

**CITY OF CORALVILLE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

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# Officials

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## Elected Officials

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jim L. Fausett	Mayor	January 1, 2012
Thomas Gill	Council Member	January 1, 2014
William Hoeft	Council Member	January 1, 2014
John Lundell	Council Member	January 1, 2014
Mitch Gross	Council Member	January 1, 2012
John Weihe	Council Member	January 1, 2012

## Appointed Officials

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

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# HOGAN ♦ HANSEN

*A Professional Corporation*

Certified Public Accountants and Consultants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City of Coralville, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

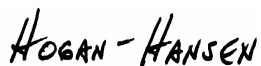
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, at June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2012 on our consideration of the City of Coralville, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and  
Members of the City Council  
City of Coralville, Iowa  
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Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress for the retiree health plan on pages 4 through 13 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville, Iowa's basic financial statements. We previously audited, in accordance with standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on the financial statements. Other supplementary information on pages 54 through 66, and the schedule of expenditures of federal awards on pages 67 and 68 required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



HOGAN - HANSEN

Waterloo, Iowa  
January 5, 2012

## 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, 2011.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Coralville exceeded its liabilities at June 30, 2011 and 2010, by \$118,860,626 and \$95,579,644 (as restated), respectively. Of this amount, \$8,046,013 and \$14,490,005, respectively, are unrestricted net assets which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$13,284,698, an increase of 12% as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,277,632, or 41%, of the 2011 total general fund expenditures. At June 30, 2010, unassigned general fund balance was \$4,886,942, or 37%, of the 2010 total general fund expenditures.
- Total governmental long-term debt decreased by approximately \$2.2 million during the current fiscal year. The City issued \$57.2 million of new debt and retired \$59.4 million of existing debt. The new debt was issued to refund existing debt and reduce future interest costs and to fund various projects within the City.
- The City's business-type activities issued the following debt to finance projects:

Water	\$ 1,530,000
Sewer	2,873,370
Iowa River Landing Parking	<u>1,375,000</u>
	<b><u>\$ 5,778,370</u></b>

Total business-type activity debt retired was approximately \$1.6 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 Assets and a Statement of Activities. These provide information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the 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 Assets and the Statement of Activities report two kinds of activities:

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

## **Fund Financial Statements**

The City has two kinds of funds:

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

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

2. Proprietary funds account for the City's Enterprise Funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Assets 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 assets, a statement of revenue, expenses and changes in net assets and a statement of cash flows.

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

### Statement of Net Assets

A condensed version of the Statement of Net Assets as of June 30, 2011 and 2010 follows.

	City of Coralville's Net Assets					
	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 43,445,947	\$ 9,443,316	\$ 52,889,263	\$ 41,618,510	\$ 8,572,876	\$ 50,191,386
Restricted assets	7,886,363	6,800,295	14,686,658	5,606,724	7,230,962	12,837,686
Capital assets	212,477,245	103,983,544	316,460,789	190,945,935	103,685,395	294,631,330
Other noncurrent assets	5,739,806	—	5,739,806	5,555,241	—	5,555,241
<b>Total Assets</b>	<b><u>\$ 269,549,361</u></b>	<b><u>\$ 120,227,155</u></b>	<b><u>\$ 389,776,516</u></b>	<b><u>\$ 243,726,410</u></b>	<b><u>\$ 119,489,233</u></b>	<b><u>\$ 363,215,643</u></b>
Current liabilities	\$ 55,851,626	\$ 6,306,970	\$ 62,158,596	\$ 64,275,505	\$ 5,597,751	\$ 69,873,256
Noncurrent liabilities	148,898,924	59,858,370	208,757,294	140,076,697	57,686,046	197,762,743
<b>Total Liabilities</b>	<b><u>\$ 204,750,550</u></b>	<b><u>\$ 66,165,340</u></b>	<b><u>\$ 270,915,890</u></b>	<b><u>\$ 204,352,202</u></b>	<b><u>\$ 63,283,797</u></b>	<b><u>\$ 267,635,999</u></b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 47,254,262	\$ 47,084,140	\$ 94,338,402	\$ 23,528,911	\$ 50,966,942	\$ 74,495,853
Restricted	15,977,714	498,497	16,476,211	5,970,904	622,882	6,593,786
Unrestricted	1,566,835	6,479,178	8,046,013	9,874,393	4,615,612	14,490,005
<b>Total Net Assets</b>	<b><u>\$ 64,798,811</u></b>	<b><u>\$ 54,061,815</u></b>	<b><u>\$ 118,860,626</u></b>	<b><u>\$ 39,374,208</u></b>	<b><u>\$ 56,205,436</u></b>	<b><u>\$ 95,579,644</u></b>

\$16.5 million of the City of Coralville's net assets (14%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets totaling \$8 million (7%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

## Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2011 and 2010 follows:

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

	2011			2010 (Restated)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenue						
Charges for services	\$ 3,506,494	\$ 22,299,204	\$ 25,805,698	\$ 3,285,151	\$ 21,359,987	\$ 24,645,138
Operating grants and contributions	2,313,749	705,571	3,019,320	2,497,433	549,083	3,046,516
Capital grants and contributions	23,589,915	—	23,589,915	9,774,989	1,520,773	11,295,762
Other General Revenue						
Property taxes	27,485,628	—	27,485,628	25,649,100	—	25,649,100
Other taxes	2,659,821	—	2,659,821	2,479,083	—	2,479,083
Other	715,042	120,697	835,739	859,223	301,740	1,160,963
Loss on sale of assets	(777,465)	13,135	(764,330)	—	—	—
Total Revenue	<u>59,493,184</u>	<u>23,138,607</u>	<u>82,631,791</u>	<u>44,544,979</u>	<u>23,731,583</u>	<u>68,276,562</u>
Expenses						
Public safety	4,463,478	—	4,463,478	4,263,901	—	4,263,901
Public works	1,391,231	—	1,391,231	1,824,970	—	1,824,970
Health and social services	92,004	—	92,004	91,520	—	91,520
Culture and recreation	6,519,232	—	6,519,232	6,331,764	—	6,331,764
Community and economic development	9,473,278	—	9,473,278	8,549,563	—	8,549,563
General government	2,671,452	—	2,671,452	2,669,462	—	2,669,462
Depreciation - unallocated	11,393	—	11,393	11,393	—	11,393
Interest on long-term debt	7,618,819	—	7,618,819	8,184,927	—	8,184,927
Hotel and conference center	—	17,142,519	17,142,519	—	16,819,867	16,819,867
Sewer	—	2,287,093	2,287,093	—	2,371,510	2,371,510
Golf	—	2,372,845	2,372,845	—	2,486,838	2,486,838
Water	—	1,638,882	1,638,882	—	1,586,470	1,586,470
Solid waste	—	825,886	825,886	—	758,628	758,628
Transit	—	1,731,888	1,731,888	—	1,608,954	1,608,954
Iowa River						
Landing parking	—	742,248	742,248	—	666,036	666,036
Total Expenses	<u>32,240,887</u>	<u>26,741,361</u>	<u>58,982,248</u>	<u>31,927,500</u>	<u>26,298,303</u>	<u>58,225,803</u>
Increase (Decrease) in Net Assets						
Before Transfers	27,252,297	(3,602,754)	23,649,543	12,617,479	(2,566,720)	10,050,759
Transfers	(1,827,694)	1,827,694	—	(1,923,064)	1,923,064	—
Increase (Decrease) in Net Assets	25,424,603	(1,775,060)	23,649,543	10,694,415	(643,656)	10,050,759
Beginning net assets (restated)	<u>39,374,208</u>	<u>55,836,875</u>	<u>95,211,083</u>	<u>28,679,793</u>	<u>56,480,531</u>	<u>85,160,324</u>
<b>Ending Net Assets</b>	<b><u>\$ 64,798,811</u></b>	<b><u>\$ 54,061,815</u></b>	<b><u>\$ 118,860,626</u></b>	<b><u>\$ 39,374,208</u></b>	<b><u>\$ 55,836,875</u></b>	<b><u>\$ 95,211,083</u></b>

## **Governmental Activities**

Total governmental activities' revenue was \$60,270,649 (before a loss on the sale of land) and \$44,544,979 for the years ended June 30, 2011 and 2010, respectively. The largest single revenue source for the City was property and other taxes of \$30,145,449 and \$28,128,183 recorded for the years ended June 30, 2011 and 2010, respectively, which includes property taxes paid in the Tax Increment Financing Areas of the City. The remaining revenue of the City comes from a Hotel/Motel tax, charges for services, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

## **Business-Type Activities**

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

## **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 \$13.3 million. A deficit of approximately \$5.6 million constitutes unassigned fund balance. This total deficit results primarily from capital project funds that currently have deficits which will be eliminated with state and federal grants and debt proceeds in future years. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service or for a variety of other restricted purposes which is primarily expendable trust and capital projects.

The General Fund is the chief operating fund of the City of Coralville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5.3 million, while total fund balance reached \$8.2 million. Unassigned fund balance represents 64% of total General Fund balance. The General Fund revenue decreased approximately \$96,000, or 0.8% over fiscal year 2010, while expenditures decreased approximately \$290,000, or 2%, over the prior year. Key factors in this decrease included a decrease in federal and state grant revenue and in community and economic development expenditures.

The Special Revenue - Mall/Highway 6 TIF Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects and other project costs. This fund ended 2011 with a fund balance of \$8.1 million compared to the prior year ending fund balance of \$7.7 million. The increase resulted from use of money and property.

The General Obligation Debt Service Fund accounts for general obligation debt issued and the subsequent principal and interest payments. Property taxes and transfer in from other funds are the primary sources of cash for this fund. The fund ended 2011 with a deficit balance of \$235,199 which is expected to be eliminated with future property taxes or transfers in from other funds. During 2011, approximately \$47.6 million of debt was refinanced in this fund which will reduce future interest costs.

The Capital Projects - Flood Mitigation Fund accounts for flood prevention and mitigation projects underway in the City, in response to the devastating floods which occurred in 2008. The fund ended 2011 with a \$2.7 million deficit fund balance compared to the prior year deficit fund balance of \$3.1 million. The decrease in the deficit is a result of grant funds received during the year. The deficit will be eliminated through future grant revenue and transfers from other funds.

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

### **Proprietary Fund Highlights**

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

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the hotel and conference center, sewer fund and golf 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 2011 with a net asset balance totaling \$16.5 million compared to the prior year ending net asset balance of \$18.7 million. The decrease was the result of a net loss of \$3.7 million which included \$2.9 million of depreciation expense.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2011 with a net asset balance of \$13.7 million compared to the prior year ending net asset balance of \$13.3 million.

The Golf Fund, which accounts for the operation and maintenance of the Brown Deer golf course, clubhouse and Divots restaurant ended 2011 with a net asset balance of \$2.9 million which was approximately the balance at the end of 2010.

### **BUDGETARY HIGHLIGHTS**

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

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2011 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 taxes	\$ 11,108,723	\$ 11,108,723	\$ 11,345,565	\$ —	\$ 11,345,565	\$ 236,842
Tax increment financing	16,428,456	16,428,456	16,837,562	—	16,837,562	409,106
Other city taxes	2,700,565	2,455,565	2,060,593	—	2,060,593	(394,972)
Licenses and permits	580,290	730,290	740,304	15,850	756,154	25,864
Use of money and property	8,357,953	8,357,953	1,277,236	7,543,194	8,820,430	462,477
Intergovernmental	44,062,765	25,092,450	27,142,892	1,980,641	29,123,533	4,031,083
Charges for services	9,091,541	8,861,851	1,217,705	7,530,607	8,748,312	(113,539)
Special assessments	112,500	157,500	228,174	—	228,174	70,674
Miscellaneous	7,777,103	7,833,403	1,211,113	7,898,119	9,109,232	1,275,829
<b>Total Receipts</b>	<b>100,219,896</b>	<b>81,026,191</b>	<b>62,061,144</b>	<b>24,968,411</b>	<b>87,029,555</b>	<b>6,003,364</b>
<b>Disbursements</b>						
Public safety	4,460,083	4,460,083	4,287,825	—	4,287,825	(172,258)
Public works	1,569,299	1,569,299	1,251,068	—	1,251,068	(318,231)
Health and social services	117,475	117,475	92,204	—	92,204	(25,271)
Culture and recreation	6,078,235	6,078,235	5,570,220	—	5,570,220	(508,015)
Community and economic development	3,147,141	3,697,141	4,070,429	—	4,070,429	373,288
General government	2,673,510	2,673,510	2,424,986	—	2,424,986	(248,524)
Debt service	35,016,172	68,521,323	71,860,044	—	71,860,044	3,338,721
Capital projects	42,566,538	27,156,412	33,893,432	—	33,893,432	6,737,020
Business-type activities	26,464,320	28,119,320	—	26,225,228	26,225,228	(1,894,092)
<b>Total Disbursements</b>	<b>122,092,773</b>	<b>142,392,798</b>	<b>123,450,208</b>	<b>26,225,228</b>	<b>149,675,436</b>	<b>7,282,638</b>
<b>Receipts Over (Under) Disbursements</b>	<b>(21,872,877)</b>	<b>(61,366,607)</b>	<b>(61,389,064)</b>	<b>(1,256,817)</b>	<b>(62,645,881)</b>	<b>(1,279,274)</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources	44,966,973	86,209,788	93,099,992	6,468,424	99,568,416	13,358,628
Other financing uses	(22,818,973)	(22,818,973)	(29,122,073)	(4,891,962)	(34,014,035)	(11,195,062)
<b>Total Other Financing Sources (Uses)</b>	<b>22,148,000</b>	<b>63,390,815</b>	<b>63,977,919</b>	<b>1,576,462</b>	<b>65,554,381</b>	<b>2,163,566</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>						
Balance - Beginning of Year	24,730,138	16,402,202	5,762,228	10,639,974	16,402,202	\$ 884,292
<b>Balance - End of Year</b>	<b>\$ 25,005,261</b>	<b>\$ 18,426,410</b>	<b>\$ 8,351,083</b>	<b>\$ 10,959,619</b>	<b>\$ 19,310,702</b>	

The fiscal year 2011 budget amendments resulted in an overall increase in total appropriations. The timing of improvements in the capital projects funds and debt refunding issues increased the fiscal year 2011 expenditures significantly.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

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

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 67,665,066	\$ 69,783,322	\$ 3,545,093	\$ 3,538,884	\$ 71,210,159	\$ 73,322,206
Land improvements	24,604,420	18,086,434	—	—	24,604,420	18,086,434
Buildings and improvements	20,437,010	21,210,179	83,756,929	86,348,242	104,193,939	107,558,421
Infrastructure	59,924,981	62,025,869	—	—	59,924,981	62,025,869
Machinery and equipment	6,213,487	6,597,217	11,242,965	13,180,910	17,456,452	19,778,127
Construction-in-progress	<u>33,632,281</u>	<u>13,242,914</u>	<u>5,438,557</u>	<u>617,359</u>	<u>39,070,838</u>	<u>13,860,273</u>
<b>Total</b>	<b><u>\$ 212,477,245</u></b>	<b><u>\$ 190,945,935</u></b>	<b><u>\$ 103,983,544</u></b>	<b><u>\$ 103,685,395</u></b>	<b><u>\$ 316,460,789</u></b>	<b><u>\$ 294,631,330</u></b>

### Long-Term Debt

The following summarizes maturities of principal and interest on bonded debt outstanding at June 30, 2011:

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		
2012	\$ 12,685,000	\$ 4,065,688	\$ 3,165,000	\$ 2,888,524	\$ 2,474,000	\$ 287,406	\$ 18,324,000	\$ 7,241,618
2013	9,052,874	3,626,360	3,315,000	2,738,870	1,053,000	204,462	13,420,874	6,569,692
2014	12,925,000	3,324,276	3,270,000	2,580,095	1,052,000	175,761	17,247,000	6,080,132
2015	8,270,000	2,961,654	3,345,000	2,424,207	544,000	149,903	12,159,000	5,535,764
2016	8,865,000	2,633,041	3,570,000	2,263,669	559,000	140,481	12,994,000	5,037,191
2017-2021	29,625,000	8,192,498	9,785,000	8,922,948	2,782,000	442,222	42,192,000	17,557,668
2022-2026	11,415,000	4,042,090	2,530,000	7,742,983	1,020,000	172,263	14,965,000	11,957,336
2027-2031	10,935,000	1,765,888	3,245,000	6,783,450	398,370	37,774	14,578,370	8,587,112
2032-2036	—	—	10,075,000	5,729,855	—	—	10,075,000	5,729,855
2037-2041	—	—	5,600,000	3,072,000	—	—	5,600,000	3,072,000
2042-2046	—	—	7,160,000	1,487,000	—	—	7,160,000	1,487,000
2047-2051	—	—	<u>1,655,000</u>	<u>82,747</u>	—	—	<u>1,655,000</u>	<u>82,747</u>
	103,772,874	30,611,495	56,715,000	46,716,348	9,882,370	1,610,272	170,370,244	78,938,115
Net unamortized bond premium (discount)	<u>2,615,418</u>	—	<u>403,847</u>	—	—	—	<u>3,019,265</u>	—
<b>Net</b>	<b><u>\$ 106,388,292</u></b>	<b><u>\$ 30,611,495</u></b>	<b><u>\$ 57,118,847</u></b>	<b><u>\$ 46,716,348</u></b>	<b><u>\$ 9,882,370</u></b>	<b><u>\$ 1,610,272</u></b>	<b><u>\$ 173,389,509</u></b>	<b><u>\$ 78,938,115</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 \$94.5 million.

