area	Coral Ridge Mall Area	Transit/Parks Facility
<b>Revenue</b>											
Use of money and property .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental .....	171,475	204,551	2,249,572	—	—	—	—	2,460,088	—	—	—
Charges for service .....	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous.....	2	617	55,176	—	—	—	—	—	—	—	—
<b>Total Revenue.....</b>	<b>171,477</b>	<b>205,168</b>	<b>2,304,748</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,460,088</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Expenditures</b>											
Capital projects.....	<b>1,266,679</b>	<b>221,208</b>	<b>3,717,926</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>33,802</b>	<b>1,222,919</b>	<b>46,540</b>	<b>51,869</b>	<b>3,350</b>
<b>Revenue Over (Under) Expenditures .....</b>	<b>(1,095,202)</b>	<b>(16,040)</b>	<b>(1,413,178)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(33,802)</b>	<b>1,237,169</b>	<b>(46,540)</b>	<b>(51,869)</b>	<b>(3,350)</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in .....	767,935	—	1,754,105	—	—	—	—	259,773	95,019	—	—
Transfers out .....	(76,002)	—	—	—	—	—	(203,282)	—	—	(95,019)	—
<b>Total Other Financing Sources (Uses).....</b>	<b>691,933</b>	<b>—</b>	<b>1,754,105</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(203,282)</b>	<b>259,773</b>	<b>95,019</b>	<b>(95,019)</b>	<b>—</b>
<b>Net Change in Fund Balances .....</b>	<b>(403,269)</b>	<b>(16,040)</b>	<b>340,927</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(237,084)</b>	<b>1,496,942</b>	<b>48,479</b>	<b>(146,888)</b>	<b>(3,350)</b>
Fund Balances - Beginning of Year, as previously reported.....	1,007,060	(107,431)	56,807	(782,952)	16,339	15,916	(1,122,960)	(1,995,857)	(48,479)	(288,781)	240,668
Prior period adjustment (Note 20).....	—	—	—	—	—	—	—	—	—	—	—
Fund Balances - Beginning of Year, as Restated.....	1,007,060	(107,431)	56,807	(782,952)	16,339	15,916	(1,122,960)	(1,995,857)	(48,479)	(288,781)	240,668
<b>Fund Balances - End of Year .....</b>	<b>\$ 603,791</b>	<b>\$ (123,471)</b>	<b>\$ 397,734</b>	<b>\$ (782,952)</b>	<b>\$ 16,339</b>	<b>\$ 15,916</b>	<b>\$ (1,360,044)</b>	<b>\$ (498,915)</b>	<b>\$ —</b>	<b>\$ (435,669)</b>	<b>\$ 237,318</b>

