

**CITY OF CORALVILLE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2007**

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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, 2008
Jean Schnake	Council Member	January 1, 2008
John Weihe	Council Member	January 1, 2008
Henry Herwig	Council Member	January 1, 2010
John Lundell	Council Member	January 1, 2010
Thomas Gill	Council Member	January 1, 2010

## Appointed Officials

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

## 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, 2007, 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.

The financial statements do not include financial data for the Coralville Public Library Foundation, a discrete component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Based upon the Foundation's June 30, 2007 Form 990 filing with the Internal Revenue Service and other internal records, the component unit would have approximately reported assets of \$25,023, liabilities of \$229,000, net assets of (\$203,977), revenue of \$237,273 and expenses of \$1,091,296 at and for the year ended June 30, 2007.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the City of Coralville, Iowa, at June 30, 2007, or the changes in financial position thereof for the year then ended.

To the Honorable Mayor and  
Members of the City Council  
City of Coralville, Iowa  
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In addition, in our opinion, except for the effects of omitting the discrete component unit as discussed above, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Coralville, Iowa, at June 30, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, 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 of the City of Coralville, Iowa, at June 30, 2007, 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 March 18, 2008 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.

Management's Discussion and Analysis and budgetary comparison information on Page 4 through 11 and 44 and 45 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 three years ended June 30, 2006 (which are not presented herein) and expressed qualified opinions on the 2005 and 2006 financial statements and an unqualified opinion on the 2004 financial statements. Other supplementary information on Pages 46 through 60, and the Schedule of Expenditures of Federal Awards on Page 65 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
March 18, 2008

## **Management's Discussion and Analysis**

As management of the City of Coralville, we offer readers of the City of Coralville's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2007.

### **Financial Highlights**

- The assets of the City of Coralville exceeded its liabilities at June 30, 2007 and 2006, by \$78,293,971 and \$57,704,991, respectively, (net assets). Of this amount, \$10,393,576 and \$9,687,112, respectively, (unrestricted net assets) 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 \$18,916,509, a decrease of 64% as compared to the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,022,386, or 44%, of the 2007 total general fund expenditures. At June 30, 2006, unreserved general fund balance was \$4,651,320, or 46%, of the 2006 total general fund expenditures.
- Total governmental long-term debt decreased by approximately \$3.6 million during the current fiscal year. The City issued \$53,295,000 of new debt and retired \$56,912,429 of existing debt. The large increase was due primarily to finance capital projects.
- Total business-type activity debt increased by approximately \$46.5 million with the issuance of debt to purchase the hotel and conference center which opened in August, 2006.

### **Overview of the Financial Statements**

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

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

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

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

## Statement of Net Assets

A condensed version of the Statement of Net Assets as of June 30, 2007 and 2006 follows.

### City of Coralville's Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 39,454,902	\$ 6,012,084	\$ 45,466,986	\$ 41,735,850	\$ 2,657,668	\$ 44,393,518
Restricted assets	7,523,538	8,585,123	16,108,661	40,467,584	2,840,755	43,308,339
Capital assets	154,820,119	114,253,540	269,073,659	144,062,501	37,693,351	181,755,852
Other noncurrent assets	4,788,251	—	4,788,251	4,351,697	—	4,351,697
<b>Total Assets</b>	<b>\$ 206,586,810</b>	<b>\$ 128,850,747</b>	<b>\$ 335,437,557</b>	<b>\$ 230,617,632</b>	<b>\$ 43,191,774</b>	<b>\$ 273,809,406</b>
Current liabilities	\$ 40,816,168	\$ 3,353,293	\$ 44,169,461	\$ 87,897,420	\$ 1,651,842	\$ 89,549,262
Noncurrent liabilities	149,599,106	63,375,019	212,974,125	109,572,572	16,982,581	126,555,153
<b>Total Liabilities</b>	<b>\$ 190,415,274</b>	<b>\$ 66,728,312</b>	<b>\$ 257,143,586</b>	<b>\$ 197,469,992</b>	<b>\$ 18,634,423</b>	<b>\$ 216,104,415</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ (2,707,846)	\$ 56,766,102	\$ 54,058,256	\$ 14,870,124	\$ 20,649,316	\$ 35,519,440
Restricted	6,018,818	7,823,321	13,842,139	10,680,189	1,818,250	12,498,439
Unrestricted	12,860,564	(2,466,988)	10,393,576	7,597,327	2,089,785	9,687,112
<b>Total Net Assets</b>	<b>\$ 16,171,536</b>	<b>\$ 62,122,435</b>	<b>\$ 78,293,971</b>	<b>\$ 33,147,640</b>	<b>\$ 24,557,351</b>	<b>\$ 57,704,991</b>

\$13,842,139 of the City of Coralville's net assets (18%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets totaling \$10,393,576 (13%) 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.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). The government-wide statements include the Statement of Net Assets and the Statement of Activities and can be found on Pages 12 and 13 of this report.

Both of the government-wide financial statements distinguish functions of the City of Coralville that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Coralville include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. The business-type activities of the City of Coralville include the hotel and conference center, water, sewer, solid waste, transit, hotel parking and golf activities.

## Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2007 and 2006 follows:

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

	2007			2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>						
Charges for services	\$ 2,486,528	\$ 16,965,753	\$ 19,452,281	\$ 2,444,533	\$ 6,799,122	\$ 9,243,655
Operating grants and contributions	1,730,041	565,913	2,295,954	1,765,646	410,278	2,175,924
Capital grants and contributions	11,326,269	—	11,326,269	6,856,408	—	6,856,408
<b>Other General Revenue</b>						
Property taxes	20,976,874	—	20,976,874	8,112,350	—	8,112,350
Other taxes	2,089,372	—	2,089,372	11,480,974	—	11,480,974
Other	1,392,954	811,810	2,204,764	2,411,379	97,960	2,509,339
<b>Total Revenue</b>	<b>40,002,038</b>	<b>18,343,476</b>	<b>58,345,514</b>	<b>33,071,290</b>	<b>7,307,360</b>	<b>40,378,650</b>
<b>Expenses</b>						
Public safety	3,687,594	—	3,687,594	3,559,959	—	3,559,959
Public works	1,558,553	—	1,558,553	1,497,936	—	1,497,936
Health and social services	114,444	—	114,444	130,441	—	130,441
Culture and recreation	5,209,559	—	5,209,559	3,430,280	—	3,430,280
Community and economic development	2,956,141	—	2,956,141	3,733,907	—	3,733,907
General government	1,948,498	—	1,948,498	1,611,572	—	1,611,572
Depreciation - unallocated	11,393	—	11,393	11,393	—	11,393
Interest on long-term debt	8,509,377	—	8,509,377	6,919,376	—	6,919,376
Hotel and conference center	—	13,641,510	13,641,510	—	—	—
Water	—	1,633,031	1,633,031	—	1,559,181	1,559,181
Sewer	—	2,088,912	2,088,912	—	2,081,069	2,081,069
Golf	—	2,455,619	2,455,619	—	2,140,559	2,140,559
Solid waste	—	616,276	616,276	—	586,839	586,839
Transit	—	1,437,681	1,437,681	—	1,325,791	1,325,791
Hotel parking	—	441,813	441,813	—	362	362
<b>Total Expenses</b>	<b>23,995,559</b>	<b>22,314,842</b>	<b>46,310,401</b>	<b>20,894,864</b>	<b>7,693,801</b>	<b>28,588,665</b>
<b>Increase (Decrease) in Net Assets</b>						
Before Transfers	16,006,479	(3,971,366)	12,035,113	12,176,426	(386,441)	11,789,985
Transfers	(41,536,450)	41,536,450	—	546,023	(546,023)	—
Increase (Decrease) in Net Assets	(25,529,971)	37,565,084	12,035,113	12,722,449	(932,464)	11,789,985
Beginning net assets, as restated (Note 16)	41,701,507	24,557,351	66,258,858	20,425,191	25,489,815	45,915,006
<b>Ending Net Assets</b>	<b>\$ 16,171,536</b>	<b>\$ 62,122,435</b>	<b>\$ 78,293,971</b>	<b>\$ 33,147,640</b>	<b>\$ 24,557,351</b>	<b>\$ 57,704,991</b>



## **Governmental Activities**

Total governmental activities' revenue was \$40,002,038 and \$33,071,290 for the years ended June 30, 2007 and 2006, respectively. The largest single revenue source for the City was property and other taxes of \$23,066,246 and \$19,593,324 recorded for the years ended June 30, 2007 and 2006, respectively, which includes property taxes paid in the Tax Increment Financing Areas of the City. The increase is a result of 13.26% increase in the assessed value of property and a 9.76% increase in the taxable value of property. 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.

## **Fund Financial Statements**

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

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Coralville maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balance for the General Fund, Tax Increment Financing Fund, and First Avenue/Brownfields Fund, all of which are considered to be major funds. Data from the 30 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$18,916,509. Approximately \$8,000,000 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$8,146,835) and 2) for a variety of other restricted purposes which is primarily for capital projects.

The General Fund is the chief operating fund of the City of Coralville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,022,386, while total fund balance reached \$5,411,312. Unreserved fund balance represents 44% of total General Fund expenditures. The General Fund revenue increased approximately \$866,000, or 9% over fiscal year 2006, while expenditures increased approximately \$1,226,000, or 12%, over the prior year. Key factors in this increase included an increase in property taxes, offset by normal increases in compensation and other costs.

### **Proprietary Funds**

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its hotel and conference center, water, sewer, solid waste, transit, 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, water fund, sewer fund and golf fund, as these are considered major funds of the City. Data from the other three 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.

Charges for sales and service increased approximately \$10,166,000, or 150%, over the prior year, while operating expenses increased approximately \$12,700,000, or 189%. Proprietary funds reported total increase in net assets of \$37,565,084 compared to a decrease of \$932,464 in the prior year. The increases were mainly attributable to the purchase and opening of the hotel and conference center and large transfers in from governmental funds.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of those funds are not available to support the City of Coralville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Financial Statements**

The notes provide additional information which is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

The combining statements referred to earlier in connection with nonmajor governmental, nonmajor enterprise funds, and agency funds are presented immediately following the notes to the financial statements.

## Budgetary Highlights

### General Fund

The City had one budget amendment during the fiscal year, which is our common practice. This amendment was done primarily to recognize expected bond issuance proceeds and related construction project expenditures and to account for the operations of the hotel and conference center.

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2007 budget.

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Governmental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property taxes	\$ 8,969,892	\$ 8,969,892	\$ 9,007,364	\$ —	\$ 9,007,364	\$ 37,472
Tax increment financing	11,440,226	11,440,226	11,821,273	—	11,821,273	381,047
Other city taxes	2,201,547	2,401,547	1,879,260	—	1,879,260	(522,287)
Licenses and permits	826,590	826,590	547,387	—	547,387	(279,203)
Use of money and property	244,500	1,169,500	1,897,026	370,451	2,267,477	1,097,977
Intergovernmental	4,660,970	9,519,881	7,660,707	835,236	8,495,943	(1,023,938)
Charges for services	9,994,122	9,994,122	1,546,727	9,114,231	10,660,958	666,836
Special assessments	643,968	705,145	715,149	—	715,149	10,004
Miscellaneous	1,276,859	4,955,123	3,608,402	—	3,608,402	(1,346,721)
<b>Total Receipts</b>	<b>40,258,674</b>	<b>49,982,026</b>	<b>38,683,295</b>	<b>10,319,918</b>	<b>49,003,213</b>	<b>(978,813)</b>
<b>Disbursements</b>						
Public safety	3,742,560	4,229,031	3,956,790	—	3,956,790	(272,241)
Public works	1,936,042	1,936,042	1,441,903	—	1,441,903	(494,139)
Health and social services	74,454	89,454	83,182	—	83,182	(6,272)
Culture and recreation	4,195,165	4,522,714	4,186,604	—	4,186,604	(336,110)
Community and economic development	661,737	1,378,719	826,520	—	826,520	(552,199)
General government	2,237,551	2,502,252	2,360,170	—	2,360,170	(142,082)
Debt service	44,808,242	66,798,918	66,655,523	—	66,655,523	(143,395)
Capital projects	20,530,000	93,930,000	89,824,791	—	89,824,791	(4,105,209)
Business-type activities	11,527,646	13,227,646	—	11,603,310	11,603,310	(1,624,336)
<b>Total Disbursements</b>	<b>89,713,397</b>	<b>188,614,776</b>	<b>169,335,483</b>	<b>11,603,310</b>	<b>180,938,793</b>	<b>(7,675,983)</b>
<b>Receipts Over (Under) Disbursements</b>	<b>(49,454,723)</b>	<b>(138,632,750)</b>	<b>(130,652,188)</b>	<b>(1,283,392)</b>	<b>(131,935,580)</b>	<b>6,697,170</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources	46,220,558	137,243,558	129,732,099	9,445,269	139,177,368	1,933,810
Other financing uses	(11,670,558)	(11,870,558)	(37,411,653)	(1,200,413)	(38,612,066)	(26,741,508)
<b>Total Other Financing Sources (Uses)</b>	<b>34,550,000</b>	<b>125,373,000</b>	<b>92,320,446</b>	<b>8,244,856</b>	<b>100,565,302</b>	<b>(24,807,698)</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>						
Balance - Beginning of Year	65,182,773	58,627,134	54,843,880	3,783,254	58,627,134	
<b>Balance - End of Year</b>	<b>\$ 50,278,050</b>	<b>\$ 45,367,384</b>	<b>\$ 16,512,138</b>	<b>\$ 10,744,718</b>	<b>\$ 27,256,856</b>	<b>\$ (18,110,528)</b>

The fiscal year 2007 budget amendment resulted in an overall increase in total appropriations. The timing of improvements in the capital projects funds and operations of the hotel and conference center increased the fiscal year 2007 expenditures significantly.