The City of Coralville maintains an Aa2 rating from Moody's Investor Services and an AA- rating from Standard & Poors for general obligation debt.

For more information on the City's debt and amortization terms, please refer to page 35 of the Notes to the Financial Statements.

## **ECONOMIC FACTORS**

- Retail sales for the City of Coralville for calendar year 2010 were approximately \$696,000,000 compared to \$701,000,000 for 2009.
- The total value of building permits issued during calendar year 2011 was \$104,544,000. This compares with an amount of \$61,213,000 for 2010. This amount represents a 70% increase.

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

- Sewer, Solid Waste and Storm Water Management rates will remain the same for fiscal year 2012 as fiscal year 2011. Water rates will increase \$0.50 for the minimum fee and \$0.15 for each 100 cubic feet above the minimum usage amount.
- The City tax levy rate for fiscal year 2012 will be \$13.5277 which is the same as 2011 and includes a library levy for debt service of \$0.204.
- Property taxes provide about 56% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 4.75%, while taxable values have had an average annual growth rate of 5.08%.

## **FINANCIAL INFORMATION CONTACT**

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

## **Basic Financial Statements**

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# Statement of Net Assets

At June 30, 2011

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and pooled investments .....	\$ 4,580,685	\$ 100	\$ 4,580,785
Receivables			
Property Taxes			
Current year delinquent, net of allowance for uncollectible taxes.....	162,237	—	162,237
Succeeding year .....	28,380,632	—	28,380,632
Assets held by property manager .....	—	637,052	637,052
Customer accounts, net of allowance for uncollectible accounts .....	—	1,983,554	1,983,554
Insurance claim .....	—	270,472	270,472
Internal balances.....	—	4,062,904	4,062,904
Due from other governments .....	8,149,181	—	8,149,181
Special assessments .....	66,450	—	66,450
Other .....	1,436,379	—	1,436,379
Inventories and prepaids.....	670,383	2,489,234	3,159,617
<b>Total Current Assets</b> .....	<u><b>43,445,947</b></u>	<u><b>9,443,316</b></u>	<u><b>52,889,263</b></u>
 <b>Noncurrent Assets</b>			
<b>Restricted Assets</b>			
Cash and pooled investments.....	7,886,363	498,497	8,384,860
Beneficial interest in a trust.....	—	6,301,798	6,301,798
Loans, net of allowance for uncollectible amounts .....	5,545,404	—	5,545,404
Special assessments.....	194,402	—	194,402
Capital assets, net of accumulated depreciation .....	212,477,245	103,983,544	316,460,789
<b>Total Noncurrent Assets</b> .....	<u><b>226,103,414</b></u>	<u><b>110,783,839</b></u>	<u><b>336,887,253</b></u>
 <b>Total Assets</b> .....	 <u><b>\$ 269,549,361</b></u>	 <u><b>\$ 120,227,155</b></u>	 <u><b>\$ 389,776,516</b></u>

See accompanying notes to the financial statements.

	Governmental Activities	Business- Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainages payable .....	\$ 5,413,831	\$ 1,508,351	\$ 6,922,182
Accrued expenses .....	1,769,460	1,157,869	2,927,329
Due to other funds .....	3,769,242	293,662	4,062,904
Revenue bonds payable.....	—	1,975,503	1,975,503
General obligation bonds payable .....	12,865,000	—	12,865,000
Other loans payable .....	294,059	8,832	302,891
Capital leases .....	—	860,000	860,000
Deferred Revenue			
Succeeding year property taxes .....	28,380,632	—	28,380,632
Special assessments .....	194,402	—	194,402
Other .....	—	4,256	4,256
Current Liabilities Payable From Restricted Assets			
Tax increment financing bonds payable...	3,165,000	—	3,165,000
Revenue bonds payable .....	—	498,497	498,497
<b>Total Current Liabilities</b> .....	<b>55,851,626</b>	<b>6,306,970</b>	<b>62,158,596</b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable.....	—	7,408,370	7,408,370
General obligation bonds payable .....	93,523,292	—	93,523,292
Tax increment financing bonds payable .....	53,953,847	—	53,953,847
Other loans payable .....	1,421,785	124,856	1,546,641
Capital lease.....	—	52,325,144	52,325,144
<b>Total Noncurrent Liabilities</b> .....	<b>148,898,924</b>	<b>59,858,370</b>	<b>208,757,294</b>
<b>Total Liabilities</b> .....	<b>204,750,550</b>	<b>66,165,340</b>	<b>270,915,890</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	47,254,262	47,084,140	94,338,402
Restricted For			
Debt service .....	12,849,284	498,497	13,347,781
Expendable trust .....	362,698	—	362,698
Road use purposes.....	745,778	—	745,778
Employee benefits .....	12,430	—	12,430
Economic development.....	146,992	—	146,992
Special assessments .....	422,660	—	422,660
Capital projects .....	1,353,971	—	1,353,971
Other .....	83,901	—	83,901
Unrestricted .....	1,566,835	6,479,178	8,046,013
<b>Total Net Assets</b> .....	<b>64,798,811</b>	<b>54,061,815</b>	<b>118,860,626</b>
<b>Total Liabilities and Net Assets</b> .....	<b>\$ 269,549,361</b>	<b>\$ 120,227,155</b>	<b>\$ 389,776,516</b>

# Statement of Activities

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expenses), Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Public safety .....	\$ 4,463,478	\$ 38,876	\$ 461,316	\$ —	\$ (3,963,286)	\$ —	\$ (3,963,286)
Public works .....	1,391,231	4,800	1,690,892	—	304,461	—	304,461
Health and social services .....	92,004	—	—	—	(92,004)	—	(92,004)
Culture and recreation .....	6,519,232	1,339,521	169,913	—	(5,009,798)	—	(5,009,798)
Community and economic development .....	9,473,278	129,279	1,617	23,589,915	14,247,533	—	14,247,533
General government .....	2,671,452	865,106	(9,989)	—	(1,816,335)	—	(1,816,335)
Depreciation - unallocated .....	11,393	—	—	—	(11,393)	—	(11,393)
Interest on long-term debt .....	7,618,819	1,128,912	—	—	(6,489,907)	—	(6,489,907)
<b>Total Governmental Activities .....</b>	<b>32,240,887</b>	<b>3,506,494</b>	<b>2,313,749</b>	<b>23,589,915</b>	<b>(2,830,729)</b>	<b>—</b>	<b>(2,830,729)</b>
<b>Business-Type Activities</b>							
Hotel and conference center .....	17,142,519	13,378,487	—	—	—	(3,764,032)	(3,764,032)
Sewer .....	2,287,093	2,877,679	—	—	—	590,586	590,586
Golf .....	2,372,845	2,128,525	—	—	—	(244,320)	(244,320)
Water .....	1,638,882	1,934,741	—	—	—	295,859	295,859
Solid waste .....	825,886	951,334	—	—	—	125,448	125,448
Transit .....	1,731,888	509,975	705,571	—	—	(516,342)	(516,342)
Iowa River Landing parking .....	742,248	518,463	—	—	—	(223,785)	(223,785)
<b>Total Business-Type Activities .....</b>	<b>26,741,361</b>	<b>22,299,204</b>	<b>705,571</b>	<b>—</b>	<b>—</b>	<b>(3,736,586)</b>	<b>(3,736,586)</b>
<b>Total .....</b>	<b>\$ 58,982,248</b>	<b>\$ 25,805,698</b>	<b>\$ 3,019,320</b>	<b>\$ 23,589,915</b>	<b>(2,830,729)</b>	<b>(3,736,586)</b>	<b>(6,567,315)</b>
<b>General Revenue</b>							
Taxes							
Property taxes levied for general purposes .....					8,346,527	—	8,346,527
Property taxes levied for debt service .....					2,680,934	—	2,680,934
Tax increment financing taxes .....					16,458,167	—	16,458,167
Other taxes .....					2,659,821	—	2,659,821
Investment earnings .....					511,708	120,697	632,405
Miscellaneous .....					203,334	—	203,334
Loss on sale of assets .....					(777,465)	13,135	(764,330)
<b>Total General Revenue .....</b>					<b>30,083,026</b>	<b>133,832</b>	<b>30,216,858</b>
<b>Change in Net Assets Before Other Financing Sources (Uses) .....</b>					<b>27,252,297</b>	<b>(3,602,754)</b>	<b>23,649,543</b>
<b>Other Financing Sources (Uses)</b>							
Transfers .....					(1,827,694)	1,827,694	—
<b>Change in Net Assets .....</b>					<b>25,424,603</b>	<b>(1,775,060)</b>	<b>23,649,543</b>
Net Assets - Beginning of Year, as previously reported .....					39,374,208	56,205,436	95,579,644
Prior period adjustment - Note 19 .....					—	(368,561)	(368,561)
Net Assets - Beginning of Year, as Restated .....					39,374,208	55,836,875	95,211,083
<b>Net Assets - End of Year .....</b>					<b>\$ 64,798,811</b>	<b>\$ 54,061,815</b>	<b>\$ 118,860,626</b>

See accompanying notes to the financial statements.

# Balance Sheet - Governmental Funds

At June 30, 2011

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects		Other Governmental Funds	Total
				Flood Mitigation	Iowa River Landing		
<b>Assets</b>							
Cash and pooled investments .....	\$ 2,967,746	\$ —	\$ 649,901	\$ —	\$ —	\$ 963,038	\$ 4,580,685
Receivables							
Property Taxes							
Current year delinquent.....	39,304	67,035	15,946	—	—	39,952	162,237
Succeeding year .....	6,829,102	12,819,462	2,767,025	—	—	5,965,043	28,380,632
Loans .....	—	1,954,714	—	—	—	3,590,690	5,545,404
Due from other funds .....	3,772,352	—	—	—	1,357,919	892,756	6,023,027
Due from other governments .....	1,307,220	—	—	4,043,310	—	2,798,651	8,149,181
Other .....	86,379	—	—	—	1,350,000	—	1,436,379
Special assessments .....	—	—	—	—	—	260,852	260,852
Inventories and prepaids .....	655,833	—	—	—	—	14,550	670,383
Restricted Assets							
Cash and pooled investments.....	—	6,126,845	—	—	—	1,759,518	7,886,363
<b>Total Assets .....</b>	<b>\$ 15,657,936</b>	<b>\$ 20,968,056</b>	<b>\$ 3,432,872</b>	<b>\$ 4,043,310</b>	<b>\$ 2,707,919</b>	<b>\$ 16,285,050</b>	<b>\$ 63,095,143</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable .....	\$ 307,156	\$ 12,319	\$ 42,916	\$ 1,912,236	\$ 748,214	\$ 2,390,990	\$ 5,413,831
Accrued liabilities.....	158,344	—	—	—	—	165,000	323,344
Due to other funds.....	128,999	—	858,130	2,742,162	—	6,062,978	9,792,269
Deferred Revenue							
Succeeding years property taxes.....	6,829,102	12,819,462	2,767,025	—	—	5,965,043	28,380,632
Special assessments .....	—	—	—	—	—	194,402	194,402
Other .....	—	—	—	2,122,172	1,350,000	2,233,795	5,705,967
<b>Total Liabilities .....</b>	<b>7,423,601</b>	<b>12,831,781</b>	<b>3,668,071</b>	<b>6,776,570</b>	<b>2,098,214</b>	<b>17,012,208</b>	<b>49,810,445</b>
<b>Fund Balances</b>							
Nonspendable .....	655,833	—	—	—	—	14,550	670,383
Restricted							
Debt service .....	—	8,136,275	—	—	—	4,713,008	12,849,283
Expendable trust .....	—	—	—	—	—	362,698	362,698
Road use purposes.....	—	—	—	—	—	731,228	731,228
Employee benefits .....	—	—	—	—	—	12,430	12,430
Economic development.....	—	—	—	—	—	146,992	146,992
Special assessments .....	—	—	—	—	—	422,660	422,660
Capital projects .....	—	—	—	—	609,705	744,266	1,353,971
Other .....	—	—	—	—	—	83,901	83,901
Committed for capital asset acquisition .....	2,300,870	—	—	—	—	—	2,300,870
Unassigned.....	5,277,632	—	(235,199)	(2,733,260)	—	(7,958,891)	(5,649,718)
<b>Total Fund Balances .....</b>	<b>8,234,335</b>	<b>8,136,275</b>	<b>(235,199)</b>	<b>(2,733,260)</b>	<b>609,705</b>	<b>(727,158)</b>	<b>13,284,698</b>
<b>Total Liabilities and Fund Balances .....</b>	<b>\$ 15,657,936</b>	<b>\$ 20,968,056</b>	<b>\$ 3,432,872</b>	<b>\$ 4,043,310</b>	<b>\$ 2,707,919</b>	<b>\$ 16,285,050</b>	<b>\$ 63,095,143</b>

See accompanying notes to the financial statements.