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

Year Ended June 30, 2015

	Library Expansion	North Fire Station	Animal Control Facility	Recreation Improve- ments	Northridge Trails	12th Avenue Urban Renewal	Land Use Project	North End Area Projects	Flood Mitigation	FEMA Edgewater Buyouts	Water Connection Camp Cardinal	Total
<b>Revenue</b>												
Use of money and property .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 35,000	\$ —	\$ —	\$ 35,000
Intergovernmental .....	—	—	—	20,000	87,533	—	—	—	1,266,119	—	—	6,459,338
Charges for service .....	—	—	—	—	—	—	34,714	—	5,299	—	—	40,013
Miscellaneous.....	—	—	—	—	—	—	—	—	—	—	36,538	92,333
<b>Total Revenue.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20,000</b>	<b>87,533</b>	<b>—</b>	<b>34,714</b>	<b>—</b>	<b>1,306,418</b>	<b>—</b>	<b>36,538</b>	<b>6,626,684</b>
<b>Expenditures</b>												
Capital projects.....	—	5,309	—	124,637	89,788	145,749	302,749	21,800	2,147,727	—	—	9,402,052
<b>Revenue Over (Under) Expenditures ....</b>	<b>—</b>	<b>(5,309)</b>	<b>—</b>	<b>(104,637)</b>	<b>(2,255)</b>	<b>(145,749)</b>	<b>(268,035)</b>	<b>(21,800)</b>	<b>(841,309)</b>	<b>—</b>	<b>36,538</b>	<b>(2,775,368)</b>
<b>Other Financing Sources (Uses)</b>												
Transfers in .....	93,349	—	—	118,508	80,000	—	568,000	—	8,672,908	—	—	12,409,597
Transfers out .....	—	—	—	—	—	(93,349)	—	—	(735,825)	(404,016)	—	(1,607,493)
<b>Total Other Financing Sources (Uses).....</b>	<b>93,349</b>	<b>—</b>	<b>—</b>	<b>118,508</b>	<b>80,000</b>	<b>(93,349)</b>	<b>568,000</b>	<b>—</b>	<b>7,937,083</b>	<b>(404,016)</b>	<b>—</b>	<b>10,802,104</b>
<b>Net Change in Fund Balances .....</b>	<b>93,349</b>	<b>(5,309)</b>	<b>—</b>	<b>13,871</b>	<b>77,745</b>	<b>(239,098)</b>	<b>299,965</b>	<b>(21,800)</b>	<b>7,095,774</b>	<b>(404,016)</b>	<b>36,538</b>	<b>8,026,736</b>
Fund Balances - Beginning of Year, as previously reported.....	(93,349)	(319,646)	115,000	(14,791)	(249,119)	(268,763)	(91,350)	(42,463)	(7,756,836)	404,016	—	(11,326,971)
Prior period adjustment (Note 20).....	—	—	—	—	—	—	—	—	1,519,311	—	—	1,519,311
Fund Balances - Beginning of Year, as Restated.....	(93,349)	(319,646)	115,000	(14,791)	(249,119)	(268,763)	(91,350)	(42,463)	(6,237,525)	404,016	—	(9,807,660)
<b>Fund Balances - End of Year .....</b>	<b>\$ —</b>	<b>\$ (324,955)</b>	<b>\$ 115,000</b>	<b>\$ (920)</b>	<b>\$ (171,374)</b>	<b>\$ (507,861)</b>	<b>\$ 208,615</b>	<b>\$ (64,263)</b>	<b>\$ 858,249</b>	<b>\$ —</b>	<b>\$ 36,538</b>	<b>\$ (1,780,924)</b>