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2007, 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) placed in service in 2007 or under construction at June 30, 2007. The City retroactively reported infrastructure assets placed in service prior to July 1, 2004 during the fiscal year ended June 30, 2007.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	\$ 48,325,265	\$ 53,663,347	\$ 3,498,526	\$ 3,545,093	\$ 51,823,791	\$ 57,208,440
Land improvements	—	15,995,231	—	—	—	15,995,231
Buildings and improvements	10,743,763	14,939,726	28,619,955	105,894,090	39,363,718	120,833,816
Infrastructure	23,527,979	78,672,605	—	—	23,527,979	78,672,605
Machinery and equipment	6,788,143	10,843,432	5,500,768	26,296,673	12,288,911	37,140,105
Construction-in-progress	54,677,351	10,887,838	74,102	108,931	54,751,453	10,996,769
<b>Total</b>	<b>\$ 144,062,501</b>	<b>\$ 185,002,179</b>	<b>\$ 37,693,351</b>	<b>\$ 135,844,787</b>	<b>\$ 181,755,852</b>	<b>\$ 320,846,966</b>

### Long-Term Debt

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 following summarizes maturities of principal and interest on bonded debt outstanding at June 30, 2007:

Year Ending June 30,	Governmental Activities						Business-Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Special Assessment Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2008	\$ 8,745,000	\$ 3,641,938	\$ 3,275,000	\$ 4,056,996	\$ 330,000	\$ 36,180	\$ 1,086,000	\$ 357,276	\$ 13,436,000	\$ 8,092,390
2009	16,240,000	3,270,227	3,645,000	3,760,607	340,000	18,360	1,746,000	319,921	21,971,000	7,369,115
2010	3,860,000	2,585,177	4,070,000	3,594,083	—	—	871,000	258,259	8,801,000	6,437,519
2011	4,135,000	2,425,357	4,030,000	3,403,127	—	—	887,000	214,606	9,052,000	6,043,090
2012	5,650,000	2,263,004	3,640,000	3,216,041	—	—	923,000	185,814	10,213,000	5,664,859
2013-2017	29,625,000	7,377,411	21,115,000	13,367,413	—	—	2,848,000	433,376	53,588,000	21,178,200
2018-2022	10,060,000	1,861,133	8,620,000	8,994,046	—	—	1,005,000	111,692	19,685,000	10,966,871
2023-2027	3,270,000	248,762	3,330,000	7,642,604	—	—	—	—	6,600,000	7,891,366
2028-2032	—	—	2,775,000	6,602,974	—	—	—	—	2,775,000	6,602,974
2033-2037	—	—	10,965,000	5,166,480	—	—	—	—	10,965,000	5,166,480
2038-2042	—	—	6,165,000	2,792,000	—	—	—	—	6,165,000	2,792,000
2043-2047	—	—	7,240,000	1,129,000	—	—	—	—	7,240,000	1,129,000
	81,585,000	23,673,009	78,870,000	63,725,371	670,000	54,540	9,366,000	1,880,944	170,491,000	89,333,864
Net unamortized bond premium (discount)	(87,918)	—	(311,351)	—	—	—	7,227	—	(392,042)	—
<b>Net</b>	<b>\$81,497,082</b>	<b>\$23,673,009</b>	<b>\$78,558,649</b>	<b>\$63,725,371</b>	<b>\$ 670,000</b>	<b>\$ 54,540</b>	<b>\$ 9,373,227</b>	<b>\$ 1,880,944</b>	<b>\$ 170,098,958</b>	<b>\$89,333,864</b>

The City of Coralville maintains an Aa2 rating from Moody's Investor Services for general obligation debt.

For more information on the City's debt and amortization terms, please refer to Page 33 of the Notes to the Financial Statements.

### **Economic Factors**

- Retail sales for the City of Coralville for 2007 were approximately \$580,000,000 compared to \$550,000,000 for 2006.
- The total value of building permits issued during calendar year 2007 was \$49,074,307. This compares with an amount of \$71,965,645 for 2006. This amount represents a 32% decrease.

### **Next Year's Budget and Rates**

- Water, Sewer and Storm Water Management rates will remain approximately the same for fiscal year 2008 as fiscal year 2007. The Solid Waste bi-monthly rate was increased \$4 and other related fees for various stickers were increased as well.
- The City tax levy rate for fiscal year 2008 will remain the same at \$13.286 which includes a library levy for debt service of 0.27.
- Property taxes provide about 58% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 11.17%, while property tax limitations imposed by the State of Iowa have held taxable values to an average annual growth rate of 8.43%.

The City opened the Hotel/Conference Center in August, 2006. Marriott and the Coralville/Iowa City Convention Bureau continue to book conferences at the Conference Center for the coming year and beyond. The Coralville Library's \$8 million expansion continues and will utilize the new Town Center Parking Ramp. The City is also constructing an Adult Softball Complex that will be located in southwest Coralville and is designed to accommodate five fields that will attract local, state and national softball tournaments. In addition, Coralville continues to enhance the trail system and primary roads throughout the City utilizing local, state and federal grants.

### **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, 2007

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents .....	\$ 7,913,820	\$ 3,301,276	\$ 11,215,096
Receivables			
Property Taxes			
Current year delinquent, net of allowance for uncollectible taxes.....	60,058	—	60,058
Succeeding year .....	22,411,004	—	22,411,004
Assets held by property manager .....	—	559,780	559,780
Customer accounts, net of allowance for uncollectible accounts.....	—	1,388,940	1,388,940
Due from other governments .....	7,269,921	24,621	7,294,542
Internal balances.....	1,075,751	(1,075,751)	—
Special assessments .....	268,785	—	268,785
Other .....	47,124	—	47,124
Inventories and prepaids.....	408,439	1,813,218	2,221,657
<b>Total Current Assets</b> .....	<b><u>39,454,902</u></b>	<b><u>6,012,084</u></b>	<b><u>45,466,986</u></b>
 <b>Restricted Assets</b>			
Cash and pooled investments .....	7,523,538	1,514,013	9,037,551
Beneficial interest in a trust .....	—	7,071,110	7,071,110
<b>Total Restricted Assets</b> .....	<b><u>7,523,538</u></b>	<b><u>8,585,123</u></b>	<b><u>16,108,661</u></b>
 <b>Noncurrent Assets</b>			
Loans, net of allowance for uncollectible amounts .....	3,731,790	—	3,731,790
Special assessments.....	1,056,461	—	1,056,461
Capital assets, net of accumulated depreciation .....	154,820,119	114,253,540	269,073,659
<b>Total Noncurrent Assets</b> .....	<b><u>159,608,370</u></b>	<b><u>114,253,540</u></b>	<b><u>273,861,910</u></b>
 <b>Total Assets</b> .....	 <b><u>\$ 206,586,810</u></b>	 <b><u>\$ 128,850,747</u></b>	 <b><u>\$ 335,437,557</u></b>

See accompanying notes to the financial statements.

	Governmental Activities	Business- Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable .....	\$ 3,604,543	\$ 1,174,986	\$ 4,779,529
Retainages payable.....	199,021	90,598	289,619
Accrued wages and compensated absences ..	521,689	904,180	1,425,869
Accrued interest payable .....	778,415	—	778,415
Revenue bonds payable.....	—	1,086,000	1,086,000
General obligation bonds payable .....	8,745,000	—	8,745,000
Special assessment bonds payable .....	330,000	—	330,000
Other loans payable .....	118,649	7,529	126,178
Capital lease.....	—	90,000	90,000
Deferred Revenue			
Succeeding year property taxes .....	22,411,004	—	22,411,004
Special assessments .....	832,847	—	832,847
Current Liabilities Payable From Restricted Assets			
Tax increment financing bonds payable...	<u>3,275,000</u>	<u>—</u>	<u>3,275,000</u>
<b>Total Current Liabilities</b> .....	<b><u>40,816,168</u></b>	<b><u>3,353,293</u></b>	<b><u>44,169,461</u></b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable.....	—	8,287,227	8,287,227
General obligation bonds payable .....	72,752,082	—	72,752,082
Tax increment financing bonds payable .....	75,283,649	—	75,283,649
Special assessment bonds payable .....	340,000	—	340,000
Other loans payable .....	1,223,375	158,843	1,382,218
Capital lease.....	—	54,928,949	54,928,949
<b>Total Noncurrent Liabilities</b> .....	<b><u>149,599,106</u></b>	<b><u>63,375,019</u></b>	<b><u>212,974,125</u></b>
<b>Total Liabilities</b> .....	<b><u>190,415,274</u></b>	<b><u>66,728,312</u></b>	<b><u>257,143,586</u></b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt .	(2,707,846)	56,766,102	54,058,256
Restricted For			
Debt service .....	4,248,538	7,823,321	12,071,859
Special revenue - road use taxes .....	765,550	—	765,550
Capital projects .....	1,004,730	—	1,004,730
Unrestricted .....	<u>12,860,564</u>	<u>(2,466,988)</u>	<u>10,393,576</u>
<b>Total Net Assets</b> .....	<b><u>16,171,536</u></b>	<b><u>62,122,435</u></b>	<b><u>78,293,971</u></b>
<b>Total Liabilities and Net Assets</b> .....	<b><u>\$ 206,586,810</u></b>	<b><u>\$ 128,850,747</u></b>	<b><u>\$ 335,437,557</u></b>



# Statement of Activities

Year Ended June 30, 2007

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 .....	\$ 3,687,594	\$ 26,866	\$ 75,840	\$ 455,023	\$ (3,129,865)	\$ —	\$ (3,129,865)
Public works .....	1,558,553	74,500	1,469,903	—	(14,150)	—	(14,150)
Health and social services .....	114,444	—	—	—	(114,444)	—	(114,444)
Culture and recreation .....	5,209,559	1,182,856	144,182	1,047,262	(2,835,259)	—	(2,835,259)
Community and economic development .....	2,956,141	444,347	—	9,102,626	6,590,832	—	6,590,832
General government .....	1,948,498	757,959	40,116	—	(1,150,423)	—	(1,150,423)
Depreciation - unallocated .....	11,393	—	—	—	(11,393)	—	(11,393)
Interest on long-term debt .....	8,509,377	—	—	721,358	(7,788,019)	—	(7,788,019)
<b>Total Governmental Activities .....</b>	<b>23,995,559</b>	<b>2,486,528</b>	<b>1,730,041</b>	<b>11,326,269</b>	<b>(8,452,721)</b>	<b>—</b>	<b>(8,452,721)</b>
<b>Business-Type Activities</b>							
Hotel and conference center .....	13,641,510	8,964,988	—	—	—	(4,676,522)	(4,676,522)
Water .....	1,633,031	2,010,190	4,540	—	—	381,699	381,699
Sewer .....	2,088,912	2,492,865	1,230	—	—	405,183	405,183
Golf .....	2,455,619	2,042,991	1,162	—	—	(411,466)	(411,466)
Solid waste .....	616,276	743,098	—	—	—	126,822	126,822
Transit .....	1,437,681	442,133	558,981	—	—	(436,567)	(436,567)
Hotel parking .....	441,813	269,488	—	—	—	(172,325)	(172,325)
<b>Total Business-Type Activities .....</b>	<b>22,314,842</b>	<b>16,965,753</b>	<b>565,913</b>	<b>—</b>	<b>—</b>	<b>(4,783,176)</b>	<b>(4,783,176)</b>
<b>Total .....</b>	<b>\$ 46,310,401</b>	<b>\$ 19,452,281</b>	<b>\$ 2,295,954</b>	<b>\$ 11,326,269</b>	<b>(8,452,721)</b>	<b>(4,783,176)</b>	<b>(13,235,897)</b>
<b>General Revenue</b>							
Taxes							
Property taxes levied for general purposes .....					7,053,156	—	7,053,156
Property taxes levied for debt service .....					2,111,634	—	2,111,634
Tax increment financing taxes .....					11,812,084	—	11,812,084
Other taxes .....					2,089,372	—	2,089,372
Investment earnings .....					1,214,418	811,810	2,026,228
Loss on disposal of capital assets .....					(46,517)	—	(46,517)
Miscellaneous .....					225,053	—	225,053
<b>Total General Revenue .....</b>					<b>24,459,200</b>	<b>811,810</b>	<b>25,271,010</b>
<b>Change in Net Assets Before Other Financing Sources (Uses) .....</b>					<b>16,006,479</b>	<b>(3,971,366)</b>	<b>12,035,113</b>
<b>Other Financing Sources (Uses)</b>							
Transfers							
Cash .....					(9,234,886)	9,234,886	—
Capital assets .....					(32,301,564)	32,301,564	—
<b>Change in Net Assets .....</b>					<b>(25,529,971)</b>	<b>37,565,084</b>	<b>12,035,113</b>
Net Assets - Beginning of Year, as previously reported .....					33,147,640	24,557,351	57,704,991
Prior period adjustment (Note 16) .....					8,553,867	—	8,553,867
Net Assets - Beginning of Year, as restated .....					41,701,507	24,557,351	66,258,858
<b>Net Assets - End of Year .....</b>					<b>\$ 16,171,536</b>	<b>\$ 62,122,435</b>	<b>\$ 78,293,971</b>

See accompanying notes to the financial statements.