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

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At June 30, 2011

<b>Total Fund Balances for Governmental Funds (Page 16).....</b>	<b>\$ 13,284,698</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Certain receivables are not available financial resources and, therefore, are not reported as assets in governmental funds .....	5,705,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds .....	212,477,245
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.....	(106,388,292)
Tax increment financing bonds payable.....	(57,118,847)
Other loans payable .....	(1,715,844)
Accrued interest payable.....	(760,836)
Compensated absences .....	<u>(685,280)</u>
<b>Net Assets of Governmental Activities (Page 14) .....</b>	<b><u>\$ 64,798,811</u></b>

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

Year Ended June 30, 2011

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects		Other Governmental Funds	Total
				Flood Mitigation	Iowa River Landing		
<b>Revenue</b>							
Property taxes .....	\$ 6,558,020	\$ —	\$ 2,680,934	\$ —	\$ —	\$ 2,042,604	\$ 11,281,558
TIF and other city taxes .....	2,405,208	13,309,852	—	—	—	3,148,315	18,863,375
Special assessments .....	—	—	—	—	—	227,302	227,302
Licenses and permits .....	576,401	—	—	—	—	—	576,401
Use of money and property .....	156,677	260,150	121,831	—	—	737,393	1,276,051
Intergovernmental .....	629,683	—	5,400	22,646,878	—	3,584,150	26,866,111
Charges for services .....	1,481,918	—	—	—	—	466,785	1,948,703
Miscellaneous .....	222,425	—	—	—	—	275,848	498,273
<b>Total Revenue .....</b>	<b>12,030,332</b>	<b>13,570,002</b>	<b>2,808,165</b>	<b>22,646,878</b>	<b>—</b>	<b>10,482,397</b>	<b>61,537,774</b>
<b>Expenditures</b>							
<b>Operating</b>							
Public safety .....	4,265,069	—	—	—	—	57,397	4,322,466
Public works .....	8,444	—	—	—	—	1,247,363	1,255,807
Health and social services .....	92,004	—	—	—	—	—	92,004
Culture and recreation .....	5,462,954	—	—	—	—	182,265	5,645,219
Community and economic development .....	527,502	1,044,867	—	—	—	615,069	2,187,438
General government .....	2,599,830	—	—	—	—	—	2,599,830
<b>Debt Service</b>							
Principal .....	—	2,526,842	7,575,562	—	—	425,000	10,527,404
Interest and other charges .....	—	2,166,091	5,567,816	—	—	476,331	8,210,238
Capital projects .....	—	—	—	22,237,467	6,987,987	5,094,005	34,319,459
<b>Total Expenditures .....</b>	<b>12,955,803</b>	<b>5,737,800</b>	<b>13,143,378</b>	<b>22,237,467</b>	<b>6,987,987</b>	<b>8,097,430</b>	<b>69,159,865</b>
<b>Revenue Over (Under) Expenditures .....</b>	<b>(925,471)</b>	<b>7,832,202</b>	<b>(10,335,213)</b>	<b>409,411</b>	<b>(6,987,987)</b>	<b>2,384,967</b>	<b>(7,622,091)</b>
<b>Other Financing Sources (Uses)</b>							
General obligation bond proceeds .....	—	—	6,962,874	—	—	—	6,962,874
Refunding bonds issued .....	—	—	47,555,000	—	—	—	47,555,000
Refunding bond principal payments .....	—	(940,000)	(47,555,000)	—	—	—	(48,495,000)
Premium on general obligation bonds issued .....	—	—	2,671,242	—	—	—	2,671,242
Proceeds from sale of assets .....	—	—	—	—	2,178,049	—	2,178,049
Transfers in .....	2,880,871	332,197	6,958,667	—	5,828,242	3,785,702	19,785,679
Transfers out .....	(1,245,938)	(6,774,156)	(7,089,957)	—	—	(6,503,322)	(21,613,373)
<b>Total Other Financing Sources (Uses) .....</b>	<b>1,634,933</b>	<b>(7,381,959)</b>	<b>9,502,826</b>	<b>—</b>	<b>8,006,291</b>	<b>(2,717,620)</b>	<b>9,044,471</b>
<b>Net Change in Fund Balance .....</b>	<b>709,462</b>	<b>450,243</b>	<b>(832,387)</b>	<b>409,411</b>	<b>1,018,304</b>	<b>(332,653)</b>	<b>1,422,380</b>
Fund Balance - Beginning of Year .....	7,524,873	7,686,032	597,188	(3,142,671)	(408,599)	(394,505)	11,862,318
<b>Fund Balance - End of Year .....</b>	<b>\$ 8,234,335</b>	<b>\$ 8,136,275</b>	<b>\$ (235,199)</b>	<b>\$ (2,733,260)</b>	<b>\$ 609,705</b>	<b>\$ (727,158)</b>	<b>\$ 13,284,698</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, 2011

**Changes in Fund Balances - Total Governmental Funds**  
**(Page 18)** ..... **\$ 1,422,380**

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

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

Capital outlay .....	\$ 30,612,229	
Depreciation expense .....	(4,785,639)	
Proceeds from sale of capital assets .....	(3,517,815)	
Loss on sale of capital assets .....	<u>(777,465)</u>	21,531,310

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

Long-term debt issued .....	\$ (57,189,116)	
Long-term debt principal repaid .....	59,542,982	
Amortization of discounts and premiums .....	(112,252)	
Decrease in accrued interest .....	<u>183,093</u>	2,424,707

Certain receivables are reported in the statement of activities net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds ..... 72,641

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 ..... (26,435)

**Change in Net Assets of Governmental Activities (Page 15)** **\$ 25,424,603**

## Statement of Net Assets - Proprietary Funds

At June 30, 2011

	Hotel and Conference Center	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and pooled investments	\$ —	\$ 50	\$ —	\$ 50	\$ 100
Receivables					
Assets held by property manager.....	529,262	—	107,790	—	637,052
Customer accounts .....	905,739	512,599	47,015	518,201	1,983,554
Insurance claim .....	—	270,472	—	—	270,472
Due from other funds.....	—	499,378	—	3,563,526	4,062,904
Inventories and prepaids.....	982,218	71,995	256,518	1,178,503	2,489,234
<b>Total Current Assets .....</b>	<b><u>2,417,219</u></b>	<b><u>1,354,494</u></b>	<b><u>411,323</u></b>	<b><u>5,260,280</u></b>	<b><u>9,443,316</u></b>
<b>Noncurrent Assets</b>					
Restricted Assets					
Cash and pooled investments	—	96,034	—	402,463	498,497
Beneficial interest in a trust ...	5,544,769	—	757,029	—	6,301,798
Capital assets (net of accumulated depreciation) ....	54,726,311	19,339,421	10,527,479	19,390,333	103,983,544
<b>Total Noncurrent Assets</b>	<b><u>60,271,080</u></b>	<b><u>19,435,455</u></b>	<b><u>11,284,508</u></b>	<b><u>19,792,796</u></b>	<b><u>110,783,839</u></b>
<b>Total Assets .....</b>	<b><u>\$ 62,688,299</u></b>	<b><u>\$ 20,789,949</u></b>	<b><u>\$ 11,695,831</u></b>	<b><u>\$ 25,053,076</u></b>	<b><u>\$ 120,227,155</u></b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable.....	\$ 463,565	\$ 565,507	\$ 142,094	\$ 337,185	\$ 1,508,351
Accrued liabilities and compensated absences .....	696,619	57,470	27,180	154,120	935,389
Due to other funds.....	37,475	—	256,187	—	293,662
Current maturities of long- term debt .....	685,000	804,000	183,832	1,670,000	3,342,832
Customer deposits .....	—	—	—	222,480	222,480
Deferred revenue .....	—	—	—	4,256	4,256
<b>Total Current Liabilities</b>	<b><u>1,882,659</u></b>	<b><u>1,426,977</u></b>	<b><u>609,293</u></b>	<b><u>2,388,041</u></b>	<b><u>6,306,970</u></b>
<b>Long-Term Debt .....</b>	<b><u>44,274,870</u></b>	<b><u>5,653,370</u></b>	<b><u>8,175,130</u></b>	<b><u>1,755,000</u></b>	<b><u>59,858,370</u></b>
<b>Total Liabilities .....</b>	<b><u>46,157,529</u></b>	<b><u>7,080,347</u></b>	<b><u>8,784,423</u></b>	<b><u>4,143,041</u></b>	<b><u>66,165,340</u></b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt.....	15,311,210	12,882,051	2,925,546	15,965,333	47,084,140
Restricted for debt service .....	—	96,034	—	402,463	498,497
Unrestricted.....	1,219,560	731,517	(14,138)	4,542,239	6,479,178
<b>Total Net Assets .....</b>	<b><u>16,530,770</u></b>	<b><u>13,709,602</u></b>	<b><u>2,911,408</u></b>	<b><u>20,910,035</u></b>	<b><u>54,061,815</u></b>
<b>Total Liabilities and Net Assets .....</b>	<b><u>\$ 62,688,299</u></b>	<b><u>\$ 20,789,949</u></b>	<b><u>\$ 11,695,831</u></b>	<b><u>\$ 25,053,076</u></b>	<b><u>\$ 120,227,155</u></b>

See accompanying notes to the financial statements.



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

Year Ended June 30, 2011

	Hotel and Conference Center	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Operating Revenue</b>					
Charges for sales and service	<u>\$ 13,378,487</u>	<u>\$ 2,877,679</u>	<u>\$ 2,128,525</u>	<u>\$ 3,914,513</u>	<u>\$ 22,299,204</u>
<b>Operating Expenses</b>					
Salaries and employee benefits	—	423,559	219,873	2,069,035	2,712,467
Contractual services.....	1,364,997	870,669	145,386	914,857	3,295,909
Commodities .....	10,652,590	64,182	1,348,396	873,260	12,938,428
Depreciation .....	<u>2,854,974</u>	<u>778,456</u>	<u>229,427</u>	<u>1,029,811</u>	<u>4,892,668</u>
<b>Total Operating Expenses</b>	<u><b>14,872,561</b></u>	<u><b>2,136,866</b></u>	<u><b>1,943,082</b></u>	<u><b>4,886,963</b></u>	<u><b>23,839,472</b></u>
<b>Operating Income (Loss).....</b>	<u><b>(1,494,074)</b></u>	<u><b>740,813</b></u>	<u><b>185,443</b></u>	<u><b>(972,450)</b></u>	<u><b>(1,540,268)</b></u>
<b>Nonoperating Revenue (Expenses)</b>					
Intergovernmental Revenue					
Federal .....	—	—	—	511,382	511,382
State .....	—	—	—	194,189	194,189
Gain (loss) on asset disposal	—	—	—	13,135	13,135
Interest revenue .....	—	8,911	250	—	9,161
Interest expense.....	(2,269,958)	(150,227)	(429,763)	(51,941)	(2,901,889)
Increase in beneficial interest in a trust.....	<u>94,777</u>	—	<u>16,759</u>	—	<u>111,536</u>
<b>Total Nonoperating Revenue (Expenses).....</b>	<u><b>(2,175,181)</b></u>	<u><b>(141,316)</b></u>	<u><b>(412,754)</b></u>	<u><b>666,765</b></u>	<u><b>(2,062,486)</b></u>
<b>Income (Loss) Before</b>					
<b>Transfers .....</b>	<u><b>(3,669,255)</b></u>	<u><b>599,497</b></u>	<u><b>(227,311)</b></u>	<u><b>(305,685)</b></u>	<u><b>(3,602,754)</b></u>
Transfers in .....	1,493,240	10,450	215,000	623,474	2,342,164
Transfers out.....	<u>(25,000)</u>	<u>(167,000)</u>	—	<u>(322,470)</u>	<u>(514,470)</u>
<b>Net Income (Loss).....</b>	<u><b>(2,201,015)</b></u>	<u><b>442,947</b></u>	<u><b>(12,311)</b></u>	<u><b>(4,681)</b></u>	<u><b>(1,775,060)</b></u>
Net Assets - Beginning of Year, as Previously Reported					
Prior period adjustment (Note 20).....	18,731,785	13,266,655	2,923,719	21,283,277	56,205,436
Net Assets - Beginning of Year, as Restated.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>(368,561)</u>	<u>(368,561)</u>
Net Assets - Beginning of Year, as Restated.....	<u>18,731,785</u>	<u>13,266,655</u>	<u>2,923,719</u>	<u>20,914,716</u>	<u>55,836,875</u>
<b>Net Assets - End of Year .....</b>	<u><b>\$ 16,530,770</b></u>	<u><b>\$ 13,709,602</b></u>	<u><b>\$ 2,911,408</b></u>	<u><b>\$ 20,910,035</b></u>	<u><b>\$ 54,061,815</b></u>

See accompanying notes to the financial statements.

# Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2011

	Hotel and Conference Center	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Cash Flows From Operating Activities</b>					
Receipts from customers.....	\$ 12,809,154	\$ 2,837,622	\$ 2,076,575	\$ 3,936,532	\$ 21,659,883
Payments to suppliers.....	(12,036,422)	(1,109,374)	(1,530,038)	(1,745,402)	(16,421,236)
Payments to employees.....	—	(407,187)	(256,896)	(2,044,001)	(2,708,084)
<b>Net Cash Provided by Operating Activities</b> .....	<b>772,732</b>	<b>1,321,061</b>	<b>289,641</b>	<b>147,129</b>	<b>2,530,563</b>
<b>Cash Flows From Noncapital Financing Activities</b>					
Noncapital federal and state grants.....	—	—	—	705,571	705,571
Other revenue.....	—	—	—	13,450	13,450
Net transfers.....	1,468,240	(156,550)	215,000	301,004	1,827,694
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b> .....	<b>1,468,240</b>	<b>(156,550)</b>	<b>215,000</b>	<b>1,020,025</b>	<b>2,546,715</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Increase in due from other governments.....	—	—	—	1,284,599	1,284,599
Increase (decrease) in due to other funds.....	37,475	—	(1,456)	—	36,019
Proceeds from debt.....	—	2,873,370	—	2,905,000	5,778,370
Net received from trust.....	341,547	—	76,271	—	417,818
Purchase of capital assets.....	(17,739)	(3,803,009)	(10,000)	(2,342,996)	(6,173,744)
Repayment of debt.....	(575,000)	(824,000)	(143,750)	(305,000)	(1,847,750)
Payment of debt issuance costs.....	—	—	—	(1,046,715)	(1,046,715)
Payment of interest.....	(2,332,788)	(210,148)	(425,956)	(74,823)	(3,043,715)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b> .....	<b>(2,546,505)</b>	<b>(1,963,787)</b>	<b>(504,891)</b>	<b>420,065</b>	<b>(4,595,118)</b>
<b>Cash Flows From Investing Activities</b>					
(Increase) decrease in due from other funds.....	—	505,086	—	(2,066,150)	(1,561,064)
Interest received.....	—	8,911	250	—	9,161
<b>Net Cash Provided by (Used in) Investing Activities</b> .....	<b>—</b>	<b>513,997</b>	<b>250</b>	<b>(2,066,150)</b>	<b>(1,551,903)</b>
<b>Net Decrease in Cash</b> .....	<b>(305,533)</b>	<b>(285,279)</b>	<b>—</b>	<b>(478,931)</b>	<b>(1,069,743)</b>
Cash and Pooled Investments at Beginning of Year.....	305,533	381,363	—	881,444	1,568,340
<b>Cash and Pooled Investments at End of Year</b> .....	<b>\$ —</b>	<b>\$ 96,084</b>	<b>\$ —</b>	<b>\$ 402,513</b>	<b>\$ 498,597</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating income (loss).....	\$ (1,494,074)	\$ 740,813	\$ 185,443	\$ (972,450)	\$ (1,540,268)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by Operating Activities					
Depreciation.....	2,854,974	778,456	229,427	1,029,811	4,892,668
Increase in receivables.....	(569,333)	(310,529)	(51,950)	(13,514)	(945,326)
(Increase) decrease in inventories and prepaids.....	39,087	(35,279)	2,446	77,893	84,147
Increase (decrease) in accounts and retainages payable.....	3,221	131,228	(38,702)	86,089	181,836
Increase (decrease) in accrued liabilities and compensated absences.....	(61,143)	16,372	(37,023)	25,034	(56,760)
Increase in customer deposits.....	—	—	—	35,533	35,533
Decrease in deferred revenue.....	—	—	—	(121,267)	(121,267)
<b>Net Cash Provided by Operating Activities</b> .....	<b>\$ 772,732</b>	<b>\$ 1,321,061</b>	<b>\$ 289,641</b>	<b>\$ 147,129</b>	<b>\$ 2,530,563</b>
<b>Schedule of Noncash Investing and Financing Activities</b>					
<b>Cash Paid for Capital Assets</b>					
Capital asset additions.....	\$ 17,739	\$ 4,038,444	\$ 10,000	\$ 1,124,949	\$ 5,191,132
Capitalized interest.....	—	(63,685)	—	(36,511)	(100,196)
Net change in accounts payable.....	—	(171,750)	—	1,254,558	1,082,808
<b>Cash Paid for Capital Assets</b> .....	<b>\$ 17,739</b>	<b>\$ 3,803,009</b>	<b>\$ 10,000</b>	<b>\$ 2,342,996</b>	<b>\$ 6,173,744</b>
<b>Gain on Asset Disposal</b>					
Cash received.....	\$ —	\$ —	\$ —	\$ —	\$ —
Book value of assets disposed.....	—	—	—	315	315
<b>Gain on Asset Disposal</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (315)</b>	<b>\$ (315)</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 and a municipal golf course and provides water, sewer and sanitation utilities.