# Combining Schedule of Net Position - Nonmajor Proprietary Funds

As of June 30, 2015

	Water	Solid Waste	Transit	Storm Water	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and pooled investments .....	\$ 2,654,371	\$ 393,915	\$ 1,120,698	\$ 280,718	\$ 4,449,702
Receivables					
Customer accounts .....	347,965	166,176	—	54,608	568,749
Other .....	43,309	—	—	—	43,309
Inventories and prepaids .....	169,174	9,462	31,296	13,669	223,601
<b>Total Current Assets</b> .....	<b><u>3,214,819</u></b>	<b><u>569,553</u></b>	<b><u>1,151,994</u></b>	<b><u>348,995</u></b>	<b><u>5,285,361</u></b>
<b>Noncurrent Assets</b>					
<b>Restricted Assets</b>					
Cash and pooled investments .....	350,800	—	—	10,000	360,800
Capital assets (net of accumulated depreciation) .....	8,177,040	1,181,255	4,790,912	—	14,149,207
<b>Total Noncurrent Assets</b> .....	<b><u>8,527,840</u></b>	<b><u>1,181,255</u></b>	<b><u>4,790,912</u></b>	<b><u>10,000</u></b>	<b><u>14,510,007</u></b>
<b>Total Assets</b> .....	<b><u>11,742,659</u></b>	<b><u>1,750,808</u></b>	<b><u>5,942,906</u></b>	<b><u>358,995</u></b>	<b><u>19,795,368</u></b>
<b>Deferred Outflows of Resources</b>					
Pension-related deferred outflows .....	<u>95,650</u>	<u>72,428</u>	<u>150,009</u>	<u>16,237</u>	<u>334,324</u>
<b>Total Assets and Deferred Outflows of Resources</b> .....	<b><u>\$ 11,838,309</u></b>	<b><u>\$ 1,823,236</u></b>	<b><u>\$ 6,092,915</u></b>	<b><u>\$ 375,232</u></b>	<b><u>\$ 20,129,692</u></b>
<b>Liabilities and Net Position</b>					
<b>Current Liabilities</b>					
Accounts payable .....	\$ 66,171	\$ 12,270	\$ 50,269	\$ 9,822	\$ 138,532
Accrued liabilities and compensated absences .....	39,315	47,959	84,183	2,022	173,479
Current maturities of long-term debt .....	215,000	—	—	78,000	293,000
Customer deposits .....	262,055	—	—	—	262,055
<b>Total Current Liabilities</b> .....	<b><u>582,541</u></b>	<b><u>60,229</u></b>	<b><u>134,452</u></b>	<b><u>89,844</u></b>	<b><u>867,066</u></b>
<b>Noncurrent Liabilities</b>					
Long-term debt .....	1,950,000	—	—	1,616,480	3,566,480
Net pension liability .....	250,255	189,498	392,479	42,479	874,711
<b>Total Noncurrent Liabilities</b> .....	<b><u>2,200,255</u></b>	<b><u>189,498</u></b>	<b><u>392,479</u></b>	<b><u>1,658,959</u></b>	<b><u>4,441,191</u></b>
<b>Total Liabilities</b> .....	<b><u>2,782,796</u></b>	<b><u>249,727</u></b>	<b><u>526,931</u></b>	<b><u>1,748,803</u></b>	<b><u>5,308,257</u></b>
<b>Deferred Inflows of Resources</b>					
Pension-related deferred inflows .....	<u>132,313</u>	<u>100,190</u>	<u>207,509</u>	<u>22,459</u>	<u>462,471</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt .....	6,012,040	1,181,255	4,790,912	—	11,984,207
Restricted for debt service .....	350,800	—	—	10,000	360,800
Unrestricted .....	2,560,360	292,064	567,563	(1,406,030)	2,013,957
<b>Total Net Position</b> .....	<b><u>8,923,200</u></b>	<b><u>1,473,319</u></b>	<b><u>5,358,475</u></b>	<b><u>(1,396,030)</u></b>	<b><u>14,358,964</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> .....	<b><u>\$ 11,838,309</u></b>	<b><u>\$ 1,823,236</u></b>	<b><u>\$ 6,092,915</u></b>	<b><u>\$ 375,232</u></b>	<b><u>\$ 20,129,692</u></b>

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

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Year Ended June 30, 2015

	Water	Solid Waste	Transit	Storm Water	Total
<b>Operating Revenue</b>					
Charges for sales and service .....	<u>\$ 2,356,983</u>	<u>\$ 1,011,541</u>	<u>\$ 635,279</u>	<u>\$ 326,075</u>	<u>\$ 4,329,878</u>
<b>Operating Expenses</b>					
Salaries and employee benefits .....	587,501	497,184	922,149	116,609	2,123,443
Contractual services .....	651,169	69,961	237,088	129,606	1,087,824
Commodities .....	74,054	216,710	436,066	151,490	878,320
Depreciation .....	<u>473,283</u>	<u>112,720</u>	<u>301,691</u>	<u>—</u>	<u>887,694</u>
<b>Total Operating Expenses</b> .....	<u><b>1,786,007</b></u>	<u><b>896,575</b></u>	<u><b>1,896,994</b></u>	<u><b>397,705</b></u>	<u><b>4,977,281</b></u>
<b>Operating Income (Loss)</b> .....	<u><b>570,976</b></u>	<u><b>114,966</b></u>	<u><b>(1,261,715)</b></u>	<u><b>(71,630)</b></u>	<u><b>(647,403)</b></u>
<b>Nonoperating Revenue (Expenses)</b>					
Intergovernmental Revenue					
Federal .....	—	—	446,836	—	446,836
State .....	—	—	272,256	—	272,256
Loss on sale of assets .....	—	—	(19,922)	—	(19,922)
Interest revenue .....	17	4	—	—	21
Interest expense .....	<u>(73,335)</u>	<u>—</u>	<u>—</u>	<u>(33,380)</u>	<u>(106,715)</u>
<b>Total Nonoperating Revenue (Expenses)</b> .....	<u><b>(73,318)</b></u>	<u><b>4</b></u>	<u><b>699,170</b></u>	<u><b>(33,380)</b></u>	<u><b>592,476</b></u>
<b>Income (Loss) Before Transfers</b> .....	<u><b>497,658</b></u>	<u><b>114,970</b></u>	<u><b>(562,545)</b></u>	<u><b>(105,010)</b></u>	<u><b>(54,927)</b></u>
Transfers in .....	—	—	653,453	90,154	743,607
Transfers out .....	<u>(65,000)</u>	<u>(25,000)</u>	<u>—</u>	<u>(71,000)</u>	<u>(161,000)</u>
<b>Net Income (Loss)</b> .....	<u><b>432,658</b></u>	<u><b>89,970</b></u>	<u><b>90,908</b></u>	<u><b>(85,856)</b></u>	<u><b>527,680</b></u>
Net Position - Beginning of Year, as previously reported .....	8,796,063	1,614,695	5,746,721	(1,258,314)	14,899,165
Prior period adjustments (Notes 19 and 20) .....	<u>(305,521)</u>	<u>(231,346)</u>	<u>(479,154)</u>	<u>(51,860)</u>	<u>(1,067,881)</u>
Net Position - Beginning of Year, as Restated .....	<u>8,490,542</u>	<u>1,383,349</u>	<u>5,267,567</u>	<u>(1,310,174)</u>	<u>13,831,284</u>
<b>Net Position - End of Year</b> .....	<u><b>\$ 8,923,200</b></u>	<u><b>\$ 1,473,319</b></u>	<u><b>\$ 5,358,475</b></u>	<u><b>\$ (1,396,030)</b></u>	<u><b>\$ 14,358,964</b></u>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2015