## Balance Sheet - Governmental Funds

At June 30, 2007

	General Fund	Special Revenue - Tax Increment Financing	Capital Projects - First Avenue/ Brownfields	Other Govern- mental Funds	Total
<b>Assets</b>					
Cash and cash equivalents ...	\$ 1,375,133	\$ —	\$ —	\$ 6,538,687	\$ 7,913,820
Receivables					
Property Taxes					
Current year delinquent	24,453	20,684	—	14,921	60,058
Succeeding year .....	5,688,029	12,686,045	—	4,036,930	22,411,004
Loans .....	—	3,155,600	—	576,190	3,731,790
Other .....	47,124	—	—	—	47,124
Special assessments .....	—	—	—	1,325,246	1,325,246
Due from other funds.....	4,180,322	260,000	—	69,959	4,510,281
Due from other governments	34,328	—	4,049,397	3,186,196	7,269,921
Inventories and prepaids .....	388,926	—	6,953	12,560	408,439
Restricted Assets					
Cash and cash equivalents	—	6,453,306	561,011	509,221	7,523,538
<b>Total Assets .....</b>	<b><u>\$ 11,738,315</u></b>	<b><u>\$ 22,575,635</u></b>	<b><u>\$ 4,617,361</u></b>	<b><u>\$ 16,269,910</u></b>	<b><u>\$ 55,201,221</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable .....	\$ 323,773	\$ 101,182	\$ 1,436,453	\$ 1,743,135	\$ 3,604,543
Retainages payable.....	—	—	199,021	—	199,021
Accrued liabilities.....	39,535	—	—	—	39,535
Due to other funds.....	260,000	7,862	254,399	2,912,269	3,434,530
Deferred Revenue					
Succeeding years property taxes.....	5,688,029	12,686,045	—	4,036,930	22,411,004
Special assessments .....	—	—	—	832,847	832,847
Other .....	15,666	—	2,946,984	2,800,582	5,763,232
<b>Total Liabilities .....</b>	<b><u>6,327,003</u></b>	<b><u>12,795,089</u></b>	<b><u>4,836,857</u></b>	<b><u>12,325,763</u></b>	<b><u>36,284,712</u></b>
<b>Fund Balances</b>					
Reserved for					
Other .....	—	—	—	413,883	413,883
Debt service .....	—	6,453,306	—	1,693,529	8,146,835
Inventories and prepaids....	388,926	—	6,953	12,560	408,439
Unreserved.....	5,022,386	3,327,240	(226,449)	—	8,123,177
Unreserved, Reported in					
Nonmajor Funds					
Special revenue funds....	—	—	—	819,445	819,445
Capital projects funds....	—	—	—	1,004,730	1,004,730
<b>Total Fund Balances</b>	<b><u>5,411,312</u></b>	<b><u>9,780,546</u></b>	<b><u>(219,496)</u></b>	<b><u>3,944,147</u></b>	<b><u>18,916,509</u></b>
<b>Total Liabilities and Fund Balances .....</b>	<b><u>\$ 11,738,315</u></b>	<b><u>\$ 22,575,635</u></b>	<b><u>\$ 4,617,361</u></b>	<b><u>\$ 16,269,910</u></b>	<b><u>\$ 55,201,221</u></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, 2007

<b>Total Fund Balances for Governmental Funds (Page 14).....</b>	<b>\$ 18,916,509</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 .....	5,763,232
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds .....	154,820,119
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.....	(81,497,082)
Tax increment financing bonds payable.....	(78,558,649)
Special assessment bonds payable.....	(670,000)
Other loans payable .....	(1,342,024)
Accrued interest payable.....	(778,415)
Compensated absences .....	<u>(482,154)</u>
<b>Net Assets of Governmental Activities (Page 12) .....</b>	<b><u>\$ 16,171,536</u></b>

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

Year Ended June 30, 2007

	General Fund	Special Revenue - Tax Increment Financing	Capital Projects - First Avenue/ Brownfields	Other Govern- mental Funds	Total
<b>Revenue</b>					
Property taxes .....	\$ 5,361,393	\$ —	\$ —	\$ 3,793,727	\$ 9,155,120
TIF and other city taxes .....	1,974,812	11,812,084	—	—	13,786,896
Special assessments.....	—	—	—	1,126,217	1,126,217
Licenses and permits.....	604,110	—	—	—	604,110
Use of money and property	275,369	296,191	516,670	259,069	1,347,299
Intergovernmental.....	714,990	—	1,322,793	3,346,506	5,384,289
Charges for services.....	1,259,504	—	—	340,390	1,599,894
Miscellaneous.....	<u>240,655</u>	<u>40,000</u>	<u>152,144</u>	<u>4,438,297</u>	<u>4,871,096</u>
<b>Total Revenue.....</b>	<b><u>10,430,833</u></b>	<b><u>12,148,275</u></b>	<b><u>1,991,607</u></b>	<b><u>13,304,206</u></b>	<b><u>37,874,921</u></b>
<b>Expenditures</b>					
Operating					
Public safety.....	3,920,167	—	—	26,059	3,946,226
Public works.....	494,976	—	—	935,709	1,430,685
Health and social services	114,444	—	—	—	114,444
Culture and recreation ....	4,623,914	—	—	124,999	4,748,913
Community and economic development.....	352,697	74,467	—	—	427,164
General government .....	1,852,670	—	—	—	1,852,670
Debt Service					
Principal .....	—	55,066,804	—	1,845,625	56,912,429
Interest and other charges	—	7,660,415	—	909,549	8,569,964
Capital projects.....	—	—	<u>22,523,807</u>	<u>14,976,523</u>	<u>37,500,330</u>
<b>Total Expenditures</b>	<b><u>11,358,868</u></b>	<b><u>62,801,686</u></b>	<b><u>22,523,807</u></b>	<b><u>18,818,464</u></b>	<b><u>115,502,825</u></b>
<b>Revenue Under Expenditures .....</b>	<b><u>(928,035)</u></b>	<b><u>(50,653,411)</u></b>	<b><u>(20,532,200)</u></b>	<b><u>(5,514,258)</u></b>	<b><u>(77,627,904)</u></b>
<b>Other Financing Sources (Uses)</b>					
Bond proceeds .....	—	50,050,000	812,750	1,652,250	52,515,000
Bond issuance premium .....	—	783,490	—	—	783,490
Transfers in.....	2,580,034	8,646,547	2,618,484	4,705,104	18,550,169
Transfers out .....	<u>(1,184,993)</u>	<u>(6,097,506)</u>	<u>(15,661,837)</u>	<u>(4,840,719)</u>	<u>(27,785,055)</u>
<b>Total Other Financing Sources (Uses) ....</b>	<b><u>1,395,041</u></b>	<b><u>53,382,531</u></b>	<b><u>(12,230,603)</u></b>	<b><u>1,516,635</u></b>	<b><u>44,063,604</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses ...</b>	<b>467,006</b>	<b>2,729,120</b>	<b>(32,762,803)</b>	<b>(3,997,623)</b>	<b>(33,564,300)</b>
Fund Balances - Beginning of Year .....	<u>4,944,306</u>	<u>7,051,426</u>	<u>32,543,307</u>	<u>7,941,770</u>	<u>52,480,809</u>
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 5,411,312</u></b>	<b><u>\$ 9,780,546</u></b>	<b><u>\$ (219,496)</u></b>	<b><u>\$ 3,944,147</u></b>	<b><u>\$ 18,916,509</u></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, 2007

**Changes in Fund Balances - Total Governmental Funds**  
**(Page 16)** ..... **\$ (33,564,300)**

***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 .....	\$ 37,953,210	
Capital assets transferred to enterprise funds .....	(32,301,564)	
Depreciation expense .....	(3,401,378)	
Loss on disposal of capital assets.....	<u>(46,517)</u>	2,203,751

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 .....	\$ (53,295,000)	
Long-term debt principal repaid .....	56,793,527	
Amortization of discounts and premiums .....	118,902	
Increase in accrued interest.....	<u>60,587</u>	3,678,016

Certain receivables are reported in the statement of activities net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds..... 2,173,634

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 ..... (21,072)

**Change in Net Assets of Governmental Activities (Page 13)** **\$ (25,529,971)**

## Statement of Net Assets - Proprietary Funds

At June 30, 2007

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and pooled invest- ments.....	\$ 989,653	\$ 784,524	\$ 694,626	\$ —	\$ 832,473	\$ 3,301,276
Receivables						
Assets held by property manager.....	424,640	—	—	135,140	—	559,780
Customer accounts .....	353,929	341,097	476,177	109,119	108,618	1,388,940
Due from other funds .....	—	—	—	—	60,010	60,010
Due from other governments	—	4,540	1,230	1,162	17,689	24,621
Inventories and prepaids.....	1,254,272	97,807	100,107	276,342	84,690	1,813,218
<b>Total Current Assets</b> ....	<b>3,022,494</b>	<b>1,227,968</b>	<b>1,272,140</b>	<b>521,763</b>	<b>1,103,480</b>	<b>7,147,845</b>
<b>Noncurrent Assets</b>						
Restricted Assets						
Cash and pooled investments.....	—	486,109	977,904	—	50,000	1,514,013
Beneficial interest in a trust.....	6,056,491	—	—	1,014,619	—	7,071,110
Capital assets (net of accumulated depreciation)	66,125,075	7,525,124	17,964,665	11,464,538	11,174,138	114,253,540
<b>Total Noncurrent Assets</b> .....	<b>72,181,566</b>	<b>8,011,233</b>	<b>18,942,569</b>	<b>12,479,157</b>	<b>11,224,138</b>	<b>122,838,663</b>
<b>Total Assets</b> .....	<b>\$ 75,204,060</b>	<b>\$ 9,239,201</b>	<b>\$ 20,214,709</b>	<b>\$ 13,000,920</b>	<b>\$ 12,327,618</b>	<b>\$ 129,986,508</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts payable.....	\$ 532,225	\$ 80,460	\$ 139,404	\$ 290,951	\$ 131,946	\$ 1,174,986
Retainage payable .....	—	—	90,598	—	—	90,598
Accrued liabilities and compensated absences ....	595,117	22,774	54,209	155,469	76,611	904,180
Due to other funds.....	38,611	—	—	821,776	275,374	1,135,761
Current maturities of long- term debt .....	90,000	485,000	551,000	7,529	50,000	1,183,529
<b>Total Current Liabilities</b>	<b>1,255,953</b>	<b>588,234</b>	<b>835,211</b>	<b>1,275,725</b>	<b>533,931</b>	<b>4,489,054</b>
<b>Long-Term Debt</b> .....	<b>46,586,126</b>	<b>1,345,839</b>	<b>6,711,388</b>	<b>8,501,666</b>	<b>230,000</b>	<b>63,375,019</b>
<b>Total Liabilities</b> .....	<b>47,842,079</b>	<b>1,934,073</b>	<b>7,546,599</b>	<b>9,777,391</b>	<b>763,931</b>	<b>67,864,073</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt.....	25,505,440	5,694,285	10,702,277	3,969,962	10,894,138	56,766,102
Restricted for debt service ..	6,056,491	486,109	1,230,721	—	50,000	7,823,321
Unrestricted.....	(4,199,950)	1,124,734	735,112	(746,433)	619,549	(2,466,988)
<b>Total Net Assets</b> .....	<b>27,361,981</b>	<b>7,305,128</b>	<b>12,668,110</b>	<b>3,223,529</b>	<b>11,563,687</b>	<b>62,122,435</b>
<b>Total Liabilities and Net Assets</b> .....	<b>\$ 75,204,060</b>	<b>\$ 9,239,201</b>	<b>\$ 20,214,709</b>	<b>\$ 13,000,920</b>	<b>\$ 12,327,618</b>	<b>\$ 129,986,508</b>

See accompanying notes to the financial statements.

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

Year Ended June 30, 2007

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Operating Revenue</b>						
Charges for sales and service .....	<b>\$ 8,964,988</b>	<b>\$ 2,010,190</b>	<b>\$ 2,492,865</b>	<b>\$ 2,042,991</b>	<b>\$ 1,454,719</b>	<b>\$ 16,965,753</b>
<b>Operating Expenses</b>						
Salaries and employee benefits .....	2,906,449	476,258	392,105	218,896	1,268,372	5,262,080
Contractual services.....	4,170,496	338,939	577,416	705,113	315,184	6,107,148
Commodities .....	1,888,612	324,748	87,552	849,325	559,481	3,709,718
Depreciation .....	2,613,415	387,473	756,066	253,828	334,627	4,345,409
<b>Total Operating Expenses.....</b>	<b>11,578,972</b>	<b>1,527,418</b>	<b>1,813,139</b>	<b>2,027,162</b>	<b>2,477,664</b>	<b>19,424,355</b>
<b>Operating Income (Loss)</b>	<b>(2,613,984)</b>	<b>482,772</b>	<b>679,726</b>	<b>15,829</b>	<b>(1,022,945)</b>	<b>(2,458,602)</b>
<b>Nonoperating Revenue (Expenses)</b>						
Intergovernmental Revenue						
Federal .....	—	4,540	1,230	1,162	220,016	226,948
State .....	—	—	—	—	338,830	338,830
Other revenue .....	—	—	—	—	135	135
Interest revenue .....	640,263	61,537	58,193	—	—	759,993
Interest expense.....	(2,062,538)	(105,613)	(275,773)	(428,457)	(18,106)	(2,890,487)
Increase in beneficial interest in a trust.....	—	—	—	51,817	—	51,817
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(1,422,275)</b>	<b>(39,536)</b>	<b>(216,350)</b>	<b>(375,478)</b>	<b>540,875</b>	<b>(1,512,764)</b>
<b>Income (Loss) Before Contributions and Transfers .....</b>	<b>(4,036,259)</b>	<b>443,236</b>	<b>463,376</b>	<b>(359,649)</b>	<b>(482,070)</b>	<b>(3,971,366)</b>
Transfers in .....	8,762,086	—	—	146,000	627,110	9,535,196
Transfers out.....	—	(45,000)	(119,099)	(115,211)	(21,000)	(300,310)
Contributed capital .....	22,636,154	—	—	—	9,665,410	32,301,564
<b>Net Income (Loss).....</b>	<b>27,361,981</b>	<b>398,236</b>	<b>344,277</b>	<b>(328,860)</b>	<b>9,789,450</b>	<b>37,565,084</b>
Net Assets - Beginning of Year .....	—	6,906,892	12,323,833	3,552,389	1,774,237	24,557,351
<b>Net Assets - End of Year</b>	<b>\$ 27,361,981</b>	<b>\$ 7,305,128</b>	<b>\$ 12,668,110</b>	<b>\$ 3,223,529</b>	<b>\$ 11,563,687</b>	<b>\$ 62,122,435</b>

See accompanying notes to the financial statements.

# Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2007

	Hotel and Conference Center	Water	Sewer	Golf	Nonmajor Proprietary Funds	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers.....	\$ 8,186,419	\$ 2,004,915	\$ 2,472,779	\$ 1,797,570	\$ 1,439,192	\$ 15,900,875
Payments to suppliers.....	(5,009,927)	(626,603)	(705,225)	(1,259,117)	(878,217)	(8,479,089)
Payments to employees.....	(2,906,449)	(475,232)	(391,409)	(218,896)	(1,268,372)	(5,260,358)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b>270,043</b>	<b>903,080</b>	<b>1,376,145</b>	<b>319,557</b>	<b>(707,397)</b>	<b>2,161,428</b>
<b>Cash Flows From Noncapital Financing Activities</b>						
Noncapital federal and state grants.....	—	—	—	1,162	766,427	767,589
Other revenue.....	—	—	—	—	135	135
Net transfers.....	—	(45,000)	(119,099)	30,789	606,110	472,800
<b>Net Cash Provided by (Used in) Noncapital Financing Activities.....</b>	<b>—</b>	<b>(45,000)</b>	<b>(119,099)</b>	<b>31,951</b>	<b>1,372,672</b>	<b>1,240,524</b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Increase in due to other funds.....	—	—	—	136,956	142,534	279,490
Proceeds from debt.....	46,706,283	—	900,000	—	—	47,606,283
Received from trust.....	—	—	—	48,978	—	48,978
Purchase of capital assets.....	(43,396,741)	(87,405)	(1,870,113)	(131,309)	(322,273)	(45,807,841)
Capital lease issuance costs.....	(1,137,500)	—	—	—	—	(1,137,500)
Repayment of debt.....	—	(480,000)	(536,000)	(11,229)	(50,000)	(1,077,229)
Payment of interest.....	(2,092,695)	(105,476)	(273,362)	(426,449)	(18,325)	(2,916,307)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities.....</b>	<b>79,347</b>	<b>(672,881)</b>	<b>(1,779,475)</b>	<b>(383,053)</b>	<b>(248,064)</b>	<b>(3,004,126)</b>
<b>Cash Flows From Investing Activities</b>						
(Increase) in due from other funds.....	—	—	—	—	(60,010)	(60,010)
Interest received.....	640,263	61,537	58,193	—	—	759,993
<b>Net Cash Provided by Investing Activities.....</b>	<b>640,263</b>	<b>61,537</b>	<b>58,193</b>	<b>—</b>	<b>(60,010)</b>	<b>699,983</b>
<b>Net Increase (Decrease) in Cash.....</b>	<b>989,653</b>	<b>246,736</b>	<b>(464,236)</b>	<b>(31,545)</b>	<b>357,201</b>	<b>1,097,809</b>
Cash and Cash Equivalents at Beginning of Year.....	—	1,023,897	2,136,766	31,545	525,272	3,717,480
<b>Cash and Cash Equivalents at End of Year.....</b>	<b>\$ 989,653</b>	<b>\$ 1,270,633</b>	<b>\$ 1,672,530</b>	<b>\$ —</b>	<b>\$ 882,473</b>	<b>\$ 4,815,289</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>						
Operating income (loss).....	\$ (2,613,984)	\$ 482,772	\$ 679,726	\$ 15,829	\$ (1,022,945)	\$ (2,458,602)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities						
Depreciation.....	2,613,415	387,473	756,066	253,828	334,627	4,345,409
Increase in receivables.....	(778,569)	(5,275)	(20,086)	(245,421)	(15,527)	(1,064,878)
(Increase) decrease in inventories and prepaids.....	(116,772)	15,483	13,611	(14,505)	(11,886)	(114,069)
Increase (decrease) in accounts and retainages payable.....	532,225	21,698	(53,851)	189,845	10,708	700,625
Increase in accrued liabilities and compensated absences.....	595,117	1,026	696	120,610	16,513	733,962
Increase (decrease) in due to other funds and other governments.....	38,611	(97)	(17)	(629)	(18,887)	18,981
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b>\$ 270,043</b>	<b>\$ 903,080</b>	<b>\$ 1,376,145</b>	<b>\$ 319,557</b>	<b>\$ (707,397)</b>	<b>\$ 2,161,428</b>
<b>Schedule of Noncash Investing and Financing Activities</b>						
Increase in Beneficial Interest in a Trust.....	\$ —	\$ —	\$ —	\$ 49,978	\$ —	\$ 49,978
Capital Contributed from Governmental Funds.....	\$ 22,636,154	\$ —	\$ —	\$ —	\$ 9,665,410	\$ 32,301,564

See accompanying notes to the financial statements.



# Statement of Fiduciary Net Assets - Fiduciary Funds

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At June 30, 2007

	CEBA Agency Fund
<b>Assets</b>	
Loans receivable .....	<u>\$ 526,667</u>
<b>Liabilities and Net Assets</b>	
Notes payable.....	\$ 526,667
<b>Net Assets</b> .....	<u>—</u>
<b>Total Liabilities and Net Assets</b> .....	<u>\$ 526,667</u>

# 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, culture, recreation, public improvements and general administrative services.

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 Statements and interpretations 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. The City has determined that under the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, Coralville Hospitality Corporation is a component unit. Its activities are included in the capital projects fund, First Avenue/Brownfields Projects.

### **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. Unaudited financial information from the Foundation's fiscal year end 2007 tax return and other internal reports includes total revenue of \$237,273, expenses of \$1,091,296, assets of \$25,023, liabilities of \$229,000 and net assets of (\$203,977). Therefore, to avoid material misstatement, the Foundation should be included as a discrete component unit in the City's financial statements.

### **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.

## (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 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 various Tax Increment Financing Districts which will be used to pay obligations incurred for qualifying projects.

The First Avenue/Brownfields Fund is a capital projects fund used to account for construction projects in and around the Brownfields area and along First Avenue. The activities of the component unit Coralville Hospitality Corporation are reported in this fund.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

The City had the following major enterprise funds:

### **Enterprise Funds**

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

*Water Fund* - This fund accounts for the operation and maintenance of the City's water treatment and distribution system.

*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.

# Notes to the Financial Statements

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## (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 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.

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 by 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.

Agency funds report, under the accrual basis of accounting, only assets and liabilities. Since agency funds have no equity, they do not have a measurement focus.

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.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Using prescribed procedures, the City amended its budget once during the year ended June 30, 2007.

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.

### **Cash, Pooled Investments and Cash Equivalents**

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 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.

# Notes to the Financial Statements

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## (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, 2005 assessed property valuations, is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2006.

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.

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 the special revenue and agency 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, grants and reimbursements from governments.

### **Inventories and Prepays**

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 reserved.

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### 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. No amounts were capitalized in 2007.

### 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. 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 all 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 (In Years)</b>
Land improvements .....	20 - 50 Years
Buildings and improvements .....	10 - 75 Years
Furniture and equipment .....	5 - 20 Years
Vehicles .....	5 - 10 Years
Road network .....	20 - 40 Years
Bridge network.....	50 Years
Parking ramps .....	50 Years

The City retroactively capitalized infrastructure assets constructed prior to July 1, 2004 during the year ended June 30, 2007 to complete the capitalization of infrastructure assets. See Note 16.

### Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. For proprietary fund types, 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.



# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### 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 grants and cost sharing receivables not collected within 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 60 days after year end.

### 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 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

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 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.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### Estimates and Assumptions

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

# Notes to the Financial Statements

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## (2) Cash and Investments

The City's deposits at June 30, 2007 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, 2007, the City had investments in the Iowa Public Agency Investment Trust which were valued at an amortized cost of \$4,744,473 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 investments at June 30, 2007 were as follows:

Cash accounts.....	\$ 11,061,291
Pooled cash investments - Iowa Public Agency Investment Trust .....	4,744,473
Certificates of deposit.....	<u>4,446,883</u>
<b>Total .....</b>	<b><u>\$ 20,252,647</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, 2007, no amounts of principal and interest had been received or forgiven and the loan was not in default.

During the year ended June 30, 2002, the City made a noninterest bearing \$100,000 forgivable economic development loan to the Iowa Children's Museum. The loan was forgivable so long as the Museum continued in operation through May, 2007. City officials presumed that the Museum would remain in business through the due date of the loan. As a result, the City has not recorded the loan as a note receivable. The Museum was in operation at May 31, 2007, and the City Council officially forgave the loan subsequent to June 30, 2007.

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, 2007, 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 2007 included \$13,646 of principal and \$15,554 of interest.

## Notes to the Financial Statements

### (3) Loans Receivable

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, 2007, 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, 2007, no amounts of principal and interest had been received or forgiven and the loan was not in default.

### (4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2007 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
General Fund.....	\$ 4,180,322	\$ 260,000
Special Revenue Funds		
Tax Increment Financing .....	260,000	7,862
Police Grants .....	—	10,624
Debt Service Funds		
General Obligation Bonds.....	31,190	—
Oakdale Boulevard - Special Assessments .....	38,769	20,960
Capital Projects Funds		
Oakdale Boulevard Project .....	—	38,769
First Avenue/Brownfields Projects .....	—	254,399
Trail Projects .....	—	594,483
Street Projects .....	—	709,494
Highway 6 Projects .....	—	1,329,485
Storm Water Projects.....	—	68,979
North Corridor Land Use Project.....	—	139,475
Enterprise Funds		
Hotel and Conference Center .....	—	38,611
Transit .....	21,399	—
Brown Deer Golf Course.....	—	821,776
Hotel Parking .....	38,611	275,374
	<u>\$ 4,570,291</u>	<u>\$ 4,570,291</u>

These balances result from interfund loans to finance projects. Repayments will be made from future revenue and debt proceeds.

## Notes to the Financial Statements

### (5) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Transfers	Balance - End of Year
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated					
Land.....	\$ 48,325,265	\$ 5,338,082	\$ —	\$ —	\$ 53,663,347
Construction in progress .....	54,677,351	14,030,961	43,366,301	(14,454,173)	10,887,838
Total Capital Assets Not Being Depreciated.....	103,002,616	19,369,043	43,366,301	(14,454,173)	64,551,185
Capital Assets Being Depreciated					
Land improvements.....	—	15,995,231	—	—	15,995,231
Buildings and improvements .....	14,550,050	389,676	—	—	14,939,726
Furniture and equipment .....	9,812,048	128,885	111,534	—	9,829,399
Vehicles.....	820,320	218,213	24,500	—	1,014,033
Road network*.....	46,199,853	21,848,190	—	—	68,048,043
Bridge network*.....	5,101,681	—	—	—	5,101,681
Parking ramps .....	—	5,522,881	—	—	5,522,881
Total Capital Assets Being Depreciated.....	76,483,952	44,103,076	136,034	—	120,450,994
Less Accumulated Depreciation for					
Land improvements.....	—	173,325	—	—	173,325
Buildings and improvements .....	3,806,287	500,913	—	—	4,307,200
Furniture and equipment .....	3,451,494	536,066	73,592	—	3,913,968
Vehicles.....	392,731	121,439	15,925	—	498,245
Road network*.....	18,756,757	1,926,872	—	—	20,683,629
Bridge network*.....	462,930	87,534	—	—	550,464
Parking ramps .....	—	55,229	—	—	55,229
Total Accumulated Depreciation	26,870,199	3,401,378	89,517	—	30,182,060
Net Capital Assets Being Depreciated	49,613,753	40,701,698	46,517	—	90,268,934
<b>Net Governmental Activities</b>					
Capital Assets.....	<b>\$ 152,616,369</b>	<b>\$ 60,070,741</b>	<b>\$ 43,412,818</b>	<b>\$ (14,454,173)</b>	<b>\$ 154,820,119</b>
<b>Business-Type Activities</b>					
Capital Assets Not Being Depreciated					
Land.....	\$ 3,498,526	\$ 46,567	\$ —	\$ —	\$ 3,545,093
Construction in progress .....	74,102	1,984,502	1,949,673	—	108,931
Total Capital Assets Not Being Depreciated.....	3,572,628	2,031,069	1,949,673	—	3,654,024
Capital Assets Being Depreciated					
Buildings and improvements .....	37,777,623	58,451,057	—	9,665,410	105,894,090
Furniture and equipment .....	13,364,058	7,877,472	—	4,788,763	26,030,293
Vehicles.....	224,880	41,500	—	—	266,380
Total Capital Assets Being Depreciated.....	51,366,561	66,370,029	—	14,454,173	132,190,763
Less Accumulated Depreciation for					
Land improvements.....	—	620	—	—	620
Buildings and improvements .....	9,157,668	2,347,239	—	—	11,504,907
Furniture and equipment .....	7,896,931	1,986,926	—	—	9,883,857
Vehicles.....	191,239	10,624	—	—	201,863
Total Accumulated Depreciation	17,245,838	4,345,409	—	—	21,591,247
Net Capital Assets Being Depreciated	34,120,723	62,024,620	—	14,454,173	110,599,516
<b>Net Business-Type Activities</b>					
Capital Assets.....	<b>\$ 37,693,351</b>	<b>\$ 64,055,689</b>	<b>\$ 1,949,673</b>	<b>\$ 14,454,173</b>	<b>\$ 114,253,540</b>

\*Restated for assets in service from July 1, 1980 through June 30, 2003. See Note 16.

## Notes to the Financial Statements

### (5) Capital Assets

Depreciation expense was charged by the City as follows for the year ended June 30, 2007:

Governmental Activities	
Public safety .....	\$ 300,373
Public works .....	137,604
Culture and recreation.....	592,954
Community and economic development .....	2,246,647
General government .....	<u>112,407</u>
	3,389,985
Unallocated depreciation.....	<u>11,393</u>
<b>Total Governmental Activities Depreciation Expense .....</b>	<b><u>\$ 3,401,378</u></b>
Business-Type Activities	
Hotel and conference center .....	\$ 2,613,415
Water.....	387,473
Sewer.....	756,066
Golf.....	253,828
Solid waste.....	48,026
Transit .....	148,797
Hotel parking.....	<u>137,804</u>
<b>Total Business-Type Activities Depreciation Expense .....</b>	<b><u>\$ 4,345,409</u></b>

### (6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2007:

	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	\$ 87,322,082	\$ 13,245,000	\$ 19,070,000	\$ 81,497,082	\$ 8,745,000	1.10%-6.00%
General obligation bond anticipation notes.....	24,600,000	—	24,600,000	—	—	N/A
Tax increment revenue bonds .....	52,163,649	39,270,000	12,875,000	78,558,649	3,275,000	3.00%-8.00%
Special assessment bonds .....	995,000	—	325,000	670,000	330,000	5.40%
Other long-term debt.....	604,453	780,000	42,429	1,342,024	118,649	0%-7.00%
Compensated absences ..	<u>461,082</u>	<u>482,154</u>	<u>461,082</u>	<u>482,154</u>	<u>482,154</u>	N/A
<b>Totals.....</b>	<b><u>\$ 166,146,266</u></b>	<b><u>\$ 53,777,154</u></b>	<b><u>\$ 57,373,511</u></b>	<b><u>\$ 162,549,909</u></b>	<b><u>\$ 12,950,803</u></b>	
<b>Business-Type Activities</b>						
Revenue bonds.....	\$ 9,537,532	\$ 900,000	\$ 1,064,305	\$ 9,373,227	\$ 1,086,000	2.00%-5.30%
Capital lease .....	8,338,460	46,706,283	25,794	55,018,949	90,000	4.00%-5.25%
Other long-term debt.....	177,601	—	11,230	166,371	7,529	4.00%
Compensated absences ..	<u>94,068</u>	<u>111,019</u>	<u>94,068</u>	<u>111,019</u>	<u>111,019</u>	N/A
<b>Totals.....</b>	<b><u>\$ 18,147,661</u></b>	<b><u>\$ 47,717,302</u></b>	<b><u>\$ 1,195,397</u></b>	<b><u>\$ 64,669,566</u></b>	<b><u>\$ 1,294,548</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.