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

### **Reporting Entity**

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

### **Excluded Component Unit**

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

### **Basis of Presentation**

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

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

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

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

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

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

### **Fund Financial Statements**

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

The City had the following major governmental funds:

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

The Mall/Highway 6 Tax Increment Financing Fund is a special revenue fund used to account for property taxes generated as a result of increased property values of property located in the City's 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 taxes levied for debt service.

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

The City had the following major enterprise funds:

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

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

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

### Description of Funds

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

#### **Governmental Fund Types**

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

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

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

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

#### **Proprietary Fund Type**

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

## (1) Summary of Significant Accounting Policies

### Measurement Focus and Basis of Accounting

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

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

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

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

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 assets 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.

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

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

# Notes to the Financial Statements

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

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

### **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Using prescribed procedures, the City amended its budget twice during the year ended June 30, 2011.

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

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

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

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. At June 30, 2011, disbursements exceeded the budgeted amounts in Community and Economic Development, Debt Service and Capital Projects functional areas.

### **Cash and Pooled Investments**

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

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.

### (1) Summary of Significant Accounting Policies

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

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

#### **Receivables and Payables**

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

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2009 assessed property valuations, is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2010.

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

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

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

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

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

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



# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### 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.

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

### Interest Capitalized

Construction period interest for business-type activities is capitalized. For projects paid for with taxable bonds, interest is capitalized at the amount of cash paid at the effective interest rate to the earlier of the date the asset is placed in service or year end. During the year ended June 30, 2011, \$15,300, \$63,685 and \$21,211 was capitalized to projects in the water, sewer and hotel parking enterprise funds, respectively.

### Capital Assets

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

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

<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

## (1) Summary of Significant Accounting Policies

### Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. In the government-wide and proprietary fund financial statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

### Deferred Revenue

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

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

### Long-Term Liabilities

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

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

### Fund Balance

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 Assets

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

### Estimates and Assumptions

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

## (2) Cash and Pooled Investments

The City's deposits at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

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

On June 30, 2011, the City had investments in the Iowa Public Agency Investment Trust which were valued at an amortized cost of \$4,723,812 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The City's cash and pooled investments at June 30, 2011 were as follows:

Cash accounts.....	\$ 6,363,340
Pooled cash investments - Iowa Public Agency Investment Trust .....	4,723,812
Certificates of deposit.....	<u>1,878,493</u>
<b>Total</b> .....	<b><u>\$ 12,965,645</u></b>

## (3) Loans Receivable

During the year ended June 30, 2002, the City made a \$504,000 forgivable economic development loan to a local business. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

## Notes to the Financial Statements

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### (3) Loans Receivable

During the year ended June 30, 2003, the City made forgivable economic development loans to two local businesses totaling \$828,000. The loans are forgivable upon the businesses meeting certain job creation goals. The loans bear interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loans were not in default.

During the year ended June 30, 2005, the City made a \$300,000 economic development loan to the Iowa City/Coralville Convention and Visitors Bureau. The loan includes interest at 5.5% with quarterly payments due through June 30, 2020. Payments made on the loan during 2011 included \$17,032 of principal and \$12,168 of interest. The unpaid balance at June 30, 2011 was \$210,514.

During the year ended June 30, 2005, the City made a forgivable economic development loan to a local business totaling \$1,100,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2006, the City made a \$576,190 forgivable economic development loan to a local business. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2007, the City made a forgivable economic development loan to a local business totaling \$450,200. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2008, the City made a forgivable economic development loan to a local business totaling \$210,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$150,000. The loan is forgivable upon the business meeting certain job retention goals. The total loan amount available is \$900,000. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$200,000. The loan is forgivable upon the business meeting certain job creation goals. The loan bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2009, the City made a forgivable economic development loan to a local business totaling \$957,500. The loan is forgivable upon the business meeting minimum property assessments. The total loan is for \$1,200,000 and bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2011, the City made a forgivable economic development loan to a local business totaling \$194,000. The loan is forgivable upon the business meeting minimum property assessments. The total bears interest at 6%, which is also forgivable. At June 30, 2011, no amounts of principal and interest had been received or forgiven and the loan was not in default.

## Notes to the Financial Statements

### (4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2011 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
General Fund.....	\$ 3,772,352	\$ 128,999
Special Revenue Funds		
12th Avenue TIF .....	—	46,919
Police Grants .....	—	21,142
Economic Development .....	146,992	—
Debt Service Funds		
General Obligation Bonds .....	—	858,130
Capital Projects Funds		
Flood Mitigation.....	—	2,742,162
Street Projects .....	—	75,812
Iowa River Landing .....	1,357,919	—
Brownfields .....	—	16,555
Intermodal Facility .....	—	171,313
Highway 6 Projects .....	—	716,541
Oakdale Boulevard Project .....	16,685	—
Cardinal Road Project.....	15,916	—
1st Avenue Reconstruction .....	—	1,743,426
Oakdale Area .....	—	302,915
James Street Area .....	3,160	—
Coral Ridge Mall Area.....	318,183	—
Transit/Parks Facility.....	—	947,747
Library Expansion .....	—	93,349
North Fire Station.....	—	2,400
Recreation Improvements.....	—	235,633
Northridge Trails .....	—	149,016
12th Avenue Urban Renewal .....	—	78,576
Theatre/Village Project.....	—	366,925
Land Use Project .....	—	109,212
North End Area Projects .....	—	250,000
FEMA/Edgewater Buyouts.....	—	734,632
CDBG Flood Related .....	—	865
Storm Water Projects.....	391,820	—
Enterprise Funds		
Hotel.....	—	37,475
Sewer .....	499,378	—
Brown Deer Golf Course.....	—	256,187
Water .....	2,090,970	—
Solid Waste.....	135,864	—
Transit.....	1,067,251	—
Iowa River Landing Parking .....	269,441	—
	<b><u>\$ 10,085,931</u></b>	<b><u>\$ 10,085,931</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.

## Notes to the Financial Statements

### (5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 69,783,322	\$ 2,177,024	\$ 4,295,280	\$ 67,665,066
Construction in progress .....	<u>13,242,914</u>	<u>28,167,701</u>	<u>7,778,334</u>	<u>33,632,281</u>
Total Capital Assets Not Being Depreciated.....	<u>83,026,236</u>	<u>30,344,725</u>	<u>12,073,614</u>	<u>101,297,347</u>
Capital Assets Being Depreciated				
Land improvements.....	19,468,359	7,004,141	—	26,472,500
Buildings and improvements .....	27,441,462	—	—	27,441,462
Furniture and equipment .....	11,601,057	206,003	—	11,807,060
Vehicles .....	1,479,535	61,500	—	1,541,035
Road network .....	80,751,611	774,194	—	81,525,805
Bridge network.....	5,101,681	—	—	5,101,681
Parking ramps .....	<u>5,522,881</u>	<u>—</u>	<u>—</u>	<u>5,522,881</u>
Total Capital Assets Being Depreciated	<u>151,366,586</u>	<u>8,045,838</u>	<u>—</u>	<u>159,412,424</u>
Less Accumulated Depreciation for				
Land improvements.....	1,381,925	486,155	—	1,868,080
Buildings and improvements .....	6,231,283	773,169	—	7,004,452
Furniture and equipment .....	5,571,512	508,949	—	6,080,461
Vehicles .....	911,863	142,284	—	1,054,147
Road network .....	28,092,636	2,662,590	—	30,755,226
Bridge network.....	871,065	102,034	—	973,099
Parking ramps .....	<u>386,603</u>	<u>110,458</u>	<u>—</u>	<u>497,061</u>
Total Accumulated Depreciation.....	<u>43,446,887</u>	<u>4,785,639</u>	<u>—</u>	<u>48,232,526</u>
Net Capital Assets Being Depreciated....	<u>107,919,699</u>	<u>3,260,199</u>	<u>—</u>	<u>111,179,898</u>
<b>Net Governmental Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 190,945,935</u></b>	<b><u>\$ 33,604,924</u></b>	<b><u>\$ 12,073,614</u></b>	<b><u>\$ 212,477,245</u></b>
<b>Business-Type Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 3,545,093	\$ —	\$ —	\$ 3,545,093
Construction in progress .....	<u>617,359</u>	<u>4,821,198</u>	<u>—</u>	<u>5,438,557</u>
Total Capital Assets Not Being Depreciated.....	<u>4,162,452</u>	<u>4,821,198</u>	<u>—</u>	<u>8,983,650</u>
Capital Assets Being Depreciated				
Buildings and improvements .....	104,298,725	—	—	104,298,725
Furniture and equipment .....	26,968,968	329,780	—	27,298,748
Vehicles .....	686,954	40,154	27,166	699,942
Total Capital Assets Being Depreciated	<u>131,954,647</u>	<u>369,934</u>	<u>27,166</u>	<u>132,297,415</u>
Less Accumulated Depreciation for				
Buildings and improvements .....	17,956,692	2,586,104	—	20,542,796
Furniture and equipment .....	14,245,940	2,248,111	—	16,494,051
Vehicles .....	<u>229,072</u>	<u>58,453</u>	<u>26,851</u>	<u>260,674</u>
Total Accumulated Depreciation.....	<u>32,431,704</u>	<u>4,892,668</u>	<u>26,851</u>	<u>37,297,521</u>
Net Capital Assets Being Depreciated....	<u>99,522,943</u>	<u>(4,522,734)</u>	<u>(315)</u>	<u>94,999,894</u>
<b>Net Business-Type Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 103,685,395</u></b>	<b><u>\$ 298,464</u></b>	<b><u>\$ (315)</u></b>	<b><u>\$ 103,983,544</u></b>

## Notes to the Financial Statements

### (5) Capital Assets

Depreciation expense was charged by the City as follows for the year ended June 30, 2011:

Governmental Activities	
Public safety .....	\$ 297,948
Public works .....	134,599
Culture and recreation.....	848,741
Community and economic development .....	3,365,702
General government .....	<u>127,256</u>
	4,774,246
Unallocated depreciation.....	<u>11,393</u>
<b>Total Governmental Activities Depreciation Expense .....</b>	<b><u>\$ 4,785,639</u></b>
Business-Type Activities	
Hotel and conference center .....	\$ 2,854,974
Sewer .....	778,456
Golf.....	229,427
Water.....	415,232
Solid waste.....	95,251
Transit .....	239,727
Hotel parking.....	<u>279,601</u>
<b>Total Business-Type Activities Depreciation Expense .....</b>	<b><u>\$ 4,892,668</u></b>

### (6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2011:

	Balance - Beginning of Year	Additions	Retirements	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
<b>Governmental Activities</b>						
General obligation						
bonds .....	\$ 104,357,489	\$ 57,189,116	\$ 55,158,313	\$ 106,388,292	\$ 12,865,000	1.10%-6.10%
Tax increment						
revenue bonds .....	60,957,786	—	3,838,939	57,118,847	3,165,000	3.00%-6.00%
Other long-term debt	2,101,749	—	385,905	1,715,844	294,059	0.00%-7.00%
Compensated						
absences.....	<u>658,845</u>	<u>685,280</u>	<u>658,845</u>	<u>685,280</u>	<u>685,280</u>	N/A
<b>Totals.....</b>	<b><u>\$ 168,075,869</u></b>	<b><u>\$ 57,874,396</u></b>	<b><u>\$ 60,042,002</u></b>	<b><u>\$ 165,908,263</u></b>	<b><u>\$ 17,009,339</u></b>	
<b>Business-Type Activities</b>						
Revenue bonds.....	\$ 4,943,000	\$ 5,778,370	\$ 839,000	\$ 9,882,370	\$ 2,474,000	2.00%-5.25%
Capital leases.....	53,951,096	—	765,952	53,185,144	860,000	4.00%-5.25%
Other long-term debt	142,437	—	8,749	133,688	8,832	4.00%
Compensated						
absences.....	<u>132,220</u>	<u>158,164</u>	<u>132,220</u>	<u>158,164</u>	<u>158,164</u>	N/A
<b>Totals.....</b>	<b><u>\$ 59,168,753</u></b>	<b><u>\$ 5,936,534</u></b>	<b><u>\$ 1,745,921</u></b>	<b><u>\$ 63,359,366</u></b>	<b><u>\$ 3,500,996</u></b>	

# Notes to the Financial Statements

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## (6) Long-Term Debt

### Governmental Activities

#### **General Obligation Bonds**

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

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

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

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

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

#### **Land Purchase Contracts**

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

During the year ended June 30, 2011, \$56,842 of principal and \$2,845 of interest was paid.

At June 30, 2011, annual maturities of the land purchase contract are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012 .....	<u>\$ 9,778</u>	<u>\$ 86</u>	<u>\$ 9,864</u>



## Notes to the Financial Statements

### (6) Long-Term Debt

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

During the year ended June 30, 2011, \$80,563 of principal and \$44,631 of interest was paid.

At June 30, 2011, annual maturities of the land purchase contract are as follows:

Year Ending June 30,	Principal	Interest	Total
2012 .....	\$ 84,282	\$ 40,912	\$ 125,194
2013 .....	89,926	35,268	125,194
2014 .....	95,948	29,246	125,194
2015 .....	102,374	22,820	125,194
2016 .....	109,231	15,963	125,194
2017-2021 .....	124,306	1,822	126,128
<b>Total</b> .....	<b><u>\$ 606,067</u></b>	<b><u>\$ 146,031</u></b>	<b><u>\$ 752,098</u></b>

During the year ended June 30, 2010, the City purchased property on First Avenue for future flood prevention and mitigation for a total of \$1.2 million. The purchase was financed by a land purchase contract with the former owner which included a \$200,000 payment at closing and requires annual payments of \$200,000 on July 1, 2011 through 2015. There agreement does not include any interest.