	Water	Solid Waste	Transit	Storm Water	Total
<b>Operating Revenue</b>					
<b>Cash Flows From Operating Activities</b>					
Receipts from customers.....	\$ 2,317,230	\$ 999,973	\$ 635,279	\$ 323,110	\$ 4,275,592
Payments to suppliers .....	(793,553)	(313,018)	(668,486)	(332,741)	(2,107,798)
Payments to employees .....	(606,104)	(511,270)	(951,324)	(119,768)	(2,188,466)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b>917,573</b>	<b>175,685</b>	<b>(984,531)</b>	<b>(129,399)</b>	<b>(20,672)</b>
<b>Cash Flows From Noncapital Financing Activities</b>					
Noncapital federal and state grants ....	—	—	719,092	—	719,092
Net transfers .....	(65,000)	(25,000)	653,453	19,154	582,607
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(65,000)</b>	<b>(25,000)</b>	<b>1,372,545</b>	<b>19,154</b>	<b>1,301,699</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Proceeds from debt .....	—	—	—	11,000	11,000
Received from sale of assets.....	—	—	19,000	—	19,000
Purchase of capital assets.....	(255,680)	(324,184)	(93,545)	—	(673,409)
Repayment of debt .....	(210,000)	—	—	(56,259)	(266,259)
Payment of interest.....	(73,335)	—	—	(33,380)	(106,715)
<b>Net Cash Used in Capital and Related Financing Activities.....</b>	<b>(539,015)</b>	<b>(324,184)</b>	<b>(74,545)</b>	<b>(78,639)</b>	<b>(1,016,383)</b>
<b>Cash Flows From Investing Activities</b>					
Decrease in due from other funds .....	2,341,444	567,410	807,229	465,438	4,181,521
Interest received.....	17	4	—	—	21
<b>Net Cash Provided by Investing Activities .....</b>	<b>2,341,461</b>	<b>567,414</b>	<b>807,229</b>	<b>465,438</b>	<b>4,181,542</b>
<b>Net Increase in Cash .....</b>	<b>2,655,019</b>	<b>393,915</b>	<b>1,120,698</b>	<b>276,554</b>	<b>4,446,186</b>
Cash and Pooled Investments at Beginning of Year .....	350,152	—	—	14,164	364,316
<b>Cash and Pooled Investments at End of Year .....</b>	<b>\$ 3,005,171</b>	<b>\$ 393,915</b>	<b>\$ 1,120,698</b>	<b>\$ 290,718</b>	<b>\$ 4,810,502</b>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2015