#### **Special Assessment Bonds**

The City issues bonds where the government pledges the proceeds of the assessments against benefited properties to pay debt service. Proceeds of special assessment bonds are used to finance the construction of these improvements.

### 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, 2007, \$42,430 of principal was paid and interest expense was \$16,502.

At June 30, 2007, 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>
2008 .....	\$ 45,693	\$ 13,486	\$ 59,179
2009 .....	48,996	10,183	59,179
2010 .....	52,538	6,641	59,179
2011 .....	56,336	2,843	59,179
2012 .....	9,961	85	10,046
	<u>\$ 213,524</u>	<u>\$ 33,238</u>	<u>\$ 246,762</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, 2015. The contract calls for annual payments of \$125,194 through January 15, 2015, including interest at 6.5%.

During the year ended June 30, 2007, no principal or interest was paid.

At June 30, 2007, annual maturities of the land purchase contract are as follows:

Year Ending June 30,	Principal	Interest	Total
2008 .....	\$ 72,956	\$ 52,238	\$ 125,194
2009 .....	77,842	47,352	125,194
2010 .....	83,055	42,139	125,194
2011 .....	88,618	36,576	125,194
2012 .....	94,553	30,641	125,194
2013-2015 .....	<u>362,976</u>	<u>52,206</u>	<u>415,182</u>
	<u>\$ 780,000</u>	<u>\$ 261,152</u>	<u>\$ 1,041,152</u>

#### ***Forgivable Loan***

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 was due through the year ended June 30, 2006. The loan will then be forgiven based upon a formula using the increase in taxable property valuation for the redevelopment area. Any amount not forgiven at that date will be payable over the next five years ending June 30, 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, 2012.

### Business-Type Activities

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

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

#### ***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.

## Notes to the Financial Statements

### (6) Long-Term Debt

During the year ended June 30, 2006, the City refinanced the capital lease agreement through the issuance of \$8,335,000 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.

At June 30, 2007, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2008 .....	\$ 407,676
2009 .....	407,676
2010 .....	407,676
2011 .....	542,676
2012 .....	577,276
2013-2017 .....	2,905,278
2018-2022 .....	2,967,928
2023-2027 .....	3,033,864
2028-2032 .....	3,132,254
2033-2037 .....	<u>1,934,000</u>
Total Minimum Lease Payments .....	16,316,304
Less: Amount representing interest .....	(7,851,304)
Original issue discount .....	<u>(122,177)</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 8,342,823</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.

At June 30, 2007, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2008.....	\$ 2,465,288
2009.....	2,725,788
2010.....	2,808,038
2011.....	2,905,288
2012.....	2,986,537
2013-2017 .....	16,083,111
2018-2022 .....	17,953,527
2023-2027 .....	<u>33,276,411</u>
Total Minimum Lease Payments .....	81,203,988
Less amount representing interest .....	(35,703,988)
Plus original issue premium.....	<u>1,176,126</u>
<b>Present Value of Net Minimum Lease Payments.....</b>	<b><u>\$ 46,676,126</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, 2007, annual maturities of the SBA loans are as follows:

Year Ending June 30,	SBA Loans	
	Principal	Interest
2008 .....	\$ 7,529	\$ 6,667
2009 .....	7,835	6,361
2010 .....	8,154	6,042
2011 .....	8,487	5,709
2012 .....	8,832	5,364
2013-2017 .....	49,862	21,118
2018-2022 .....	60,882	10,098
2023-2027 .....	14,790	540
<b>Total</b> .....	<b>\$ 166,371</b>	<b>\$ 61,899</b>

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds at June 30, 2007 are as follows:

Year Ending June 30,	Governmental Activities						Business-Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Special Assessment Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 8,745,000	\$ 3,641,938	\$ 3,275,000	\$ 4,056,996	\$ 330,000	\$ 36,180	\$ 1,086,000	\$ 357,276	\$ 13,436,000	\$ 8,092,390
2009	16,240,000	3,270,227	3,645,000	3,760,607	340,000	18,360	1,746,000	319,921	21,971,000	7,369,115
2010	3,860,000	2,585,177	4,070,000	3,594,083	—	—	871,000	258,259	8,801,000	6,437,519
2011	4,135,000	2,425,357	4,030,000	3,403,127	—	—	887,000	214,606	9,052,000	6,043,090
2012	5,650,000	2,263,004	3,640,000	3,216,041	—	—	923,000	185,814	10,213,000	5,664,859
2013-2017	29,625,000	7,377,411	21,115,000	13,367,413	—	—	2,848,000	433,376	53,588,000	21,178,200
2018-2022	10,060,000	1,861,133	8,620,000	8,994,046	—	—	1,005,000	111,692	19,685,000	10,966,871
2023-2027	3,270,000	248,762	3,330,000	7,642,604	—	—	—	—	6,600,000	7,891,366
2028-2032	—	—	2,775,000	6,602,974	—	—	—	—	2,775,000	6,602,974
2033-2037	—	—	10,965,000	5,166,480	—	—	—	—	10,965,000	5,166,480
2038-2042	—	—	6,165,000	2,792,000	—	—	—	—	6,165,000	2,792,000
2043-2047	—	—	7,240,000	1,129,000	—	—	—	—	7,240,000	1,129,000
	81,585,000	23,673,009	78,870,000	63,725,371	670,000	54,540	9,366,000	1,880,944	170,491,000	89,333,864
Net unamortized bond premium (discount)	(87,918)	—	(311,351)	—	—	—	7,227	—	(392,042)	—
<b>Net</b>	<b>\$81,497,082</b>	<b>\$23,673,009</b>	<b>\$78,558,649</b>	<b>\$63,725,371</b>	<b>\$ 670,000</b>	<b>\$ 54,540</b>	<b>\$ 9,373,227</b>	<b>\$ 1,880,944</b>	<b>\$ 170,098,958</b>	<b>\$89,333,864</b>

Interest expense and other charges recorded in governmental fund types totaled \$8,569,964 for the year ended June 30, 2007. Interest expense recorded in proprietary fund types totaled \$2,890,487.

## Notes to the Financial Statements

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### (6) Long-Term Debt

#### Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. At June 30, 2007, the City was in compliance with these covenants.

#### Agency Fund Loan

The City passes through loans and forgivable loans from the Iowa Department of Economic Development (IDED)'s Community Economic Betterment Account (CEBA) to local businesses. The City is required to make a good faith effort to ensure IDED's Community Economic Betterment Account is repaid for the loans and, if required, the forgivable loans. The recipients may make payments directly to IDED. At June 30, 2007, outstanding balances on one 0% interest loan and one forgivable loan totaled \$526,667. This debt is recorded in the CEBA Agency Fund.

### (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, 2007, 2006 and 2005 were \$439,192, \$425,216 and \$375,928, 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>
2005	6.16%	9.23%	3.70%	5.75%
2006	6.16	9.23	3.70	5.75
2007	6.08	9.12	3.70	5.75

## Notes to the Financial Statements

### (8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer From	Amount
General Fund	Special Revenue	
	Tax Increment Financing	\$ 473,541
	Nonmajor Governmental Funds	1,804,214
	Capital Projects	
	Nonmajor Governmental Funds	141,279
	Proprietary	
	Water	45,000
	Sewer	95,000
	Nonmajor Proprietary Funds	21,000
Tax Increment Financing	General Fund	205,840
	Capital Projects	
	First Avenue/Brownfields	8,379,157
	Nonmajor Governmental Funds	61,550
First Avenue/Brownfields	Tax Increment Financing	2,618,484
Nonmajor Special Revenue	General Fund	10,000
Nonmajor Debt Service	Capital Projects	
	Nonmajor Governmental Funds	8,067
	Debt Service	
	Nonmajor Governmental Funds	18,908
	Proprietary	
	Sewer	24,099
	Golf	115,211
Nonmajor Capital Projects	General Fund	196,043
	Special Revenue	
	Tax Increment Financing	1,026,075
	Nonmajor Governmental Funds	1,410,835
	Capital Projects	
	First Avenue/Brownfields	500,000
	Nonmajor Governmental Funds	764,186
	Debt Service	
	Nonmajor Governmental Funds	631,680
Hotel and Conference Center	Special Revenue	
	Tax Increment Financing	1,979,406
	Capital Projects	
	First Avenue/Brownfields	6,782,680
Golf	General Fund	146,000
Nonmajor Proprietary		
Transit	General Fund	627,110
<b>Total</b>		<b><u>\$ 28,085,365</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 purposes.

## Notes to the Financial Statements

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### (9) Deficit Balances

The following individual funds had a deficit at June 30, 2007:

Special Revenue	
Police Grants .....	\$ 10,624
Capital Projects	
Storm Water Projects .....	70,135
Street Projects .....	1,208,013
Highway 6 Projects .....	1,331,274
Town Center Parking Ramp Project .....	415,511
First Avenue/Clear Creek Projects.....	3,010
First Avenue/Brownfields Projects .....	219,496
North Corridor Land Use Project.....	166,035
Trail Projects .....	400,551

### (10) Operating Lease

The City is leasing 65 golf carts under an operating lease requiring payment of \$13,085 during the months of July, August and September of each year through 2008. The following is a schedule by years of future minimum lease payments required under the lease:

<b>Year Ending June 30,</b>	
2008.....	\$ 39,255
2009.....	<u>39,255</u>
<b>Total Minimum Payments Required.....</b>	<b><u>\$ 78,510</u></b>

### (11) Commitments

#### Construction

The City is involved in construction of capital assets, including streets, streetscape improvements, a library expansion and water 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, 2007, the City was committed to approximately \$3.1 million of construction contracts.

### (12) 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.

### (13) 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 556 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 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2007, the City made payments of \$384,832 to the risk pool.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

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, 2007, no liability has been recorded in the City's financial statements. As of June 30, 2007, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

### **(13) Risk Management**

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

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

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2007 were \$153,834.

The Association uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. Claims exceeding \$500,000 are reinsured in an amount not to exceed \$1,500,000 per occurrence.

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

### **(14) Subsequent Events**

Subsequent to June 30, 2007, the City entered into several agreements to purchase land and construct capital improvements. These agreements totaled approximately \$12 million.

Subsequent to June 30, 2007, the City took actions to issue approximately \$9 million of new debt.

Subsequent to June 30, 2007, the City took actions to make economic development grants to two businesses totaling approximately \$360,000 and entered into a \$1.2 million redevelopment agreement with the University of Iowa and a business.

## Notes to the Financial Statements

### (15) 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.

### (16) Prior Period Adjustment

During the year ended June 30, 2007, the City completed final implementation of Government Accounting Standards Board Statement Number 34 to recognize infrastructure assets constructed prior to July 1, 2003. The following is a summary of the effect of this adjustment:

	Cost	Accumulated Depreciation	Net
<b>Road Network</b>			
As previously reported - June 30, 2006.....	\$ 21,196,901	\$ 1,758,823	\$ 19,438,078
Restatement .....	<u>25,002,952</u>	<u>16,997,934</u>	<u>8,005,018</u>
<b>As Restated - June 30, 2006 .....</b>	<b><u>\$ 46,199,853</u></b>	<b><u>\$ 18,756,757</u></b>	<b><u>\$ 27,443,096</u></b>
<b>Bridge Network</b>			
As previously reported - June 30, 2006.....	\$ 4,376,681	\$ 286,780	\$ 4,089,901
Restatement .....	<u>725,000</u>	<u>176,150</u>	<u>548,850</u>
<b>As Restated - June 30, 2006 .....</b>	<b><u>\$ 5,101,681</u></b>	<b><u>\$ 462,930</u></b>	<b><u>\$ 4,638,751</u></b>

### (17) Designations of Fund Balances

The City Council has approved designations of unrestricted fund balances at June 30, 2007 for the following purposes:

#### General Fund

Equipment purchases and various special projects ..... \$ 1,982,964

#### Special Revenue Fund

##### Road Use Tax Fund

Equipment purchases ..... 325,185

#### Business-Type Activities

##### Sewer

Equipment purchases and improvement projects ..... 208,950

##### Water

Equipment purchases ..... 82,507

##### Solid Waste

Equipment purchases ..... 324,255

##### Transit

Equipment purchases ..... 558,217

**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, 2007

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Governmental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property taxes .....	\$ 8,969,892	\$ 8,969,892	\$ 9,007,364	\$ —	\$ 9,007,364	\$ 37,472
Tax increment financing	11,440,226	11,440,226	11,821,273	—	11,821,273	381,047
Other city taxes .....	2,201,547	2,401,547	1,879,260	—	1,879,260	(522,287)
Licenses and permits ....	826,590	826,590	547,387	—	547,387	(279,203)
Use of money and property	244,500	1,169,500	1,897,026	370,451	2,267,477	1,097,977
Intergovernmental .....	4,660,970	9,519,881	7,660,707	835,236	8,495,943	(1,023,938)
Charges for services .....	9,994,122	9,994,122	1,546,727	9,114,231	10,660,958	666,836
Special assessments ....	643,968	705,145	715,149	—	715,149	10,004
Miscellaneous .....	1,276,859	4,955,123	3,608,402	—	3,608,402	(1,346,721)
<b>Total Receipts .....</b>	<b>40,258,674</b>	<b>49,982,026</b>	<b>38,683,295</b>	<b>10,319,918</b>	<b>49,003,213</b>	<b>(978,813)</b>
<b>Disbursements</b>						
Public safety .....	3,742,560	4,229,031	3,956,790	—	3,956,790	(272,241)
Public works .....	1,936,042	1,936,042	1,441,903	—	1,441,903	(494,139)
Health and social services	74,454	89,454	83,182	—	83,182	(6,272)
Culture and recreation ..	4,195,165	4,522,714	4,186,604	—	4,186,604	(336,110)
Community and economic development .....	661,737	1,378,719	826,520	—	826,520	(552,199)
General government .....	2,237,551	2,502,252	2,360,170	—	2,360,170	(142,082)
Debt service .....	44,808,242	66,798,918	66,655,523	—	66,655,523	(143,395)
Capital projects .....	20,530,000	93,930,000	89,824,791	—	89,824,791	(4,105,209)
Business-type activities	11,527,646	13,227,646	—	11,603,310	11,603,310	(1,624,336)
<b>Total Disbursements</b>	<b>89,713,397</b>	<b>188,614,776</b>	<b>169,335,483</b>	<b>11,603,310</b>	<b>180,938,793</b>	<b>(7,675,983)</b>
<b>Receipts Over (Under) Disbursements .....</b>	<b>(49,454,723)</b>	<b>(138,632,750)</b>	<b>(130,652,188)</b>	<b>(1,283,392)</b>	<b>(131,935,580)</b>	<b>6,697,170</b>
<b>Other Financing Sources</b>						
Other financing sources	46,220,558	137,243,558	129,732,099	9,445,269	139,177,368	1,933,810
Other financing uses .....	(11,670,558)	(11,870,558)	(37,411,653)	(1,200,413)	(38,612,066)	(26,741,508)
<b>Total Other Financing Sources (Uses) .....</b>	<b>34,550,000</b>	<b>125,373,000</b>	<b>92,320,446</b>	<b>8,244,856</b>	<b>100,565,302</b>	<b>(24,807,698)</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>(14,904,723)</b>	<b>(13,259,750)</b>	<b>(38,331,742)</b>	<b>6,961,464</b>	<b>(31,370,278)</b>	<b>\$(18,110,528)</b>
Balance - Beginning of Year	65,182,773	58,627,134	54,843,880	3,783,254	58,627,134	
<b>Balance - End of Year</b>	<b>\$ 50,278,050</b>	<b>\$ 45,367,384</b>	<b>\$ 16,512,138</b>	<b>\$ 10,744,718</b>	<b>\$ 27,256,856</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.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and nonprogram. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, permanent funds and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by approximately \$100 million. This budget amendment is reflected in the final budgeted amounts.

# Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2007

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 38,683,295	\$ (808,374)	\$ 37,874,921
Expenditures.....	<u>169,335,483</u>	<u>(53,832,658)</u>	<u>115,502,825</u>
Net .....	(130,652,188)	53,024,284	(77,627,904)
Other financing sources (uses).....	92,320,446	(48,256,842)	44,063,604
Beginning fund balances .....	<u>54,843,880</u>	<u>(2,363,071)</u>	<u>52,480,809</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 16,512,138</u></b>	<b><u>\$ 2,404,371</u></b>	<b><u>\$ 18,916,509</u></b>

	<b>Proprietary Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue .....	\$ 10,319,918	\$ 6,645,835	\$ 16,965,753
Expenditures.....	<u>11,603,310</u>	<u>7,821,045</u>	<u>19,424,355</u>
Net .....	(1,283,392)	(1,175,210)	(2,458,602)
Other financing sources (uses).....	8,244,856	31,778,830	40,023,686
Beginning fund balances .....	<u>3,783,254</u>	<u>20,774,097</u>	<u>24,557,351</u>
<b>Ending Fund Balances.....</b>	<b><u>\$ 10,744,718</u></b>	<b><u>\$ 51,377,717</u></b>	<b><u>\$ 62,122,435</u></b>

**Other Supplementary Information**

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# Combining Balance Sheet Schedule - Nonmajor Governmental Funds ▬

At June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>				
Cash and cash equivalents .....	\$ 528,602	\$ 1,144,822	\$ 4,865,263	\$ 6,538,687
Receivables				
Property Taxes				
Current year delinquent.....	7,612	7,309	—	14,921
Succeeding year.....	1,789,812	2,247,118	—	4,036,930
Loans .....	—	—	576,190	576,190
Special assessments .....	—	1,325,246	—	1,325,246
Due from other funds.....	—	69,959	—	69,959
Due from other governments.....	244,677	—	2,941,519	3,186,196
Inventories and prepaids .....	12,560	—	—	12,560
Restricted Assets				
Cash and cash equivalents.....	<u>509,221</u>	<u>—</u>	<u>—</u>	<u>509,221</u>
<b>Total Assets .....</b>	<b><u>\$ 3,092,484</u></b>	<b><u>\$ 4,794,454</u></b>	<b><u>\$ 8,382,972</u></b>	<b><u>\$ 16,269,910</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 46,160	\$ —	\$ 1,696,975	\$ 1,743,135
Due to other funds .....	10,624	20,960	2,880,685	2,912,269
Deferred Revenue				
Succeeding year property taxes ...	1,789,812	2,247,118	—	4,036,930
Special assessments .....	—	832,847	—	832,847
Other .....	—	—	<u>2,800,582</u>	<u>2,800,582</u>
<b>Total Liabilities .....</b>	<b><u>1,846,596</u></b>	<b><u>3,100,925</u></b>	<b><u>7,378,242</u></b>	<b><u>12,325,763</u></b>
<b>Fund Balances</b>				
Reserved for				
Other .....	413,883	—	—	413,883
Debt service .....	—	1,693,529	—	1,693,529
Inventories and prepaids.....	12,560	—	—	12,560
Unreserved, Reported in Nonmajor Funds				
Special revenue funds.....	819,445	—	—	819,445
Capital projects funds.....	<u>—</u>	<u>—</u>	<u>1,004,730</u>	<u>1,004,730</u>
<b>Total Fund Balances .....</b>	<b><u>1,245,888</u></b>	<b><u>1,693,529</u></b>	<b><u>1,004,730</u></b>	<b><u>3,944,147</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,092,484</u></b>	<b><u>\$ 4,794,454</u></b>	<b><u>\$ 8,382,972</u></b>	<b><u>\$ 16,269,910</u></b>

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

Year Ended June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenue</b>				
Property taxes .....	\$ 1,682,093	\$ 2,111,634	\$ —	\$ 3,793,727
Special assessments.....	—	721,357	404,860	1,126,217
Use of money and property .....	—	48,747	210,322	259,069
Intergovernmental.....	1,492,371	—	1,854,135	3,346,506
Charges for services.....	—	—	340,390	340,390
Miscellaneous.....	1,299,538	—	3,138,759	4,438,297
<b>Total Revenue</b> .....	<b><u>4,474,002</u></b>	<b><u>2,881,738</u></b>	<b><u>5,948,466</u></b>	<b><u>13,304,206</u></b>
<b>Expenditures</b>				
Operating				
Public safety.....	26,059	—	—	26,059
Public works.....	935,709	—	—	935,709
Culture and recreation .....	124,999	—	—	124,999
Debt Service				
Principal .....	—	1,845,625	—	1,845,625
Interest and other charges .....	—	909,549	—	909,549
Capital projects.....	—	—	14,976,523	14,976,523
<b>Total Expenditures</b> .....	<b><u>1,086,767</u></b>	<b><u>2,755,174</u></b>	<b><u>14,976,523</u></b>	<b><u>18,818,464</u></b>
<b>Revenue Over (Under)</b>				
<b>Expenditures</b> .....	<b><u>3,387,235</u></b>	<b><u>126,564</u></b>	<b><u>(9,028,057)</u></b>	<b><u>(5,514,258)</u></b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds .....	—	—	1,652,250	1,652,250
Transfers in.....	10,000	166,285	4,528,819	4,705,104
Transfers out .....	(3,215,049)	(650,588)	(975,082)	(4,840,719)
<b>Total Other Financing Sources (Uses)</b> .....	<b><u>(3,205,049)</u></b>	<b><u>(484,303)</u></b>	<b><u>5,205,987</u></b>	<b><u>1,516,635</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b> .....	<b>182,186</b>	<b>(357,739)</b>	<b>(3,822,070)</b>	<b>(3,997,623)</b>
Fund Balances - Beginning of Year .....	<u>1,063,702</u>	<u>2,051,268</u>	<u>4,826,800</u>	<u>7,941,770</u>
<b>Fund Balances - End of Year</b> .....	<b><u>\$ 1,245,888</u></b>	<b><u>\$ 1,693,529</u></b>	<b><u>\$ 1,004,730</u></b>	<b><u>\$ 3,944,147</u></b>

# Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

At June 30, 2007

	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Total
<b>Assets</b>						
Cash and cash equivalents.....	\$ —	\$ —	\$ —	\$ 528,602	\$ —	\$ 528,602
Receivables						
Property Taxes						
Current year delinquent .....	—	—	—	—	7,612	7,612
Succeeding year .....	—	—	—	—	1,789,812	1,789,812
Due from other governments .....	—	—	—	244,677	—	244,677
Inventories and prepaids.....	—	—	—	12,560	—	12,560
Restricted Assets						
Cash and cash equivalents .....	<u>439,270</u>	<u>69,951</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>509,221</u>
<b>Total Assets.....</b>	<b><u>\$ 439,270</u></b>	<b><u>\$ 69,951</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 785,839</u></b>	<b><u>\$ 1,797,424</u></b>	<b><u>\$ 3,092,484</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable.....	\$ 25,871	\$ —	\$ —	\$ 20,289	\$ —	\$ 46,160
Due to other funds.....	—	—	10,624	—	—	10,624
Deferred Revenue						
Succeeding year property taxes .....	—	—	—	—	1,789,812	1,789,812
<b>Total Liabilities.....</b>	<b><u>25,871</u></b>	<b><u>—</u></b>	<b><u>10,624</u></b>	<b><u>20,289</u></b>	<b><u>1,789,812</u></b>	<b><u>1,846,596</u></b>
<b>Fund Balances</b>						
Reserved.....	349,032	64,851	—	—	—	413,883
Reserved for inventories and prepaids.....	—	—	—	12,560	—	12,560
Unreserved						
Designated for capital asset purchases .....	—	—	—	325,185	—	325,185
Undesignated .....	<u>64,367</u>	<u>5,100</u>	<u>(10,624)</u>	<u>427,805</u>	<u>7,612</u>	<u>494,260</u>
<b>Total Fund Balances.....</b>	<b><u>413,399</u></b>	<b><u>69,951</u></b>	<b><u>(10,624)</u></b>	<b><u>765,550</u></b>	<b><u>7,612</u></b>	<b><u>1,245,888</u></b>
<b>Total Liabilities and Fund Balances.....</b>	<b><u>\$ 439,270</u></b>	<b><u>\$ 69,951</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 785,839</u></b>	<b><u>\$ 1,797,424</u></b>	<b><u>\$ 3,092,484</u></b>

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

Year Ended June 30, 2007

	Expendable Trust	Cemetery	Police Grants	Road Use Tax	Employee Benefit Levy	Total
<b>Revenue</b>						
Property taxes .....	\$ —	\$ —	\$ —	\$ —	\$ 1,682,093	\$ 1,682,093
Intergovernmental .....	—	—	22,468	1,469,903	—	1,492,371
Miscellaneous .....	<u>1,294,438</u>	<u>5,100</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,299,538</u>
<b>Total Revenue .....</b>	<b><u>1,294,438</u></b>	<b><u>5,100</u></b>	<b><u>22,468</u></b>	<b><u>1,469,903</u></b>	<b><u>1,682,093</u></b>	<b><u>4,474,002</u></b>
<b>Expenditures</b>						
Operating						
Public safety .....	—	—	26,059	—	—	26,059
Public works .....	—	—	—	935,709	—	935,709
Culture and recreation .....	<u>124,999</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>124,999</u>
<b>Total Expenditures .....</b>	<b><u>124,999</u></b>	<b><u>—</u></b>	<b><u>26,059</u></b>	<b><u>935,709</u></b>	<b><u>—</u></b>	<b><u>1,086,767</u></b>
<b>Revenue Over (Under)</b>						
<b>Expenditures .....</b>	<b><u>1,169,439</u></b>	<b><u>5,100</u></b>	<b><u>(3,591)</u></b>	<b><u>534,194</u></b>	<b><u>1,682,093</u></b>	<b><u>3,387,235</u></b>
<b>Other Financing Sources (Uses)</b>						
Transfers in .....	10,000	—	—	—	—	10,000
Transfers out .....	<u>(1,115,072)</u>	<u>—</u>	<u>—</u>	<u>(420,263)</u>	<u>(1,679,714)</u>	<u>(3,215,049)</u>
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>(1,105,072)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>(420,263)</u></b>	<b><u>(1,679,714)</u></b>	<b><u>(3,205,049)</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses .....</b>						
	<b>64,367</b>	<b>5,100</b>	<b>(3,591)</b>	<b>113,931</b>	<b>2,379</b>	<b>182,186</b>
Fund Balance - Beginning of Year .....	<u>349,032</u>	<u>64,851</u>	<u>(7,033)</u>	<u>651,619</u>	<u>5,233</u>	<u>1,063,702</u>
<b>Fund Balance - End of Year ....</b>	<b><u>\$ 413,399</u></b>	<b><u>\$ 69,951</u></b>	<b><u>\$ (10,624)</u></b>	<b><u>\$ 765,550</u></b>	<b><u>\$ 7,612</u></b>	<b><u>\$ 1,245,888</u></b>