At June 30, 2011, annual maturities of the land purchase contract are as follows:

Year Ending June 30,	Principal	Interest	Total
2012 .....	\$ 200,000	\$ —	\$ 200,000
2013 .....	200,000	—	200,000
2014 .....	200,000	—	200,000
2015 .....	200,000	—	200,000
2016 .....	200,000	—	200,000
<b>Total</b> .....	<b><u>\$ 1,000,000</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 1,000,000</u></b>

#### ***Forgivable Loans***

During the year ended June 30, 2002, the City obtained a ten-year, \$248,500 forgivable loan through the Iowa Department of Economic Development for Brownfields Redevelopment. The loan is noninterest bearing and no principal is due through the year ended June 30, 2010. The loan will then be forgiven based upon a formula using the increase in taxable property valuation for the redevelopment area. The loan was forgiven in 2011. During the year ended June 30, 2005, the City entered into another loan for \$100,000 for similar terms, with no payments due through June 30, 2011.

#### ***Advance Refunding of Debt***

During the year ended June 30, 2011, the City advance refunded \$12,750,000 of outstanding debt by issuing new debt at a lower interest rate. The proceeds of the new debt issue were placed in an escrow account which will pay the principal and interest on the old debt until it can be called for total repayment. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt was approximately \$175,000. The economic gain resulting from the transaction was approximately \$135,000.

### (6) Long-Term Debt

#### Business-Type Activities

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

The City has entered into a borrowing arrangement for sewer plant improvements for up to \$3,411,000. At June 30, 2011, the City had drawn down approximately \$2,868,000 on this loan. The City has also entered into a borrowing arrangement for the construction of a parking ramp in the Iowa River Landing area for up to \$22 million. At June 30, 2011, the City had drawn down \$1,375,000 on this loan.

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

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2014. Net revenue is required to be at least 125% of the debt service coming due in the next year. The total principal and interest remaining to be paid on the notes is \$2,306,475. For the current year, principal and interest due in the next year and total customer net revenue was \$307,475 and \$755,994, 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 \$7,710,431. For the current year, principal and interest paid and total customer net revenue was \$1,059,785 and \$1,519,268, 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, 2011, principal and interest paid totaled \$135,000 and \$407,675, respectively.

## Notes to the Financial Statements

### (6) Long-Term Debt

At June 30, 2011, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2012 .....	\$ 577,276
2013 .....	575,276
2014 .....	577,850
2015 .....	579,776
2016 .....	586,026
2017-2021 .....	2,955,102
2022-2026 .....	3,017,914
2027-2031 .....	3,113,630
2032-2036 .....	<u>2,567,750</u>
Total Minimum Lease Payments .....	14,550,600
Less: Amount representing interest .....	(6,220,601)
Original issue discount .....	<u>(104,725)</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 8,225,274</u></b>

#### Hotel and Conference Center

The City entered into various agreements to construct an upscale hotel and conference center. The hotel is being operated under a qualified management agreement by the Marriott hotel chain. To finance the construction, the City entered into an agreement to lease land it owns to Bankers Trust Company, NA (Bankers) as trustee, and in turn lease that land back from Bankers for approximately 99 years for the total lease payment of \$1. The City and Bankers further entered into a lease purchase 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, 2011, principal paid totaled \$575,000 and interest expense totaled \$2,330,288.

At June 30, 2011, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2012 .....	\$ 2,986,537
2013 .....	3,067,287
2014 .....	3,152,287
2015 .....	3,216,037
2016 .....	3,286,700
2017-2021 .....	17,557,739
2022-2026 .....	<u>37,032,999</u>
Total Minimum Lease Payments .....	70,299,586
Less amount representing interest .....	(26,274,096)
Plus original issue premium .....	<u>934,380</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 44,959,870</u></b>

## Notes to the Financial Statements

### (6) Long-Term Debt

#### Other Long-Term Debt

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

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

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

At June 30, 2011, annual maturities of the SBA loans are as follows:

Year Ending June 30,	SBA Loans	
	Principal	Interest
2012 .....	\$ 8,832	\$ 5,364
2013 .....	9,192	5,004
2014 .....	9,567	4,629
2015 .....	9,957	4,239
2016 .....	10,362	3,834
2017-2021 .....	58,498	12,482
2022-2026 .....	27,280	1,561
<b>Total</b> .....	<b>\$ 133,688</b>	<b>\$ 37,113</b>

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds at June 30, 2011 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		
2012 .....	\$ 12,685,000	\$ 4,065,688	\$ 3,165,000	\$ 2,888,524	\$ 2,474,000	\$ 287,406	\$ 18,324,000	\$ 7,241,618
2013 .....	9,052,874	3,626,360	3,315,000	2,738,870	1,053,000	204,462	13,420,874	6,569,692
2014 .....	12,925,000	3,324,276	3,270,000	2,580,095	1,052,000	175,761	17,247,000	6,080,132
2015 .....	8,270,000	2,961,654	3,345,000	2,424,207	544,000	149,903	12,159,000	5,535,764
2016 .....	8,865,000	2,633,041	3,570,000	2,263,669	559,000	140,481	12,994,000	5,037,191
2017-2021 .....	29,625,000	8,192,498	9,785,000	8,922,948	2,782,000	442,222	42,192,000	17,557,668
2022-2026 .....	11,415,000	4,042,090	2,530,000	7,742,983	1,020,000	172,263	14,965,000	11,957,336
2027-2031 .....	10,935,000	1,765,888	3,245,000	6,783,450	398,370	37,774	14,578,370	8,587,112
2032-2036 .....	—	—	10,075,000	5,729,855	—	—	10,075,000	5,729,855
2037-2041 .....	—	—	5,600,000	3,072,000	—	—	5,600,000	3,072,000
2042-2046 .....	—	—	7,160,000	1,487,000	—	—	7,160,000	1,487,000
2047-2051 .....	—	—	1,655,000	82,747	—	—	1,655,000	82,747
	103,772,874	30,611,495	56,715,000	46,716,348	9,882,370	1,610,272	170,370,244	78,938,115
Net unamortized bond premium (discount)	2,615,418	—	403,847	—	—	—	3,019,265	—
<b>Net .....</b>	<b>\$ 106,388,292</b>	<b>\$ 30,611,495</b>	<b>\$ 57,118,847</b>	<b>\$ 46,716,348</b>	<b>\$ 9,882,370</b>	<b>\$ 1,610,272</b>	<b>\$ 173,389,509</b>	<b>\$ 78,938,115</b>

## Notes to the Financial Statements

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### (6) Long-Term Debt

Interest expense and other charges recorded in governmental fund types totaled \$8.2 million for the year ended June 30, 2011. Interest expense recorded in proprietary fund types totaled \$2.9 million.

#### Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. At June 30, 2011, the City was in compliance with these covenants, in all material respects.

### (7) Retirement System

#### Iowa Public Retirement System

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

Contribution requirements are established by State statute and may be amended by the State of Iowa legislature with the consent of the governor. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$639,649, \$578,085 and \$527,213, respectively, and were equal to the required contributions for each year.

Contribution rates were as follows:

	<u>Police</u>		<u>All Other Employees</u>	
	<u>Employee Contribution</u>	<u>City Contribution</u>	<u>Employee Contribution</u>	<u>City Contribution</u>
2009	5.63%	8.45%	4.30%	6.65%
2010	6.14	9.20	4.50	6.95
2011	6.64	9.95	4.50	6.95

### (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.

## Notes to the Financial Statements

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

#### Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 128 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

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

#### Funding Policy

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

#### Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution.....	\$ 49,133
Interest on net OPEB obligation .....	3,123
Adjustment to annual required contribution .....	<u>(4,030)</u>
Annual OPEB Cost .....	48,226
Contributions made .....	<u>(14,204)</u>
Increase in Net OPEB Obligation.....	34,022
Net OPEB Obligation - Beginning of Year .....	<u>65,484</u>
Net OPEB Obligation - End of Year.....	<u><b>\$ 99,506</b></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, 2011.

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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 48,226	29.4%	\$ 99,506
2010	44,759	31.7	65,484
2009	49,133	28.0	34,929

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

#### **Funded Status and Funding Progress**

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$319,122 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$319,122. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8 million and the ratio of the UAAL to covered payroll was 3.9%. As of June 30, 2011, there were no trust fund assets.

#### **Actuarial Methods and Assumptions**

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

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

As of the July 1, 2008 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate.

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

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

## Notes to the Financial Statements

### (9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer From	Amount
General	Special Revenue	
	Mall/Highway 6 TIF	\$ 449,676
	Nonmajor Governmental Funds	2,242,895
	Capital Projects	
	Nonmajor Governmental Funds	51,800
	Proprietary	
	Hotel and Conference Center	25,000
	Sewer	47,000
	Nonmajor Proprietary Funds	64,500
		<u>2,880,871</u>
Mall/Highway 6 TIF	Special Revenue	
	Nonmajor Governmental Funds	294,221
	General Obligation Debt Service	37,976
	<u>332,197</u>	
General Obligation Debt Service	General	506,340
	Special Revenue	
	Mall/Highway 6 TIF	3,667,559
	Nonmajor Governmental Funds	2,784,768
	<u>6,958,667</u>	
Iowa River Landing	General Obligation Debt Service	5,747,896
	Capital Projects	
	Nonmajor Governmental Funds	80,346
	<u>5,828,242</u>	
Nonmajor Special Revenue	General	38,112
	Special Revenue	
	Mall/Highway 6 TIF	1,163,681
	Nonmajor Governmental Funds	505,843
	<u>1,707,636</u>	
Nonmajor Capital Projects	General	80,000
	General Obligation Debt Service	1,147,874
	Special Revenue	
	Nonmajor Governmental Funds	333,663
	Capital Projects	
	Nonmajor Governmental Funds	138,559
	Proprietary Funds	
	Sewer	120,000
Nonmajor Proprietary Funds	257,970	
	<u>2,078,066</u>	
Hotel and Conference Center	Special Revenue	
	Mall/Highway 6 TIF	1,493,240
Sewer	Capital Projects	
	Nonmajor Governmental Funds	10,450
Golf	General Fund	80,000
	General Obligation Debt Service	135,000
	<u>215,000</u>	
Nonmajor Proprietary		
Water	Capital Projects	
	Nonmajor Governmental Funds	19,800
Transit	General Fund	541,486
Iowa River Landing Parking	General Obligation Debt Service	21,211
	Special Revenue	
	Nonmajor Governmental Funds	40,977
	<u>623,474</u>	
<b>Total</b>		<b><u>\$ 22,127,843</u></b>

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



## Notes to the Financial Statements

### (10) Deficit Balances

The following individual funds had a deficit at June 30, 2011:

Special Revenue	
Police Grants .....	\$ 21,142
Rental Properties .....	5,174
Debt Service	
General Obligation .....	235,199
Capital Projects	
Flood Mitigation.....	2,733,260
Street Projects .....	76,602
Brownfields .....	67,070
Intermodal Facility.....	171,313
Highway 6 Projects .....	2,450,288
1st Avenue Reconstruction .....	1,749,387
Oakdale Area .....	302,915
Transit/Parks Facility.....	1,075,322
Library Expansion .....	93,349
North Fire Station.....	2,400
Recreation Improvements.....	237,105
Northridge Trails .....	156,960
12th Avenue Urban Renewal .....	78,606
Theatre/Village Project.....	377,485
Land Use Project .....	110,036
North End Area Projects .....	250,000
FEMA Edgewater Buyouts.....	732,872
CDBG Flood Related .....	865

### (11) Operating Lease

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

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

<b>Year Ending June 30,</b>	
2012.....	\$ 52,390
2013.....	42,600
2014.....	95,000
<b>Total Future Minimum Lease Payments.....</b>	<b><u>\$ 189,990</u></b>

### **(12) Commitments**

#### **Construction**

The City is involved in construction of capital assets, including flood mitigation, streets and streetscape improvements, a parking ramp, 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. At June 30, 2011, the City was committed to approximately \$48.2 million of construction contracts.

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

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

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

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

During 2005, the City became a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2011, the City made payments of approximately \$500,000 to the risk pool.

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

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the City's financial statements. As of June 30, 2011, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2011 were approximately \$160,000.

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.

## Notes to the Financial Statements

### (15) Subsequent Events

Management has evaluated subsequent events through January 5, 2012, the date which the financial statements were available to be issued.

Subsequent events included the following:

#### Debt

The City Council has taken action to issue approximately \$64 million of debt to refinance existing debt issues, for improvement projects, land purchases, equipment purchases, economic development grants and to purchase the new Coralville Performing Arts Center.

#### Projects

The City entered into several new agreements with consultants, engineers and construction companies for various capital projects totaling approximately \$19 million.

#### Land and Equipment

The City approved the purchase of land and a fire truck totaling approximately \$5 million.

#### Forgivable Loans and Grants

The City approved economic development forgivable loans and grants totaling \$10 million.

### (16) Contingencies

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

### (17) Reclassification of Beginning Governmental Fund Balances

During 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This standard resulted in changes in how the compositions of fund balances are reported. In addition, the standard resulted in the reclassification of two of the City's funds. The CEBA Fund was previously reported as an agency fund and the Special Assessments Fund was reported as a debt service fund. With the adoption of GASB 54, both funds were reclassified and now reported as part of the nonmajor special revenue funds as outlined below.

	<u>Nonmajor Debt Service Special Assessments</u>	<u>Agency CEBA</u>	<u>Nonmajor Special Revenue</u>		<u>Total</u>
			<u>Special Assessments</u>	<u>CEBA</u>	
Fund Balance - Beginning of Year, as previously reported .....	\$ 586,418	\$ —	\$ —	\$ —	\$ 586,418
Reclassification.....	<u>(586,418)</u>	<u>—</u>	<u>586,418</u>	<u>—</u>	<u>—</u>
<b>Fund Balance - Beginning of Year, as Reclassified .....</b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 586,418</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 586,418</u></b>

## Notes to the Financial Statements

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### **(18) Insurance Recovery**

The City has accrued as receivable \$270,472 in the sewer enterprise fund in connection with an insurance claim for damages done by an explosion at the sanitary sewer plant. The proceeds are being used to offset the costs of repairing the damaged building and equipment.

### **(19) 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. The total amount issued during the year was approximately \$26 million of which, virtually all was outstanding at June 30, 2011.

### **(20) Prior Period Adjustment**

During the year ended June 30, 2011, the City determined that it had overstated a receivable from the federal government within the nonmajor Transit enterprise fund. The result of this error was to decrease previously reported net assets in the Transit fund by \$368,561. The error correction had no effect on the change in net assets for the year ended June 30, 2011.