	Water	Solid Waste	Transit	Storm Water	Total
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>					
Operating income (loss).....	\$ 570,976	\$ 114,966	\$ (1,261,715)	\$ (71,630)	\$ (647,403)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities					
Depreciation.....	473,283	112,720	301,691	—	887,694
Increase in receivables .....	(50,408)	(11,568)	—	(2,965)	(64,941)
(Increase) decrease in inventories and prepaids .....	(38,755)	1,341	11,699	(13,669)	(39,384)
Decrease in pension-related deferred outflows.....	(58,777)	(44,507)	(92,181)	(9,978)	(205,443)
Decrease in accounts payable .....	(35,284)	(34,251)	(5,390)	(37,461)	(112,386)
Increase (decrease) in accrued liabilities and compensated absences .....	5,709	6,563	(1,641)	(515)	10,116
Increase in customer deposits .....	10,655	—	—	—	10,655
Decrease in net pension liability.....	(92,139)	(69,769)	(144,503)	(15,640)	(322,051)
Increase in pension-related deferred inflows.....	132,313	100,190	207,509	22,459	462,471
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b>\$ 917,573</b>	<b>\$ 175,685</b>	<b>\$ (984,531)</b>	<b>\$ (129,399)</b>	<b>\$ (20,672)</b>
<b>Schedule of Noncash Investing and Financing Activities</b>					
<b>Cash Paid for Capital Assets</b>					
Capital asset additions .....	\$ 239,809	\$ 324,184	\$ 93,545	\$ —	\$ 657,538
Net change in accounts payable .....	15,871	—	—	—	15,871
<b>Cash Paid for Capital Assets.....</b>	<b>\$ 255,680</b>	<b>\$ 324,184</b>	<b>\$ 93,545</b>	<b>\$ —</b>	<b>\$ 673,409</b>
<b>Loss on Asset Disposal</b>					
Cash received .....	\$ —	\$ —	\$ 19,000	\$ —	\$ 19,000
Book value of assets disposed .....	—	—	38,922	—	38,922
<b>Loss on Asset Disposal .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (19,922)</b>	<b>\$ —</b>	<b>\$ (19,922)</b>

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

Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenue</b>										
Property tax.....	\$ 13,477,889	\$ 12,470,651	\$ 12,122,228	\$ 11,666,499	\$ 11,281,558	\$ 10,811,220	\$ 10,371,050	\$ 9,777,725	\$ 9,155,120	\$ 8,098,678
TIF and other city taxes.....	23,139,723	20,058,183	19,052,501	18,747,034	18,863,375	17,161,601	16,642,895	15,030,854	13,786,896	11,397,440
Special assessments.....	19,383	55,906	71,790	280,101	227,302	123,848	431,610	1,239,963	1,126,217	882,838
Licenses and permits.....	669,766	592,207	549,717	674,089	576,401	412,577	451,523	474,595	604,110	730,436
Use of money and property.....	1,615,505	2,685,995	762,405	1,091,475	1,276,051	1,116,480	815,258	946,203	1,347,299	2,438,667
Intergovernmental.....	16,718,042	12,584,964	16,179,608	13,799,733	26,866,111	8,346,001	5,356,316	5,351,026	5,384,289	5,499,728
Charges for service.....	2,556,704	2,452,927	3,009,752	1,956,937	1,948,703	1,879,808	1,791,577	1,680,722	1,599,894	1,425,389
Miscellaneous.....	572,670	441,687	737,070	1,391,780	498,273	827,165	1,269,316	1,537,664	4,871,096	812,366
<b>Total Revenue.....</b>	<b>\$ 58,769,682</b>	<b>\$ 51,342,520</b>	<b>\$ 52,485,071</b>	<b>\$ 49,607,648</b>	<b>\$ 61,537,774</b>	<b>\$ 40,678,700</b>	<b>\$ 37,129,545</b>	<b>\$ 36,038,752</b>	<b>\$ 37,874,921</b>	<b>\$ 31,285,542</b>
<b>Expenditures</b>										
Operating										
Public safety.....	\$ 5,088,714	\$ 5,178,097	\$ 4,761,114	\$ 5,070,890	\$ 4,322,466	\$ 4,030,223	\$ 4,446,950	\$ 4,201,185	\$ 3,946,226	\$ 3,940,020
Public works.....	1,446,340	1,693,000	1,729,154	1,412,413	1,255,807	1,682,532	1,826,042	1,635,688	1,430,685	1,429,082
Health and social services.....	130,320	115,732	85,599	94,420	92,004	91,520	156,322	86,859	114,444	130,441
Culture and recreation.....	7,392,376	7,376,349	7,200,849	6,543,383	5,645,219	5,598,284	5,226,438	4,925,136	4,748,913	3,953,353
Community and economic development..	4,136,884	4,118,053	2,965,705	2,117,826	2,187,438	2,749,405	9,218,894	1,824,297	427,164	1,753,471
General government.....	2,856,759	3,178,173	2,756,732	2,570,471	2,599,830	2,662,316	2,129,519	1,852,344	1,852,670	1,546,342
Debt service.....	24,849,838	22,070,482	26,709,034	19,794,431	18,737,642	17,635,000	15,877,962	21,420,881	65,482,393	18,828,354
Capital projects.....	33,415,386	18,192,254	39,404,017	47,319,803	34,036,991	19,144,343	9,735,463	13,730,878	37,500,330	53,606,579
<b>Total Expenditures.....</b>	<b>\$ 79,316,617</b>	<b>\$ 61,922,140</b>	<b>\$ 85,612,204</b>	<b>\$ 84,923,637</b>	<b>\$ 68,877,397</b>	<b>\$ 53,593,623</b>	<b>\$ 48,617,590</b>	<b>\$ 49,677,268</b>	<b>\$ 115,502,825</b>	<b>\$ 85,187,642</b>