## Combining Balance Sheet Schedule - Nonmajor Debt Service Funds

At June 30, 2007

	General Obligation Bonds	Slade Boulevard	Highway 6/ 22nd Avenue	Altanna Improve- ments	Sidewalk Improve- ments	North Annexation	Highway 6 Improve- ments	Oakdale Boulevard	Mall Area	Other Street Improve- ments	Total
<b>Assets</b>											
Cash and cash equivalents .....	\$ 88,764	\$ —	\$ 29,816	\$ 1,205	\$ 1,499	\$ 67,463	\$ 72,537	\$ —	\$ 680,536	\$ 203,002	\$ 1,144,822
Receivables											
Property Taxes											
Current year delinquent.....	7,309	—	—	—	—	—	—	—	—	—	7,309
Succeeding year .....	2,247,118	—	—	—	—	—	—	—	—	—	2,247,118
Special assessments .....	—	55,891	57,362	23,011	1,356	—	8,743	488,449	680,206	10,228	1,325,246
Due from other funds .....	31,190	—	—	—	—	—	—	38,769	—	—	69,959
<b>Total Assets .....</b>	<b>\$ 2,374,381</b>	<b>\$ 55,891</b>	<b>\$ 87,178</b>	<b>\$ 24,216</b>	<b>\$ 2,855</b>	<b>\$ 67,463</b>	<b>\$ 81,280</b>	<b>\$ 527,218</b>	<b>\$ 1,360,742</b>	<b>\$ 213,230</b>	<b>\$ 4,794,454</b>
<b>Liabilities and Fund Balance</b>											
<b>Liabilities</b>											
Due to other funds .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,960	\$ —	\$ —	\$ 20,960
Deferred Revenue											
Succeeding year property taxes..	2,247,118	—	—	—	—	—	—	—	—	—	2,247,118
Special assessments .....	—	33,534	50,000	19,724	577	—	8,743	375,052	340,103	5,114	832,847
<b>Total Liabilities .....</b>	<b>2,247,118</b>	<b>33,534</b>	<b>50,000</b>	<b>19,724</b>	<b>577</b>	<b>—</b>	<b>8,743</b>	<b>396,012</b>	<b>340,103</b>	<b>5,114</b>	<b>3,100,925</b>
<b>Fund Balance</b>											
Reserved for debt service.....	127,263	22,357	37,178	4,492	2,278	67,463	72,537	131,206	1,020,639	208,116	1,693,529
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,374,381</b>	<b>\$ 55,891</b>	<b>\$ 87,178</b>	<b>\$ 24,216</b>	<b>\$ 2,855</b>	<b>\$ 67,463</b>	<b>\$ 81,280</b>	<b>\$ 527,218</b>	<b>\$ 1,360,742</b>	<b>\$ 213,230</b>	<b>\$ 4,794,454</b>



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

Year Ended June 30, 2007

	General Obligation Bonds	Slade Boulevard	Highway 6/ 22nd Avenue	Altanna Improve- ments	Sidewalk Improve- ments	North Annexation	Highway 6 Improve- ments	Oakdale Boulevard	Mall Area	Other Street Improve- ments	Total
<b>Revenue</b>											
Property taxes .....	\$ 2,111,634	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,111,634
Special assessments.....	—	—	29,161	5,128	1,499	52,785	47,409	114,200	411,107	60,068	721,357
Use of money and property .....	44,958	—	—	—	—	—	—	1	3,787	1	48,747
<b>Total Revenue.....</b>	<b><u>2,156,592</u></b>	<b><u>—</u></b>	<b><u>29,161</u></b>	<b><u>5,128</u></b>	<b><u>1,499</u></b>	<b><u>52,785</u></b>	<b><u>47,409</u></b>	<b><u>114,201</u></b>	<b><u>414,894</u></b>	<b><u>60,069</u></b>	<b><u>2,881,738</u></b>
<b>Expenditures</b>											
Debt Service											
Principal .....	1,424,307	—	25,932	—	—	70,386	—	—	325,000	—	1,845,625
Interest and other charges .....	847,293	—	882	4,000	—	2,394	—	750	54,230	—	909,549
<b>Total Expenditures.....</b>	<b><u>2,271,600</u></b>	<b><u>—</u></b>	<b><u>26,814</u></b>	<b><u>4,000</u></b>	<b><u>—</u></b>	<b><u>72,780</u></b>	<b><u>—</u></b>	<b><u>750</u></b>	<b><u>379,230</u></b>	<b><u>—</u></b>	<b><u>2,755,174</u></b>
<b>Revenue Over (Under)</b>											
<b>Expenditures .....</b>	<b><u>(115,008)</u></b>	<b><u>—</u></b>	<b><u>2,347</u></b>	<b><u>1,128</u></b>	<b><u>1,499</u></b>	<b><u>(19,995)</u></b>	<b><u>47,409</u></b>	<b><u>113,451</u></b>	<b><u>35,664</u></b>	<b><u>60,069</u></b>	<b><u>126,564</u></b>
<b>Other Financing Sources (Uses)</b>											
Transfers in.....	139,310	—	—	—	—	18,908	—	8,067	—	—	166,285
Transfers out .....	—	(154,012)	—	(71,000)	(11,754)	(34,750)	(90,150)	(288,922)	—	—	(650,588)
<b>Total Other Financing Sources (Uses).....</b>	<b><u>139,310</u></b>	<b><u>(154,012)</u></b>	<b><u>—</u></b>	<b><u>(71,000)</u></b>	<b><u>(11,754)</u></b>	<b><u>(15,842)</u></b>	<b><u>(90,150)</u></b>	<b><u>(280,855)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>(484,303)</u></b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b><u>24,302</u></b>	<b><u>(154,012)</u></b>	<b><u>2,347</u></b>	<b><u>(69,872)</u></b>	<b><u>(10,255)</u></b>	<b><u>(35,837)</u></b>	<b><u>(42,741)</u></b>	<b><u>(167,404)</u></b>	<b><u>35,664</u></b>	<b><u>60,069</u></b>	<b><u>(357,739)</u></b>
Fund Balance - Beginning of Year.	102,961	176,369	34,831	74,364	12,533	103,300	115,278	298,610	984,975	148,047	2,051,268
<b>Fund Balance - End of Year .....</b>	<b><u>\$ 127,263</u></b>	<b><u>\$ 22,357</u></b>	<b><u>\$ 37,178</u></b>	<b><u>\$ 4,492</u></b>	<b><u>\$ 2,278</u></b>	<b><u>\$ 67,463</u></b>	<b><u>\$ 72,537</u></b>	<b><u>\$ 131,206</u></b>	<b><u>\$ 1,020,639</u></b>	<b><u>\$ 208,116</u></b>	<b><u>\$ 1,693,529</u></b>

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

At June 30, 2007

	Library Expansion	Coral Ridge Area Road Projects	Highway 6 Projects	Industrial Park RISE Project	Camp Cardinal Road Project	Trail Projects	Street Projects	Town Center Parking Ramp Project
<b>Assets</b>								
Cash and cash equivalents .....	\$ 3,612,912	\$ 260,770	\$ —	\$ 27,825	\$ 4,104	\$ 215,126	\$ —	\$ 27,217
Receivables								
Notes.....	—	576,190	—	—	—	—	—	—
Due from other governments.....	<u>510,953</u>	<u>—</u>	<u>2,155,839</u>	<u>—</u>	<u>—</u>	<u>88,660</u>	<u>66,067</u>	<u>—</u>
<b>Total Assets .....</b>	<b><u>\$ 4,123,865</u></b>	<b><u>\$ 836,960</u></b>	<b><u>\$ 2,155,839</u></b>	<b><u>\$ 27,825</u></b>	<b><u>\$ 4,104</u></b>	<b><u>\$ 303,786</u></b>	<b><u>\$ 66,067</u></b>	<b><u>\$ 27,217</u></b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable .....	\$ 421,557	\$ 94,733	\$ 1,789	\$ —	\$ 120	\$ 42,159	\$ 498,491	\$ 442,728
Due to other funds.....	—	—	1,329,485	—	—	594,483	709,494	—
Deferred revenue.....	<u>510,953</u>	<u>—</u>	<u>2,155,839</u>	<u>—</u>	<u>—</u>	<u>67,695</u>	<u>66,095</u>	<u>—</u>
<b>Total Liabilities .....</b>	<b><u>932,510</u></b>	<b><u>94,733</u></b>	<b><u>3,487,113</u></b>	<b><u>—</u></b>	<b><u>120</u></b>	<b><u>704,337</u></b>	<b><u>1,274,080</u></b>	<b><u>442,728</u></b>
<b>Fund Balance</b>								
Unreserved, undesignated .....	<u>3,191,355</u>	<u>742,227</u>	<u>(1,331,274)</u>	<u>27,825</u>	<u>3,984</u>	<u>(400,551)</u>	<u>(1,208,013)</u>	<u>(415,511)</u>
<b>Total Liabilities and Fund Balance .....</b>	<b><u>\$ 4,123,865</u></b>	<b><u>\$ 836,960</u></b>	<b><u>\$ 2,155,839</u></b>	<b><u>\$ 27,825</u></b>	<b><u>\$ 4,104</u></b>	<b><u>\$ 303,786</u></b>	<b><u>\$ 66,067</u></b>	<b><u>\$ 27,217</u></b>

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

At June 30, 2007

	Oakdale Boulevard Project	Sports Complex Projects	First Avenue/ Clear Creek Projects	North Corridor Land Use Project	Forevergreen Road Project	Highway 6/ 22nd Avenue	Storm Water Projects	Total
<b>Assets</b>								
Cash and cash equivalents .....	\$ 99,070	\$ 408,316	\$ —	\$ —	\$ 194,794	\$ 15,129	\$ —	\$ 4,865,263
Receivables								
Notes.....	—	—	—	—	—	—	—	576,190
Due from other governments.....	—	—	—	—	120,000	—	—	2,941,519
<b>Total Assets .....</b>	<b><u>\$ 99,070</u></b>	<b><u>\$ 408,316</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 314,794</u></b>	<b><u>\$ 15,129</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 8,382,972</u></b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable .....	\$ —	\$ 156,438	\$ 3,010	\$ 26,560	\$ 471	\$ 7,763	\$ 1,156	\$ 1,696,975
Due to other funds.....	38,769	—	—	139,475	—	—	68,979	2,880,685
Deferred revenue.....	—	—	—	—	—	—	—	2,800,582
<b>Total Liabilities .....</b>	<b><u>38,769</u></b>	<b><u>156,438</u></b>	<b><u>3,010</u></b>	<b><u>166,035</u></b>	<b><u>471</u></b>	<b><u>7,763</u></b>	<b><u>70,135</u></b>	<b><u>7,378,242</u></b>
<b>Fund Balance</b>								
Unreserved, undesignated .....	<u>60,301</u>	<u>251,878</u>	<u>(3,010)</u>	<u>(166,035)</u>	<u>314,323</u>	<u>7,366</u>	<u>(70,135)</u>	<u>1,004,730</u>
<b>Total Liabilities and Fund Balance .....</b>	<b><u>\$ 99,070</u></b>	<b><u>\$ 408,316</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 314,794</u></b>	<b><u>\$ 15,129</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 8,382,972</u></b>

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

Year Ended June 30, 2007

	Library Expansion	Coral Ridge Area Road Projects	Highway 6 Projects	Industrial Park RISE Project	Camp Cardinal Road Project	Trail Projects	Street Projects	Town Center Parking Ramp Project
<b>Revenue</b>								
Special assessments.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Use of money and property .....	192,373	—	—	—	—	—	—	17,949
Intergovernmental.....	219,047	10,000	792,944	—	—	99,206	26,553	—
Charges for service .....	—	—	—	—	—	—	—	—
Miscellaneous.....	—	—	1,000	—	3,043,867	—	—	1,015
<b>Total Revenue.....</b>	<b>411,420</b>	<b>10,000</b>	<b>793,944</b>	<b>—</b>	<b>3,043,867</b>	<b>99,206</b>	<b>26,553</b>	<b>18,964</b>
<b>Expenditures</b>								
Capital projects.....	<b>3,742,518</b>	<b>1,012,005</b>	<b>2,021,530</b>	<b>—</b>	<b>1,149,485</b>	<b>541,419</b>	<b>1,767,115</b>	<b>439,214</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>(3,331,098)</b>	<b>(1,002,005)</b>	<b>(1,227,586)</b>	<b>—</b>	<b>1,894,382</b>	<b>(442,213)</b>	<b>(1,740,562)</b>	<b>(420,250)</b>
<b>Other Financing Sources (Uses)</b>								
Bond proceeds .....	—	682,000	—	—	—	—	—	775,000
Transfers in.....	1,035,929	500,000	564,186	—	—	80,000	871,793	206,647
Transfers out .....	—	—	—	—	(700,000)	—	(131,346)	(61,550)
<b>Total Other Financing Sources (Uses).....</b>	<b>1,035,929</b>	<b>1,182,000</b>	<b>564,186</b>	<b>—</b>	<b>(700,000)</b>	<b>80,000</b>	<b>740,447</b>	<b>920,097</b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>(2,295,169)</b>	<b>179,995</b>	<b>(663,400)</b>	<b>—</b>	<b>1,194,382</b>	<b>(362,213)</b>	<b>(1,000,115)</b>	<b>499,847</b>
Fund Balance - Beginning of Year.....	5,486,524	562,232	(667,874)	27,825	(1,190,398)	(38,338)	(207,898)	(915,358)
<b>Fund Balance - End of Year .....</b>	<b>\$ 3,191,355</b>	<b>\$ 742,227</b>	<b>\$ (1,331,274)</b>	<b>\$ 27,825</b>	<b>\$ 3,984</b>	<b>\$ (400,551)</b>	<b>\$ (1,208,013)</b>	<b>\$ (415,511)</b>