**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, 2011

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Govern- mental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property taxes .....	\$ 11,108,723	\$ 11,108,723	\$ 11,345,565	\$ —	\$ 11,345,565	\$ 236,842
Tax increment financing...	16,428,456	16,428,456	16,837,562	—	16,837,562	409,106
Other city taxes .....	2,700,565	2,455,565	2,060,593	—	2,060,593	(394,972)
Licenses and permits .....	580,290	730,290	740,304	15,850	756,154	25,864
Use of money and property	8,357,953	8,357,953	1,277,236	7,543,194	8,820,430	462,477
Intergovernmental .....	44,062,765	25,092,450	27,142,892	1,980,641	29,123,533	4,031,083
Charges for services .....	9,091,541	8,861,851	1,217,705	7,530,607	8,748,312	(113,539)
Special assessments .....	112,500	157,500	228,174	—	228,174	70,674
Miscellaneous .....	7,777,103	7,833,403	1,211,113	7,898,119	9,109,232	1,275,829
<b>Total Receipts .....</b>	<b>100,219,896</b>	<b>81,026,191</b>	<b>62,061,144</b>	<b>24,968,411</b>	<b>87,029,555</b>	<b>6,003,364</b>
<b>Disbursements</b>						
Public safety .....	4,460,083	4,460,083	4,287,825	—	4,287,825	(172,258)
Public works .....	1,569,299	1,569,299	1,251,068	—	1,251,068	(318,231)
Health and social services	117,475	117,475	92,204	—	92,204	(25,271)
Culture and recreation .....	6,078,235	6,078,235	5,570,220	—	5,570,220	(508,015)
Community and economic development ..	3,147,141	3,697,141	4,070,429	—	4,070,429	373,288
General government .....	2,673,510	2,673,510	2,424,986	—	2,424,986	(248,524)
Debt service .....	35,016,172	68,521,323	71,860,044	—	71,860,044	3,338,721
Capital projects .....	42,566,538	27,156,412	33,893,432	—	33,893,432	6,737,020
Business-type activities....	26,464,320	28,119,320	—	26,225,228	26,225,228	(1,894,092)
<b>Total Disbursements ..</b>	<b>122,092,773</b>	<b>142,392,798</b>	<b>123,450,208</b>	<b>26,225,228</b>	<b>149,675,436</b>	<b>7,282,638</b>
<b>Receipts Over (Under)</b>						
<b>Disbursements.....</b>	<b>(21,872,877)</b>	<b>(61,366,607)</b>	<b>(61,389,064)</b>	<b>(1,256,817)</b>	<b>(62,645,881)</b>	<b>(1,279,274)</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources ...	44,966,973	86,209,788	93,099,992	6,468,424	99,568,416	13,358,628
Other financing uses .....	(22,818,973)	(22,818,973)	(29,122,073)	(4,891,962)	(34,014,035)	(11,195,062)
<b>Total Other Financing Sources (Uses).....</b>	<b>22,148,000</b>	<b>63,390,815</b>	<b>63,977,919</b>	<b>1,576,462</b>	<b>65,554,381</b>	<b>2,163,566</b>
<b>Receipts and Other Financing Sources Over (Under)</b>						
<b>Disbursements and Other Financing Uses ..</b>	<b>275,123</b>	<b>2,024,208</b>	<b>2,588,855</b>	<b>319,645</b>	<b>2,908,500</b>	<b>\$ 884,292</b>
Balance - Beginning of Year	24,730,138	16,402,202	5,762,228	10,639,974	16,402,202	
<b>Balance - End of Year ....</b>	<b>\$ 25,005,261</b>	<b>\$ 18,426,410</b>	<b>\$ 8,351,083</b>	<b>\$ 10,959,619</b>	<b>\$ 19,310,702</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 of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds**

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Year Ended June 30, 2011

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and nonprogram. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, permanent funds and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted disbursements by approximately \$20 million. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements in community and economic development, debt service and capital projects functional areas exceeded the budgeted amount.



# Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2011

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 62,061,144	\$ (523,370)	\$ 61,537,774
Expenditures.....	<u>123,450,208</u>	<u>(54,290,343)</u>	<u>69,159,865</u>
Net .....	(61,389,064)	(53,766,973)	(7,622,091)
Other financing sources (uses).....	63,977,919	(54,933,448)	9,044,471
Beginning fund balances .....	<u>5,762,228</u>	<u>6,100,090</u>	<u>11,862,318</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 8,351,083</u></b>	<b><u>\$ 4,933,615</u></b>	<b><u>\$ 13,284,698</u></b>

	<b>Proprietary Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 24,968,411	\$ (1,829,489)	\$ 23,138,922
Expenditures.....	<u>26,225,228</u>	<u>516,448</u>	<u>26,741,676</u>
Net .....	(1,256,817)	(2,345,937)	(3,602,754)
Other financing sources (uses).....	1,576,462	251,232	1,827,694
Beginning fund balances, as restated .....	<u>10,639,974</u>	<u>45,196,901</u>	<u>55,836,875</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 10,959,619</u></b>	<b><u>\$ 43,102,196</u></b>	<b><u>\$ 54,061,815</u></b>

## 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	July 1, 2009	\$ —	\$ 319,122	\$ 319,122	—%	\$ 6,845,174	4.7%
2010	July 1, 2009	—	319,122	319,122	—	7,000,000 (est)	4.6
2011	July 1, 2009	—	319,122	319,122	—	8,000,000 (est)	4.0

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

**Other Supplementary Information**

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# Combining Balance Sheet Schedule - Nonmajor Governmental Funds ▬

At June 30, 2011

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and pooled investments .....	\$ 963,038	\$ —	\$ 963,038
Receivables			
Property Taxes			
Current year delinquent.....	39,952	—	39,952
Succeeding year.....	5,965,043	—	5,965,043
Loans .....	3,590,690	—	3,590,690
Due from other funds .....	146,992	745,764	892,756
Due from other governments .....	146,925	2,651,726	2,798,651
Special assessments .....	260,852	—	260,852
Inventories and prepaids .....	14,550	—	14,550
Restricted Assets			
Cash and pooled investments.....	<u>1,757,758</u>	<u>1,760</u>	<u>1,759,518</u>
<b>Total Assets .....</b>	<b><u>\$ 12,885,800</u></b>	<b><u>\$ 3,399,250</u></b>	<b><u>\$ 16,285,050</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable .....	\$ 32,143	\$ 2,358,847	\$ 2,390,990
Accrued liabilities.....	165,000	—	165,000
Due to other funds .....	68,061	5,994,917	6,062,978
Deferred Revenue			
Succeeding year property taxes .....	5,965,043	—	5,965,043
Special assessments .....	194,402	—	194,402
Other .....	—	<u>2,233,795</u>	<u>2,233,795</u>
<b>Total Liabilities .....</b>	<b><u>6,424,649</u></b>	<b><u>10,587,559</u></b>	<b><u>17,012,208</u></b>
<b>Fund Balances</b>			
Nonspendable .....	14,550	—	14,550
Reserved for			
Debt service .....	4,713,008	—	4,713,008
Expendable trust .....	362,698	—	362,698
Road use purposes.....	731,228	—	731,228
Employee benefits .....	12,430	—	12,430
Economic development.....	146,992	—	146,992
Special assessments .....	422,660	—	422,660
Capital projects .....	—	744,266	744,266
Other .....	83,901	—	83,901
Unassigned.....	<u>(26,316)</u>	<u>(7,932,575)</u>	<u>(7,958,891)</u>
<b>Total Fund Balances .....</b>	<b><u>6,461,151</u></b>	<b><u>(7,188,309)</u></b>	<b><u>(727,158)</u></b>
<b>Total Liabilities and Fund Balances .....</b>	<b><u>\$ 12,885,800</u></b>	<b><u>\$ 3,399,250</u></b>	<b><u>\$ 16,285,050</u></b>

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

Year Ended June 30, 2011

	Special Revenue	Capital Projects	Total
<b>Revenue</b>			
Property taxes .....	\$ 2,042,604	\$ —	\$ 2,042,604
TIF and other city taxes .....	3,148,315	—	3,148,315
Special assessments.....	227,302	—	227,302
Use of money and property .....	737,393	—	737,393
Intergovernmental.....	1,710,928	1,873,222	3,584,150
Charges for services.....	—	466,785	466,785
Miscellaneous.....	269,915	5,933	275,848
<b>Total Revenue</b> .....	<b><u>8,136,457</u></b>	<b><u>2,345,940</u></b>	<b><u>10,482,397</u></b>
<b>Expenditures</b>			
Operating			
Public safety.....	57,397	—	57,397
Public works.....	1,247,363	—	1,247,363
Culture and recreation .....	182,265	—	182,265
Community and economic development	615,069	—	615,069
Debt Service			
Principal .....	425,000	—	425,000
Interest and other charges .....	476,331	—	476,331
Capital projects.....	—	5,094,005	5,094,005
<b>Total Expenditures</b> .....	<b><u>3,003,425</u></b>	<b><u>5,094,005</u></b>	<b><u>8,097,430</u></b>
<b>Revenue Over (Under) Expenditures</b> .....	<b><u>5,133,032</u></b>	<b><u>(2,748,065)</u></b>	<b><u>2,384,967</u></b>
<b>Other Financing Sources (Uses)</b>			
Transfers in.....	1,707,636	2,078,066	3,785,702
Transfers out .....	(6,202,367)	(300,955)	(6,503,322)
<b>Total Other Financing Sources (Uses)</b> .....	<b><u>(4,494,731)</u></b>	<b><u>1,777,111</u></b>	<b><u>(2,717,620)</u></b>
<b>Net Change in Fund Balance</b> .....	<b>638,301</b>	<b>(970,954)</b>	<b>(332,653)</b>
Fund Balance - Beginning of Year.....	5,822,850	(6,217,355)	(394,505)
<b>Fund Balance - End of Year</b> .....	<b><u>\$ 6,461,151</u></b>	<b><u>\$ (7,188,309)</u></b>	<b><u>\$ (727,158)</u></b>

# Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

At June 30, 2011

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	CEBA	Total
<b>Assets</b>												
Cash and pooled investments .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 606,828	\$ —	\$ —	\$ —	\$ 356,210	\$ —	\$ 963,038
Receivables												
Property Taxes												
Current year delinquent.....	2,990	24,532	—	—	—	—	12,430	—	—	—	—	39,952
Succeeding year .....	2,507,016	1,313,785	—	—	—	—	2,144,242	—	—	—	—	5,965,043
Loans .....	—	3,425,690	—	—	—	—	—	—	—	—	165,000	3,590,690
Special assessments .....	—	—	—	—	—	—	—	—	—	260,852	—	260,852
Due from other funds.....	—	—	—	—	—	—	—	—	146,992	—	—	146,992
Due from other governments.....	—	—	—	—	—	146,925	—	—	—	—	—	146,925
Inventories and prepaids .....	—	—	—	—	—	14,550	—	—	—	—	—	14,550
Restricted Assets												
Cash and pooled investments.....	792,167	517,074	364,616	83,901	—	—	—	—	—	—	—	1,757,758
<b>Total Assets .....</b>	<b>\$ 3,302,173</b>	<b>\$ 5,281,081</b>	<b>\$ 364,616</b>	<b>\$ 83,901</b>	<b>\$ —</b>	<b>\$ 768,303</b>	<b>\$ 2,156,672</b>	<b>\$ —</b>	<b>\$ 146,992</b>	<b>\$ 617,062</b>	<b>\$ 165,000</b>	<b>\$ 12,885,800</b>
<b>Liabilities and Fund Balances</b>												
<b>Liabilities</b>												
Accounts payable .....	\$ 1,796	\$ 730	\$ 1,918	\$ —	\$ —	\$ 22,525	\$ —	\$ 5,174	\$ —	\$ —	\$ —	\$ 32,143
Accrued liabilities.....	—	—	—	—	—	—	—	—	—	—	165,000	165,000
Due to other funds.....	46,919	—	—	—	21,142	—	—	—	—	—	—	68,061
Deferred Revenue												
Succeeding year property taxes.....	2,507,016	1,313,785	—	—	—	—	2,144,242	—	—	—	—	5,965,043
Deferred revenue .....	—	—	—	—	—	—	—	—	—	194,402	—	194,402
<b>Total Liabilities .....</b>	<b>2,555,731</b>	<b>1,314,515</b>	<b>1,918</b>	<b>—</b>	<b>21,142</b>	<b>22,525</b>	<b>2,144,242</b>	<b>5,174</b>	<b>—</b>	<b>194,402</b>	<b>165,000</b>	<b>6,424,649</b>
<b>Fund Balances</b>												
Nonspendable .....	—	—	—	—	—	14,550	—	—	—	—	—	14,550
Restricted .....	746,442	3,966,566	362,698	83,901	—	731,228	12,430	—	146,992	422,660	—	6,472,917
Unassigned.....	—	—	—	—	(21,142)	—	—	(5,174)	—	—	—	(26,316)
<b>Total Fund Balances .....</b>	<b>746,442</b>	<b>3,966,566</b>	<b>362,698</b>	<b>83,901</b>	<b>(21,142)</b>	<b>745,778</b>	<b>12,430</b>	<b>(5,174)</b>	<b>146,992</b>	<b>422,660</b>	<b>—</b>	<b>6,461,151</b>
<b>Total Liabilities and Fund Balances .....</b>	<b>\$ 3,302,173</b>	<b>\$ 5,281,081</b>	<b>\$ 364,616</b>	<b>\$ 83,901</b>	<b>\$ —</b>	<b>\$ 768,303</b>	<b>\$ 2,156,672</b>	<b>\$ —</b>	<b>\$ 146,992</b>	<b>\$ 617,062</b>	<b>\$ 165,000</b>	<b>\$ 12,885,800</b>

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

Year Ended June 30, 2011

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
<b>Revenue</b>											
Property taxes .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,042,604	\$ —	\$ —	\$ —	\$ 2,042,604
TIF and other city taxes .....	2,040,176	1,108,139	—	—	—	—	—	—	—	—	3,148,315
Special assessments .....	—	—	—	—	—	—	—	—	—	227,302	227,302
Intergovernmental .....	—	—	—	—	20,037	1,690,891	—	—	—	—	1,710,928
Use of money and property .....	48,985	4,214	1,949	—	—	—	—	682,244	—	1	737,393
Miscellaneous .....	—	—	203,335	2,250	—	—	—	64,330	—	—	269,915
<b>Total Revenue .....</b>	<b><u>2,089,161</u></b>	<b><u>1,112,353</u></b>	<b><u>205,284</u></b>	<b><u>2,250</u></b>	<b><u>20,037</u></b>	<b><u>1,690,891</u></b>	<b><u>2,042,604</u></b>	<b><u>746,574</u></b>	<b><u>—</u></b>	<b><u>227,303</u></b>	<b><u>8,136,457</u></b>
<b>Expenditures</b>											
Current											
Public safety .....	—	—	—	—	57,397	—	—	—	—	—	57,397
Public works .....	—	—	—	—	—	1,247,363	—	—	—	—	1,247,363
Culture and recreation .....	—	—	182,265	—	—	—	—	—	—	—	182,265
Community and economic development .....	47,321	66,382	—	—	—	—	—	232,042	250,000	19,324	615,069
Debt Service											
Principal .....	240,000	185,000	—	—	—	—	—	—	—	—	425,000
Interest and other charges .....	444,813	31,518	—	—	—	—	—	—	—	—	476,331
<b>Total Expenditures .....</b>	<b><u>732,134</u></b>	<b><u>282,900</u></b>	<b><u>182,265</u></b>	<b><u>—</u></b>	<b><u>57,397</u></b>	<b><u>1,247,363</u></b>	<b><u>—</u></b>	<b><u>232,042</u></b>	<b><u>250,000</u></b>	<b><u>19,324</u></b>	<b><u>3,003,425</u></b>
<b>Revenue Over (Under) Expenditures .....</b>	<b><u>1,357,027</u></b>	<b><u>829,453</u></b>	<b><u>23,019</u></b>	<b><u>2,250</u></b>	<b><u>(37,360)</u></b>	<b><u>443,528</u></b>	<b><u>2,042,604</u></b>	<b><u>514,532</u></b>	<b><u>(250,000)</u></b>	<b><u>207,979</u></b>	<b><u>5,133,032</u></b>
<b>Other Financing Sources (Uses)</b>											
Transfers in .....	1,378,547	40,977	38,112	—	—	—	—	—	250,000	—	1,707,636
Transfers out .....	(1,559,805)	(1,276,917)	(84,926)	—	—	(320,000)	(2,079,895)	(509,087)	—	(371,737)	(6,202,367)
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>(181,258)</u></b>	<b><u>(1,235,940)</u></b>	<b><u>(46,814)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>(320,000)</u></b>	<b><u>(2,079,895)</u></b>	<b><u>(509,087)</u></b>	<b><u>250,000</u></b>	<b><u>(371,737)</u></b>	<b><u>(4,494,731)</u></b>
<b>Net Change in Fund Balance .....</b>	<b>1,175,769</b>	<b>(406,487)</b>	<b>(23,795)</b>	<b>2,250</b>	<b>(37,360)</b>	<b>123,528</b>	<b>(37,291)</b>	<b>5,445</b>	<b>—</b>	<b>(163,758)</b>	<b>638,301</b>
Fund Balance - Beginning of Year .....	(429,327)	4,373,053	386,493	81,651	16,218	622,250	49,721	(10,619)	146,992	586,418	5,822,850
<b>Fund Balance - End of Year .....</b>	<b><u>\$ 746,442</u></b>	<b><u>\$ 3,966,566</u></b>	<b><u>\$ 362,698</u></b>	<b><u>\$ 83,901</u></b>	<b><u>\$ (21,142)</u></b>	<b><u>\$ 745,778</u></b>	<b><u>\$ 12,430</u></b>	<b><u>\$ (5,174)</u></b>	<b><u>\$ 146,992</u></b>	<b><u>\$ 422,660</u></b>	<b><u>\$ 6,461,151</u></b>