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Indirect			
Pass-Through Iowa Department of Agriculture Summer Food Service Program for Children	10.559		<u>\$ 12,369</u>
<b>U.S. Department of Commerce</b>			
Direct			
Economic Adjustment Assistance .....	11.307	05-79-04798	<u>403,552</u>
<b>U.S. Department of Transportation</b>			
Direct			
Federal Transit - Formula Grants .....	20.507		<u>413,088</u>
Bus and Bus Facilities Formula Program .....	20.526		<u>6,098,506</u>
<b>Total U.S. Department of Transportation</b>			<u><b>6,511,594</b></u>
<b>U.S. Environmental Protection Agency</b>			
Direct			
Brownfields Assessment and Cleanup Cooperative Agreements .....	66.818	BF 97740701-0	<u>57,182</u>
<b>U.S. Department of Homeland Security</b>			
Indirect			
Pass-Through Iowa Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) .....	97.036	Various	<u>231,365</u>
<b>Total Expenditures of Federal Awards.....</b>			<u><b>\$ 7,216,062</b></u>

## Basis of Presentation

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

## Subrecipients

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

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 3, 2015.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Coralville's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings and questioned costs as items 15-II-R-1, 15-II-R-2 and 15-II-R-3 to be material weaknesses.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City of Coralville's Response to Findings**

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

### **Purpose of This Report**

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
December 3, 2015

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

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

**Report on Compliance for the Major Federal Program**

We have audited the City of Coralville, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2015. The City of Coralville's major federal program is identified in Part I of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Opinion on the Major Federal Program**

In our opinion, the City of Coralville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

The management of the City of Coralville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Coralville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Coralville's internal control over compliance.

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

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

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
December 3, 2015

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

## Part I: Summary of Auditor's Results:

### Financial Statements

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted?  yes  no

### Federal Awards

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

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

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

Identification of major program:

#### **CFDA Numbers or Cluster**

#### **Name of Federal Program**

Transit Cluster  
20.507  
20.526

Federal Transit - Formula Grants  
Bus and Bus Facilities Formula Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

# Schedule of Findings and Questioned Costs

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Year Ended June 30, 2015

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

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

**Prior Year Finding and Recommendation** - The City does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with accounting principles generally accepted in the United States of America. As is inherent in many entities of this size, the City has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully prepare financial statements and the related disclosures. The potential effect of this material weakness is financial statements and related disclosures may not be prepared in accordance with generally accepted accounting principles. We recommend that management consider ways in which to add their knowledge of the requirements of generally accepted accounting principles through reading professional literature or attending education courses.

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

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

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

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

#### **15-II-R-2 Old Outstanding Checks**

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

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

## Schedule of Findings and Questioned Costs

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Year Ended June 30, 2015

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

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

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

**City's Response** - City staff appreciate the auditor's recommendations in connection with this finding. These recommendations were implemented during the summer of calendar year 2015 and are now in place. The City has complied fully with the State of Iowa's escheat law and forwarded all appropriate items to the Iowa Treasurer's office.

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

### 15-II-R-3 Accounts Receivable Management

**Finding** - The City has engaged Marriott Business Systems (MBS) to manage the food and beverage operations at Brown Deer Golf Club and to manage the Marriott Hotel owned by the City. MBS is responsible for billing customers for events held at the facilities and collection of the accounts receivable. During our audit, we found that MBS wrote off as uncollectible \$2,994 due from a local business for an event it held at the Club several months earlier. MBS did not consult with the City to obtain approval to write off the amount. If the City had been consulted, the City attorney may have been able to employ collection efforts in an attempt to collect the amount from the business.

The City does not have procedures in place to require that MBS obtain approval before writing off accounts receivable deemed uncollectible. Further, when MBS writes off bad debts, they are charged back against the revenue accounts rather than to a bad debt expense account. By doing so, the City is unable to monitor amounts being written off using the summary reports of revenue and expenses provided to it each month by MBS.

**Auditor's Recommendation** - We recommend that the City implement procedures requiring MBS to provide detailed monthly reports of overdue accounts receivable to the City. The City should then determine the best method to employ collection efforts. If those efforts are ultimately unsuccessful, the City finance officer should approve the accounts to be written off to bad debts. Further, MBS should be instructed to charge all bad debts to an expense account rather than as a charge against revenue accounts so that the monthly information provided to the City clearly reports the bad debts being written off.

**City's Recommendation** - City staff appreciate the auditor's recommendations in connection with this finding. These recommendations are currently in the process of being implemented, with an expected full implementation in January of 2016.

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

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

## Part III: Findings and Questioned Costs for Federal Awards:

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

There were no matters reported.

## Part IV: Findings Related to Statutory Reporting:

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

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

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

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

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

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

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

<b>Name, Title and Business Connection</b>	<b>Transaction Description</b>	<b>Amount</b>
Amy Barney, spouse of a City employee, owner of Barney's Duty Supply	Police supplies and flags	\$ 2,223

Chapter 362.5(3)(j) of the Code of Iowa requires that transactions with related parties greater than \$1,500 be competitively bid. The amount above is the total payments made to this business during the year ended June 30, 2015. None of the individual invoices were for goods or services over \$1,500.

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

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

- 15-IV-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 15-IV-G Revenue Bonds** - Except for failing to meet the debt service coverage ratio for storm water revenue bonds, the City has complied with the provisions of the revenue bond indentures and with the provisions of the tax increment revenue bond issues.
- 15-IV-H Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- 15-IV-I Financial Condition** - The funds listed below had deficit balances as of June 30, 2015 as noted:

Special Revenue	
Police Grants .....	\$ 31,448
Rental Properties .....	2,077
Capital Projects	
Iowa River Landing .....	3,081,024
Brownfields .....	123,471
Highway 6 Projects .....	782,952
1st Avenue Reconstruction .....	1,360,044
Oakdale Area.....	498,915
Coral Ridge Mall Area.....	435,669
North Fire Station.....	324,955
Recreation Improvements.....	920
Northridge Trails .....	171,374
12th Avenue Urban Renewal .....	507,861
North End Area Projects .....	64,263
Proprietary	
Storm Water .....	1,396,030

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

**City's Response** - The deficits will be eliminated as financing for projects, state and federal grants and tax revenue is received in fiscal year 2016 and future years.

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

- 15-II-J Urban Renewal Annual Report** - The urban renewal annual report was not properly approved and certified to the Iowa Department of Management on or before December 1.

**Auditor's Recommendation** - The City should implement procedures to ensure that the report is filed in a timely manner.

**City's Response** - We will file the report in a timely manner next year.

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