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

At June 30, 2011

	Street Projects	Brown- fields	Intermodal Facility	Highway 6 Projects	Oakdale Boulevard Project	Cardinal Road Project	1st Avenue Recon- struction	Oakdale Area	James Street Area	Coral Ridge Mall Area	Transit/ Parks Facility	Library Expansion
<b>Assets</b>												
Receivables												
Due from other funds .....	\$ —	\$ —	\$ —	\$ —	\$ 16,685	\$ 15,916	\$ —	\$ —	\$ 3,160	\$ 318,183	\$ —	\$ —
Due from other governments .....	—	3,462	—	1,199,891	—	—	—	—	—	—	1,405,664	—
Restricted Assets												
Cash and pooled investments.....	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ 3,462</b>	<b>\$ —</b>	<b>\$ 1,199,891</b>	<b>\$ 16,685</b>	<b>\$ 15,916</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,160</b>	<b>\$ 318,183</b>	<b>\$ 1,405,664</b>	<b>\$ —</b>
<b>Liabilities and Fund Balance</b>												
<b>Liabilities</b>												
Accounts payable .....	\$ 790	\$ 53,977	\$ —	\$ 1,733,747	\$ —	\$ —	\$ 5,961	\$ —	\$ —	\$ 69	\$ 542,044	\$ —
Due to other funds .....	75,812	16,555	171,313	716,541	—	—	1,743,426	302,915	—	—	947,747	93,349
Deferred revenue.....	—	—	—	1,199,891	—	—	—	—	—	—	991,195	—
<b>Total Liabilities .....</b>	<b>76,602</b>	<b>70,532</b>	<b>171,313</b>	<b>3,650,179</b>	<b>—</b>	<b>—</b>	<b>1,749,387</b>	<b>302,915</b>	<b>—</b>	<b>69</b>	<b>2,480,986</b>	<b>93,349</b>
<b>Fund Balance</b>												
Restricted .....	—	—	—	—	16,685	15,916	—	—	3,160	318,114	—	—
Unassigned.....	(76,602)	(67,070)	(171,313)	(2,450,288)	—	—	(1,749,387)	(302,915)	—	—	(1,075,322)	(93,349)
<b>Total Fund Balance .....</b>	<b>(76,602)</b>	<b>(67,070)</b>	<b>(171,313)</b>	<b>(2,450,288)</b>	<b>16,685</b>	<b>15,916</b>	<b>(1,749,387)</b>	<b>(302,915)</b>	<b>3,160</b>	<b>318,114</b>	<b>(1,075,322)</b>	<b>(93,349)</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ —</b>	<b>\$ 3,462</b>	<b>\$ —</b>	<b>\$ 1,199,891</b>	<b>\$ 16,685</b>	<b>\$ 15,916</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,160</b>	<b>\$ 318,183</b>	<b>\$ 1,405,664</b>	<b>\$ —</b>



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

At June 30, 2011

	North Fire Station	Recreation Improvements	Northridge Trails	12th Avenue Urban Renewal	Theatre/ Village Project	Land Use Project	North End Area Projects	FEMA Edgewater Buyouts	CDBG Flood Related	Storm Water Projects	Total
<b>Assets</b>											
Receivables											
Due from other funds .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 391,820	\$ 745,764
Due from other governments .....	—	—	42,709	—	—	—	—	—	—	—	2,651,726
Restricted Assets											
Cash and pooled investments.....	—	—	—	—	—	—	—	1,760	—	—	1,760
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 42,709</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,760</b>	<b>\$ —</b>	<b>\$ 391,820</b>	<b>\$ 3,399,250</b>
<b>Liabilities and Fund Balance</b>											
<b>Liabilities</b>											
Accounts payable .....	\$ —	\$ 1,472	\$ 7,944	\$ 30	\$ 10,560	\$ 824	\$ —	\$ —	\$ —	\$ 1,429	\$ 2,358,847
Due to other funds .....	2,400	235,633	149,016	78,576	366,925	109,212	250,000	734,632	865	—	5,994,917
Deferred revenue.....	—	—	42,709	—	—	—	—	—	—	—	2,233,795
<b>Total Liabilities .....</b>	<b>2,400</b>	<b>237,105</b>	<b>199,669</b>	<b>78,606</b>	<b>377,485</b>	<b>110,036</b>	<b>250,000</b>	<b>734,632</b>	<b>865</b>	<b>1,429</b>	<b>10,587,559</b>
<b>Fund Balance</b>											
Restricted .....	—	—	—	—	—	—	—	—	—	390,391	744,266
Unassigned.....	(2,400)	(237,105)	(156,960)	(78,606)	(377,485)	(110,036)	(250,000)	(732,872)	(865)	—	(7,932,575)
<b>Total Fund Balance .....</b>	<b>(2,400)</b>	<b>(237,105)</b>	<b>(156,960)</b>	<b>(78,606)</b>	<b>(377,485)</b>	<b>(110,036)</b>	<b>(250,000)</b>	<b>(732,872)</b>	<b>(865)</b>	<b>390,391</b>	<b>(7,188,309)</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 42,709</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,760</b>	<b>\$ —</b>	<b>\$ 391,820</b>	<b>\$ 3,399,250</b>

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

Year Ended June 30, 2011

	Street Projects	Brown-fields	Intermodal Facility	Highway 6 Projects	Oakdale Boulevard Project	Cardinal Road Project	1st Avenue Reconstruction	Oakdale Area	James Street Area	Coral Ridge Mall Area	Transit/Parks Facility	Library Expansion
<b>Revenue</b>												
Intergovernmental.....	\$ 92,365	\$ 209,320	\$ —	\$ 30,556	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 42,521	\$ 629,567	\$ —
Charges for service .....	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous.....	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue.....</b>	<b>92,365</b>	<b>209,320</b>	<b>—</b>	<b>30,556</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>42,521</b>	<b>629,567</b>	<b>—</b>
<b>Expenditures</b>												
Capital projects.....	120,466	286,705	192	782	—	2,970	2,010,926	9,180	633	1,090	1,559,668	3,621
<b>Revenue Over (Under) Expenditures.....</b>	<b>(28,101)</b>	<b>(77,385)</b>	<b>(192)</b>	<b>29,774</b>	<b>—</b>	<b>(2,970)</b>	<b>(2,010,926)</b>	<b>(9,180)</b>	<b>(633)</b>	<b>41,431</b>	<b>(930,101)</b>	<b>(3,621)</b>
<b>Other Financing Sources (Uses)</b>												
Transfers in.....	281,737	—	—	227,970	—	—	1,147,874	—	—	—	150,000	—
Transfers out .....	—	—	(80,346)	—	—	—	—	—	—	(30,250)	—	—
<b>Total Other Financing Sources (Uses).....</b>	<b>281,737</b>	<b>—</b>	<b>(80,346)</b>	<b>227,970</b>	<b>—</b>	<b>—</b>	<b>1,147,874</b>	<b>—</b>	<b>—</b>	<b>(30,250)</b>	<b>150,000</b>	<b>—</b>
<b>Net Change in Fund Balance.....</b>	<b>253,636</b>	<b>(77,385)</b>	<b>(80,538)</b>	<b>257,744</b>	<b>—</b>	<b>(2,970)</b>	<b>(863,052)</b>	<b>(9,180)</b>	<b>(633)</b>	<b>11,181</b>	<b>(780,101)</b>	<b>(3,621)</b>
Fund Balance - Beginning of Year.....	(330,238)	10,315	(90,775)	(2,708,032)	16,685	18,886	(886,335)	(293,735)	3,793	306,933	(295,221)	(89,728)
<b>Fund Balance - End of Year.....</b>	<b>\$ (76,602)</b>	<b>\$ (67,070)</b>	<b>\$ (171,313)</b>	<b>\$ (2,450,288)</b>	<b>\$ 16,685</b>	<b>\$ 15,916</b>	<b>\$ (1,749,387)</b>	<b>\$ (302,915)</b>	<b>\$ 3,160</b>	<b>\$ 318,114</b>	<b>\$ (1,075,322)</b>	<b>\$ (93,349)</b>

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

Year Ended June 30, 2011

	North Fire Station	Recreation Improvements	Northridge Trails	12th Avenue Urban Renewal	Theatre/ Village Project	Land Use Project	North End Area Projects	FEMA Edgewater Buyouts	CDBG Flood Related	Storm Water Projects	Total
<b>Revenue</b>											
Intergovernmental.....	\$ —	\$ —	\$ 631,503	\$ —	\$ —	\$ —	\$ —	\$ 237,390	\$ —	\$ —	\$ 1,873,222
Charges for service .....	—	—	—	—	—	162,715	—	—	—	304,070	466,785
Miscellaneous.....	—	5,000	—	—	933	—	—	—	—	—	5,933
<b>Total Revenue.....</b>	<b>—</b>	<b>5,000</b>	<b>631,503</b>	<b>—</b>	<b>933</b>	<b>162,715</b>	<b>—</b>	<b>237,390</b>	<b>—</b>	<b>304,070</b>	<b>2,345,940</b>
<b>Expenditures</b>											
Capital projects.....	<b>(10,822)</b>	<b>68,244</b>	<b>350,921</b>	<b>67,771</b>	<b>94,955</b>	<b>139,815</b>	<b>250,000</b>	<b>10,613</b>	<b>800</b>	<b>125,475</b>	<b>5,094,005</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>10,822</b>	<b>(63,244)</b>	<b>280,582</b>	<b>(67,771)</b>	<b>(94,022)</b>	<b>22,900</b>	<b>(250,000)</b>	<b>226,777</b>	<b>(800)</b>	<b>178,595</b>	<b>(2,748,065)</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in.....	51,926	—	80,000	138,559	—	—	—	—	—	—	2,078,066
Transfers out .....	—	—	—	—	(138,559)	—	—	—	—	(51,800)	(300,955)
<b>Total Other Financing Sources (Uses).....</b>	<b>51,926</b>	<b>—</b>	<b>80,000</b>	<b>138,559</b>	<b>(138,559)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(51,800)</b>	<b>1,777,111</b>
<b>Net Change in Fund Balance.....</b>	<b>62,748</b>	<b>(63,244)</b>	<b>360,582</b>	<b>70,788</b>	<b>(232,581)</b>	<b>22,900</b>	<b>(250,000)</b>	<b>226,777</b>	<b>(800)</b>	<b>126,795</b>	<b>(970,954)</b>
Fund Balance - Beginning of Year.....	(65,148)	(173,861)	(517,542)	(149,394)	(144,904)	(132,936)	—	(959,649)	(65)	263,596	(6,217,355)
<b>Fund Balance - End of Year .....</b>	<b>\$ (2,400)</b>	<b>\$ (237,105)</b>	<b>\$ (156,960)</b>	<b>\$ (78,606)</b>	<b>\$ (377,485)</b>	<b>\$ (110,036)</b>	<b>\$ (250,000)</b>	<b>\$ (732,872)</b>	<b>\$ (865)</b>	<b>\$ 390,391</b>	<b>\$ (7,188,309)</b>

## Combining Schedule of Net Assets - Nonmajor Proprietary Funds

At June 30, 2011

	Water	Solid Waste	Transit	Iowa River Landing Parking	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and pooled investments.....	\$ 50	\$ —	\$ —	\$ —	\$ 50
Receivables					
Customer accounts .....	345,212	155,489	—	17,500	518,201
Due from other funds.....	2,090,970	135,864	1,067,251	269,441	3,563,526
Inventories and prepaids.....	109,741	9,977	43,263	1,015,522	1,178,503
<b>Total Current Assets</b> .....	<b>2,545,973</b>	<b>301,330</b>	<b>1,110,514</b>	<b>1,302,463</b>	<b>5,260,280</b>
<b>Noncurrent Assets</b>					
Restricted Assets					
Cash and pooled investments.....	352,463	50,000	—	—	402,463
Capital assets (net of accumulated depreciation).....	7,235,813	1,204,443	1,895,977	9,054,100	19,390,333
<b>Total Noncurrent Assets</b> .....	<b>7,588,276</b>	<b>1,254,443</b>	<b>1,895,977</b>	<b>9,054,100</b>	<b>19,792,796</b>
<b>Total Assets</b> .....	<b>\$ 10,134,249</b>	<b>\$ 1,555,773</b>	<b>\$ 3,006,491</b>	<b>\$ 10,356,563</b>	<b>\$ 25,053,076</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable.....	\$ 173,930	\$ 20,195	\$ 20,605	\$ 122,455	\$ 337,185
Accrued liabilities and compensated absences .....	38,300	36,863	78,957	—	154,120
Current maturities of long-term debt ....	235,000	60,000	—	1,375,000	1,670,000
Customer deposits .....	222,480	—	—	—	222,480
Deferred revenue .....	—	—	4,256	—	4,256
<b>Total Current Liabilities</b> .....	<b>669,710</b>	<b>117,058</b>	<b>103,818</b>	<b>1,497,455</b>	<b>2,388,041</b>
<b>Long-Term Debt</b> .....	<b>1,755,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,755,000</b>
<b>Total Liabilities</b> .....	<b>2,424,710</b>	<b>117,058</b>	<b>103,818</b>	<b>1,497,455</b>	<b>4,143,041</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt.....	5,245,813	1,144,443	1,895,977	7,679,100	15,965,333
Restricted for debt service .....	352,463	50,000	—	—	402,463
Unrestricted.....	2,111,263	244,272	1,006,696	1,180,008	4,542,239
<b>Total Net Assets</b> .....	<b>7,709,539</b>	<b>1,438,715</b>	<b>2,902,673</b>	<b>8,859,108</b>	<b>20,910,035</b>
<b>Total Liabilities and Net Assets</b> .....	<b>\$ 10,134,249</b>	<b>\$ 1,555,773</b>	<b>\$ 3,006,491</b>	<b>\$ 10,356,563</b>	<b>\$ 25,053,076</b>

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

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Year Ended June 30, 2011

	Water	Solid Waste	Transit	Iowa River Landing Parking	Total
<b>Operating Revenue</b>					
Charges for sales and service .....	<u>\$ 1,934,741</u>	<u>\$ 951,334</u>	<u>\$ 509,975</u>	<u>\$ 518,463</u>	<u>\$ 3,914,513</u>
<b>Operating Expenses</b>					
Salaries and employee benefits.....	565,330	418,514	816,371	268,820	2,069,035
Contractual services.....	518,040	84,801	217,920	94,096	914,857
Commodities .....	95,377	220,282	457,870	99,731	873,260
Depreciation .....	<u>415,232</u>	<u>95,251</u>	<u>239,727</u>	<u>279,601</u>	<u>1,029,811</u>
<b>Total Operating Expenses .....</b>	<b><u>1,593,979</u></b>	<b><u>818,848</u></b>	<b><u>1,731,888</u></b>	<b><u>742,248</u></b>	<b><u>4,886,963</u></b>
<b>Operating Income (Loss).....</b>	<b><u>340,762</u></b>	<b><u>132,486</u></b>	<b><u>(1,221,913)</u></b>	<b><u>(223,785)</u></b>	<b><u>(972,450)</u></b>
<b>Nonoperating Revenue (Expenses)</b>					
Intergovernmental Revenue					
Federal .....	—	—	511,382	—	511,382
State .....	—	—	194,189	—	194,189
Gain (loss) on asset disposal.....	(315)	—	13,450	—	13,135
Interest expense.....	<u>(44,903)</u>	<u>(7,038)</u>	<u>—</u>	<u>—</u>	<u>(51,941)</u>
<b>Total Nonoperating Revenue (Expenses) .....</b>	<b><u>(45,218)</u></b>	<b><u>(7,038)</u></b>	<b><u>719,021</u></b>	<b><u>—</u></b>	<b><u>666,765</u></b>
<b>Income (Loss) Before Transfers.....</b>	<b><u>295,544</u></b>	<b><u>125,448</u></b>	<b><u>(502,892)</u></b>	<b><u>(223,785)</u></b>	<b><u>(305,685)</u></b>
Transfers in .....	19,800	—	541,486	62,188	623,474
Transfers out.....	<u>(304,970)</u>	<u>(17,500)</u>	<u>—</u>	<u>—</u>	<u>(322,470)</u>
<b>Net Income (Loss).....</b>	<b><u>10,374</u></b>	<b><u>107,948</u></b>	<b><u>38,594</u></b>	<b><u>(161,597)</u></b>	<b><u>(4,681)</u></b>
Net Assets - Beginning of Year,					
as Previously Reported .....	7,699,165	1,330,767	3,232,640	9,020,705	21,283,277
Prior period adjustment (Note 20).....	<u>—</u>	<u>—</u>	<u>(368,561)</u>	<u>—</u>	<u>(368,561)</u>
Net Assets - Beginning of Year, as Restated .....	<u>7,699,165</u>	<u>1,330,767</u>	<u>2,864,079</u>	<u>9,020,705</u>	<u>20,914,716</u>
<b>Net Assets - End of Year .....</b>	<b><u>\$ 7,709,539</u></b>	<b><u>\$ 1,438,715</u></b>	<b><u>\$ 2,902,673</u></b>	<b><u>\$ 8,859,108</u></b>	<b><u>\$ 20,910,035</u></b>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2011

	Water	Solid Waste	Transit	Iowa River Landing Parking	Total
<b>Cash Flows From Operating Activities</b>					
Receipts from customers .....	\$ 1,963,935	\$ 961,659	\$ 509,975	\$ 500,963	\$ 3,936,532
Payments to suppliers.....	(520,425)	(299,684)	(786,957)	(138,336)	(1,745,402)
Payments to employees.....	(560,739)	(411,188)	(803,254)	(268,820)	(2,044,001)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>882,771</u></b>	<b><u>250,787</u></b>	<b><u>(1,080,236)</u></b>	<b><u>93,807</u></b>	<b><u>147,129</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>					
Noncapital federal and state grants.....	—	—	705,571	—	705,571
Other revenue.....	—	—	13,450	—	13,450
Net transfers .....	(285,170)	(17,500)	541,486	62,188	301,004
<b>Net Cash Provided by (Used in) Noncapital Financing Activities ..</b>	<b><u>(285,170)</u></b>	<b><u>(17,500)</u></b>	<b><u>1,260,507</u></b>	<b><u>62,188</u></b>	<b><u>1,020,025</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Decrease in due from other governments	—	—	1,284,599	—	1,284,599
Proceeds from debt.....	1,530,000	—	—	1,375,000	2,905,000
Purchase of capital assets .....	(445,891)	(136,229)	(1,432,591)	(328,285)	(2,342,996)
Repayment of debt .....	(245,000)	(60,000)	—	—	(305,000)
Payment of debt issuance costs.....	—	—	—	(1,046,715)	(1,046,715)
Payment of interest .....	(46,312)	(7,300)	—	(21,211)	(74,823)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities .....</b>	<b><u>792,797</u></b>	<b><u>(203,529)</u></b>	<b><u>(147,992)</u></b>	<b><u>(21,211)</u></b>	<b><u>420,065</u></b>
<b>Cash Flows From Investing Activities</b>					
Increase in due from other funds .....	<u>(1,229,504)</u>	<u>(59,241)</u>	<u>(507,964)</u>	<u>(269,441)</u>	<u>(2,066,150)</u>
<b>Net Increase (Decrease) in Cash .....</b>	<b>160,894</b>	<b>(29,483)</b>	<b>(475,685)</b>	<b>(134,657)</b>	<b>(478,931)</b>
Cash and Pooled Investments at Beginning of Year.....	191,619	79,483	475,685	134,657	881,444
<b>Cash and Pooled Investments at End of Year.....</b>	<b><u>\$ 352,513</u></b>	<b><u>\$ 50,000</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 402,513</u></b>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2011

	Water	Solid Waste	Transit	Hotel Parking	Total
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>					
Operating income (loss) .....	\$ 340,762	\$ 132,486	\$ (1,221,913)	\$ (223,785)	\$ (972,450)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities					
Depreciation .....	415,232	95,251	239,727	279,601	1,029,811
(Increase) decrease in receivables ....	(6,339)	10,325	—	(17,500)	(13,514)
(Increase) decrease in inventories and prepaids .....	9,404	5,022	10,009	53,458	77,893
Decrease in accounts payable .....	83,588	377	91	2,033	86,089
Increase in accrued liabilities and compensated absences .....	4,591	7,326	13,117	—	25,034
Increase in customer deposits .....	35,533	—	—	—	35,533
Increase (decrease) in deferred revenue .....	—	—	(121,267)	—	(121,267)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b>\$ 882,771</b>	<b>\$ 250,787</b>	<b>\$ (1,080,236)</b>	<b>\$ 93,807</b>	<b>\$ 147,129</b>

## Schedule of Noncash Investing and Financing Activities

### Cash Paid for Capital Assets

Capital asset additions .....	\$ 476,743	\$ 136,229	\$ 45,160	\$ 466,817	\$ 1,124,949
Capitalized interest .....	(15,300)	—	—	(21,211)	(36,511)
Net change in accounts payable .....	(15,552)	—	1,387,431	(117,321)	1,254,558

**Cash Paid for Capital Assets .....** **\$ 445,891** **\$ 136,229** **\$ 1,432,591** **\$ 328,285** **\$ 2,342,996**

### Gain (Loss) on Asset Disposal

Cash received .....	\$ —	\$ —	\$ —	\$ —	\$ —
Book value of assets disposed .....	315	—	—	—	315

**Gain (Loss) on Asset Disposal .....** **\$ (315)** **\$ —** **\$ —** **\$ —** **\$ (315)**

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

Years Ended June 30, 2003 Through 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenue</b>									
Property taxes .....	\$ 11,281,558	\$ 10,811,220	\$ 10,371,050	\$ 9,777,725	\$ 9,155,120	\$ 8,098,678	\$ 7,542,431	\$ 6,713,588	\$ 6,168,644
TIF and other city taxes .....	18,863,375	17,161,601	16,642,895	15,030,854	13,786,896	11,397,440	9,586,743	9,099,939	7,911,524
Special assessments .....	227,302	123,848	431,610	1,239,963	1,126,217	882,838	1,227,337	1,536,066	1,473,270
Licenses and permits .....	576,401	412,577	451,523	474,595	604,110	730,436	659,633	596,342	563,513
Use of money and property .....	1,276,051	1,116,480	815,258	946,203	1,347,299	2,438,667	1,353,761	323,054	284,584
Intergovernmental .....	26,866,111	8,346,001	5,356,316	5,351,026	5,384,289	5,499,728	3,519,790	3,558,617	4,605,928
Charges for services .....	1,948,703	1,879,808	1,791,577	1,680,722	1,599,894	1,425,389	1,393,208	1,596,393	912,440
Miscellaneous .....	498,273	827,165	1,269,316	1,537,664	4,871,096	812,366	871,612	892,575	702,272
<b>Total Revenue .....</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>\$ 26,154,515</b>	<b>\$ 24,316,574</b>	<b>\$ 22,622,175</b>
<b>Expenditures</b>									
Operating									
Public safety .....	\$ 4,322,466	\$ 4,030,223	\$ 4,446,950	\$ 4,201,185	\$ 3,946,226	\$ 3,940,020	\$ 3,404,787	\$ 3,034,531	\$ 2,894,491
Public works .....	1,255,807	1,682,532	1,826,042	1,635,688	1,430,685	1,429,082	1,300,160	1,189,911	1,330,057
Health and social services .....	92,004	91,520	156,322	86,859	114,444	130,441	105,521	79,762	42,059
Culture and recreation .....	5,645,219	5,598,284	5,226,438	4,925,136	4,748,913	3,953,353	3,833,780	3,479,381	3,352,081
Community and economic development ..	2,187,438	2,749,405	9,218,894	1,824,297	427,164	1,753,471	928,797	666,021	589,598
General government .....	2,599,830	2,662,316	2,129,519	1,852,344	1,852,670	1,546,342	1,457,547	1,524,885	1,306,679
Debt service .....	18,737,642	17,635,000	15,877,962	21,420,881	65,482,393	18,828,354	8,748,113	25,197,407	6,572,540
Capital projects .....	34,036,991	19,144,343	9,735,463	13,730,878	37,500,330	53,606,579	27,810,276	20,809,981	11,211,016
<b>Total Expenditures .....</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>	<b>\$ 47,588,981</b>	<b>\$ 55,981,879</b>	<b>\$ 27,298,521</b>



# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Program/Cluster Expenditures
<b>U.S. Department of Agriculture</b>			
Direct			
ARRA - Watershed Protection and Flood Prevention .....	10.904	69-6114-9-08	\$ <u>238,223</u>
Indirect			
Pass-Through Iowa Department of Education Summer Food Service Program for Children	10.559	528039	<u>11,097</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>249,320</u></b>
<b>U.S. Department of Commerce</b>			
Direct			
ARRA - Economic Adjustment Assistance.....	11.307	05-79-04798	<u>328,854</u>
<b>U.S. Department of Housing and Urban Development</b>			
Indirect			
Pass-Through Iowa Department of Economic Development			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii .....	14.228	08-DRMI-021	397,096
		08-DRIEF-222	397,095
		08-DRI-223	451,618
		08-JT-003	<u>63,283</u>
<b>Total U.S. Department of Housing and Urban Development .....</b>			<b><u>1,309,092</u></b>
<b>U.S. Department of Justice</b>			
Direct			
Bulletproof Vest Partnership Program .....	16.607		<u>1,212</u>
<b>U.S. Department of Transportation</b>			
Direct			
Federal Transit - Formula Grants.....	20.507	Various	<u>448,603</u>
Indirect			
Pass-Through Iowa Department of Transportation			
ARRA - Highway Planning and Construction	20.205	ESL-1557(634)7S-52	160,895
Capital Assistance Program for Elderly Persons and Persons With Disabilities .....	20.513	16-X001-155-10	25,305
Job Access Reverse Commute (JARC) .....	20.516	Q123S FY10	<u>37,474</u>
<b>Total U.S. Department of Transportation</b>			<b><u>672,277</u></b>

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Program/ Cluster Expenditures
<b>U.S. Environmental Protection Agency</b>			
Direct			
Brownfields Assessment and Cleanup Cooperative Agreements.....	66.818		
		BP 98796101-0	\$ 24,009
		BP 98796201-0	<u>24,666</u>
			<u><b>48,675</b></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	FEMA-IA-1763-DR-IA	<u><b>1,682,760</b></u>
<b>Total Expenditures of Federal Awards .....</b>			<u><b>\$ 4,292,190</b></u>

## Note 1. Basis of Presentation

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

## Note 2. Subrecipients

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

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## **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 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, 2011, and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Coralville, Iowa's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying schedule of findings and questioned costs as item 11-II-R-1 to be a material weakness.

**Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 5, 2012

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## **Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Compliance**

We have audited the City of Coralville, Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City of Coralville, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of the City of Coralville, Iowa's management. Our responsibility is to express an opinion on the City of Coralville, Iowa's compliance based on our audit.

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

In our opinion, the City of Coralville, Iowa, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 5, 2012

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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

### Financial Statements

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements noted?  yes  no

### Federal Awards

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

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

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

Identification of major program:

#### **CFDA Numbers**

10.904  
11.307  
97.036

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

ARRA - Watershed Protection and Flood Prevention  
Economic Adjustment Assistance  
Disaster Grants - Public Assistance  
(Presidentially Declared Disasters)

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, 2011

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

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

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

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

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

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

**Conclusion** - Response accepted.

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

There were no matters reported.



## Schedule of Findings and Questioned Costs ---

Year Ended June 30, 2011

### Section IV: Findings Related to Statutory Reporting

**11-IV-A Certified Budget** - Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted prior to the budget being amended. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation. Additionally, disbursements in the Community and Economic Development, Debt Service and Capital Projects functional areas exceeded amounts budgeted during the year.

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

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

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

**11-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.

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

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

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

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

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

**11-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.

## Schedule of Findings and Questioned Costs

---

Year Ended June 30, 2011

**11-IV-I Financial Condition** - The funds listed below had deficit balances at June 30, 2011 as noted:

Special Revenue	
Police Grants .....	\$ 21,142
Rental Properties.....	5,174
Debt Service	
General Obligation .....	235,199
Capital Projects	
Flood Mitigation .....	2,733,260
Street Projects.....	76,602
Brownfields.....	67,070
Intermodal Facility .....	171,313
Highway 6 Projects.....	2,450,288
1st Avenue Reconstruction .....	1,749,387
Oakdale Area .....	302,915
Transit/Parks Facility .....	1,075,322
Library Expansion.....	93,349
North Fire Station .....	2,400
Recreation Improvements .....	237,105
Northridge Trails.....	156,960
12th Avenue Urban Renewal .....	78,606
Theatre/Village Project .....	377,485
Land Use Project.....	110,036
North End Area Projects.....	250,000
FEMA Edgewater Buyouts .....	732,872
CDBG Flood Related.....	865

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

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

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