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

Year Ended June 30, 2007

	Oakdale Boulevard Project	Sports Complex Projects	First Avenue/ Clear Creek Projects	North Corridor Land Use Project	Forevergreen Road Project	Highway 6/ 22nd Avenue	Storm Water Projects	Total
<b>Revenue</b>								
Special assessments.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 404,860	\$ —	\$ 404,860
Use of money and property .....	—	—	—	—	—	—	—	210,322
Intergovernmental.....	—	—	325,258	—	380,927	200	—	1,854,135
Charges for services.....	—	—	—	114,733	—	—	225,657	340,390
Miscellaneous.....	88,868	4,000	—	—	—	—	9	3,138,759
<b>Total Revenue.....</b>	<b>88,868</b>	<b>4,000</b>	<b>325,258</b>	<b>114,733</b>	<b>380,927</b>	<b>405,060</b>	<b>225,666</b>	<b>5,948,466</b>
<b>Expenditures</b>								
Capital projects.....	—	2,637,767	16,584	26,560	692,061	853,449	76,816	14,976,523
<b>Revenue Over (Under) Expenditures.....</b>	<b>88,868</b>	<b>(2,633,767)</b>	<b>308,674</b>	<b>88,173</b>	<b>(311,134)</b>	<b>(448,389)</b>	<b>148,850</b>	<b>(9,028,057)</b>
<b>Other Financing Sources (Uses)</b>								
Bond proceeds .....	—	—	—	—	—	195,250	—	1,652,250
Transfers in.....	—	431,146	90,150	—	—	748,968	—	4,528,819
Transfers out .....	—	—	(64,186)	—	—	—	(18,000)	(975,082)
<b>Total Other Financing Sources (Uses).....</b>	<b>—</b>	<b>431,146</b>	<b>25,964</b>	<b>—</b>	<b>—</b>	<b>944,218</b>	<b>(18,000)</b>	<b>5,205,987</b>
<b>Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>88,868</b>	<b>(2,202,621)</b>	<b>334,638</b>	<b>88,173</b>	<b>(311,134)</b>	<b>495,829</b>	<b>130,850</b>	<b>(3,822,070)</b>
Fund Balance - Beginning of Year.....	(28,567)	2,454,499	(337,648)	(254,208)	625,457	(488,463)	(200,985)	4,826,800
<b>Fund Balance - End of Year .....</b>	<b>\$ 60,301</b>	<b>\$ 251,878</b>	<b>\$ (3,010)</b>	<b>\$ (166,035)</b>	<b>\$ 314,323</b>	<b>\$ 7,366</b>	<b>\$ (70,135)</b>	<b>\$ 1,004,730</b>

## Combining Balance Sheet Schedule - Nonmajor Proprietary Funds

At June 30, 2007

	Solid Waste	Transit	Hotel Parking	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and pooled investments .....	\$ 274,255	\$ 558,218	\$ —	\$ 832,473
Receivables				
Customer accounts .....	108,618	—	—	108,618
Due from other funds .....	—	21,399	38,611	60,010
Due from other governments .....	—	17,689	—	17,689
Inventories and prepaids .....	14,417	43,659	26,614	84,690
<b>Total Current Assets</b> .....	<b><u>397,290</u></b>	<b><u>640,965</u></b>	<b><u>65,225</u></b>	<b><u>1,103,480</u></b>
<b>Noncurrent Assets</b>				
Restricted Assets				
Cash and pooled investments .....	50,000	—	—	50,000
Capital assets (net of accumulated depreciation) .....	701,494	766,959	9,705,685	11,174,138
<b>Total Noncurrent Assets</b> .....	<b><u>751,494</u></b>	<b><u>766,959</u></b>	<b><u>9,705,685</u></b>	<b><u>11,224,138</u></b>
<b>Total Assets</b> .....	<b><u>\$ 1,148,784</u></b>	<b><u>\$ 1,407,924</u></b>	<b><u>\$ 9,770,910</u></b>	<b><u>\$ 12,327,618</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable .....	\$ 16,258	\$ 112,875	\$ 2,813	\$ 131,946
Accrued liabilities and compensated absences .....	26,705	49,906	—	76,611
Due to other funds .....	—	—	275,374	275,374
Current maturities of long-term debt....	50,000	—	—	50,000
<b>Total Current Liabilities</b> .....	<b><u>92,963</u></b>	<b><u>162,781</u></b>	<b><u>278,187</u></b>	<b><u>533,931</u></b>
<b>Long-Term Debt</b> .....	<b><u>230,000</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>230,000</u></b>
<b>Total Liabilities</b> .....	<b><u>322,963</u></b>	<b><u>162,781</u></b>	<b><u>278,187</u></b>	<b><u>763,931</u></b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt .....	421,494	766,959	9,705,685	10,894,138
Restricted for debt service .....	50,000	—	—	50,000
Unrestricted .....	354,327	478,184	(212,962)	619,549
<b>Total Net Assets</b> .....	<b><u>825,821</u></b>	<b><u>1,245,143</u></b>	<b><u>9,492,723</u></b>	<b><u>11,563,687</u></b>
<b>Total Liabilities and Net Assets</b> .....	<b><u>\$ 1,148,784</u></b>	<b><u>\$ 1,407,924</u></b>	<b><u>\$ 9,770,910</u></b>	<b><u>\$ 12,327,618</u></b>

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

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Year Ended June 30, 2007

	Solid Waste	Transit	Hotel Parking	Total
<b>Operating Revenue</b>				
Charges for sales and service .....	<u>\$ 743,098</u>	<u>\$ 442,133</u>	<u>\$ 269,488</u>	<u>\$ 1,454,719</u>
<b>Operating Expenses</b>				
Salaries and employee benefits .....	318,880	748,178	201,314	1,268,372
Contractual services .....	45,912	198,789	70,483	315,184
Commodities .....	185,352	341,917	32,212	559,481
Depreciation .....	<u>48,026</u>	<u>148,797</u>	<u>137,804</u>	<u>334,627</u>
<b>Total Operating Expenses .....</b>	<b><u>598,170</u></b>	<b><u>1,437,681</u></b>	<b><u>441,813</u></b>	<b><u>2,477,664</u></b>
<b>Operating Income (Loss) .....</b>	<b><u>144,928</u></b>	<b><u>(995,548)</u></b>	<b><u>(172,325)</u></b>	<b><u>(1,022,945)</u></b>
<b>Nonoperating Revenue (Expenses)</b>				
Intergovernmental Revenue				
Federal .....	—	220,016	—	220,016
State .....	—	338,830	—	338,830
Other revenue .....	—	135	—	135
Interest expense .....	<u>(18,106)</u>	<u>—</u>	<u>—</u>	<u>(18,106)</u>
<b>Total Nonoperating Revenue (Expenses) .....</b>	<b><u>(18,106)</u></b>	<b><u>558,981</u></b>	<b><u>—</u></b>	<b><u>540,875</u></b>
<b>Income (Loss) Before Contributions and Transfers .....</b>	<b>126,822</b>	<b>(436,567)</b>	<b>(172,325)</b>	<b>(482,070)</b>
Transfers in .....	—	627,110	—	627,110
Transfers out .....	(12,500)	(8,500)	—	(21,000)
Contributed capital .....	<u>—</u>	<u>—</u>	<u>9,665,410</u>	<u>9,665,410</u>
<b>Change in Net Assets .....</b>	<b>114,322</b>	<b>182,043</b>	<b>9,493,085</b>	<b>9,789,450</b>
Net Assets - Beginning of Year .....	<u>711,499</u>	<u>1,063,100</u>	<u>(362)</u>	<u>1,774,237</u>
<b>Net Assets - End of Year .....</b>	<b><u>\$ 825,821</u></b>	<b><u>\$ 1,245,143</u></b>	<b><u>\$ 9,492,723</u></b>	<b><u>\$ 11,563,687</u></b>

# Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2007

	Solid Waste	Transit	Hotel Parking	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers .....	\$ 727,571	\$ 442,133	\$ 269,488	\$ 1,439,192
Payments to suppliers.....	(240,640)	(511,031)	(126,546)	(878,217)
Payments to employees.....	(318,880)	(748,178)	(201,314)	(1,268,372)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>168,051</u></b>	<b><u>(817,076)</u></b>	<b><u>(58,372)</u></b>	<b><u>(707,397)</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Noncapital federal and state grants .....	—	766,427	—	766,427
Other revenue .....	—	135	—	135
Net transfers.....	(12,500)	618,610	—	606,110
<b>Net Cash Provided by (Used in) Noncapital Financing Activities .....</b>	<b><u>(12,500)</u></b>	<b><u>1,385,172</u></b>	<b><u>—</u></b>	<b><u>1,372,672</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Increase (decrease) in due to other funds .....	—	(132,528)	275,062	142,534
Purchase of capital assets .....	(20,313)	(123,881)	(178,079)	(322,273)
Repayment of debt .....	(50,000)	—	—	(50,000)
Payment of interest .....	(18,325)	—	—	(18,325)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities .....</b>	<b><u>(88,638)</u></b>	<b><u>(256,409)</u></b>	<b><u>96,983</u></b>	<b><u>(248,064)</u></b>
<b>Cash Flows From Investing Activities</b>				
Increase in due from other funds .....	—	(21,399)	(38,611)	(60,010)
<b>Net Increase in Cash.....</b>	<b>66,913</b>	<b>290,288</b>	<b>—</b>	<b>357,201</b>
Cash and Cash Equivalents at Beginning of Year.....	257,342	267,930	—	525,272
<b>Cash and Cash Equivalents at End of Year .....</b>	<b><u>\$ 324,255</u></b>	<b><u>\$ 558,218</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 882,473</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss) .....	\$ 144,928	\$ (995,548)	\$ (172,325)	\$ (1,022,945)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Depreciation .....	48,026	148,797	137,804	334,627
Increase in receivables .....	(15,527)	—	—	(15,527)
(Increase) decrease in inventories and prepaids.....	2,962	11,766	(26,614)	(11,886)
Increase in accounts and retainages payable.....	—	7,945	2,763	10,708
Increase in accrued liabilities and compensated absences .....	5,456	11,057	—	16,513
Decrease in due to other funds and other governments .....	(17,794)	(1,093)	—	(18,887)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>\$ 168,051</u></b>	<b><u>\$ (817,076)</u></b>	<b><u>\$ (58,372)</u></b>	<b><u>\$ (707,397)</u></b>
<b>Schedule of Noncash Investing and Financing Activities</b>				
Capital Contributed From Governmental Funds .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,665,410</u>	<u>\$ 9,665,410</u>



**Schedule of Changes in Assets and Liabilities - CEBA Agency Fund** —————

	<b>Balance July 1, 2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2007</b>
<b>Assets</b>				
Notes Receivable.....	<u>\$ 542,667</u>	<u>\$ —</u>	<u>\$ 16,000</u>	<u>\$ 526,667</u>
<b>Liabilities</b>				
Notes Payable.....	<u>\$ 542,667</u>	<u>\$ —</u>	<u>\$ 16,000</u>	<u>\$ 526,667</u>

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

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Years Ended June 30, 2004 Through 2007

	2007	2006	2005	2004
<b>Revenue</b>				
Property taxes .....	\$ 9,155,120	\$ 8,098,678	\$ 7,542,431	\$ 6,713,588
TIF and other city taxes .....	13,786,896	11,397,440	9,586,743	9,099,939
Special assessments .....	1,126,217	882,838	1,227,337	1,536,066
Licenses and permits .....	604,110	730,436	659,633	596,342
Use of money and property .....	1,347,299	2,438,667	1,353,761	323,054
Intergovernmental .....	5,384,289	5,499,728	3,519,790	3,558,617
Charges for service .....	1,599,894	1,425,389	1,393,208	1,596,393
Miscellaneous .....	<u>4,871,096</u>	<u>812,366</u>	<u>871,612</u>	<u>892,575</u>
<b>Total Revenue .....</b>	<b><u>\$ 37,874,921</u></b>	<b><u>\$ 31,285,542</u></b>	<b><u>\$ 26,154,515</u></b>	<b><u>\$ 24,316,574</u></b>
<b>Expenditures</b>				
Operating				
Public safety .....	\$ 3,946,226	\$ 3,940,020	\$ 3,404,787	\$ 3,034,531
Public works .....	1,430,685	1,429,082	1,300,160	1,189,911
Health and social services ....	114,444	130,441	105,521	79,762
Culture and recreation .....	4,748,913	3,953,353	3,833,780	3,479,381
Community and economic development .....	427,164	1,753,471	928,797	666,021
General government .....	1,852,670	1,546,342	1,457,547	1,524,885
Debt service .....	65,482,393	18,828,354	8,748,113	25,197,407
Capital projects .....	<u>37,500,330</u>	<u>53,606,579</u>	<u>27,810,276</u>	<u>20,809,981</u>
<b>Total Expenditures .....</b>	<b><u>\$ 115,502,825</u></b>	<b><u>\$ 85,187,642</u></b>	<b><u>\$ 47,588,981</u></b>	<b><u>\$ 55,981,879</u></b>

**Financial Assistance Section**



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

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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, 2007, and have issued our report thereon dated March 18, 2008. 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 our 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Coralville, Iowa's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the City of Coralville, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Coralville, Iowa's internal control. We consider the deficiencies in internal control described in Section II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

**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, 2007 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 management and City Council 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  
March 18, 2008

**Independent Auditor's Report on Compliance With Requirements Applicable to the 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 compliance of the City of Coralville, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Coralville, Iowa's major federal program is 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 program 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 are applicable to each of its major federal programs for the year ended June 30, 2007.

### **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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

This report is intended solely for the information and use of the management and City Council 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  
March 18, 2008

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

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 Education</b>			
Indirect			
Pass-Through Iowa Department of Education Summer Food Service Program for Children .	10.559	528039	<u>\$ 7,224</u>
<b>U.S. Department of Housing and Urban Development</b>			
Indirect			
Pass-Through Iowa Department of Economic Development Home Investment Partnership Program.....	14.228	06-HSG-106	<u>19,468</u>
<b>U.S. Department of Justice</b>			
Direct			
Bulletproof Vest Partnership Program .....	16.607	2006BUBX0613515 2005BUBX05027581	380 <u>2,447</u> <u>2,827</u>
<b>U.S. Department of Transportation</b>			
Direct			
Federal Transit - Formula Grants.....	20.507	IA-90-331 and IA-90-319	<u>220,106</u>
Indirect			
Pass-Through Iowa Department of Transportation Highway Planning and Construction .....	20.205	STP-U-1557(622)--70-52 STP-E-1557(620)--8V-52 STP-U-1557(3)--70-52 STP-U-1557(617)--70-52 STP-6-7-(65)--2C-52	10,000 (52,546) 1,833,863 90,585 <u>1,000,000</u> <u>2,881,902</u>
Recreation Trails Program.....	20.219	Various	<u>52,247</u>
Pass-Through Governor's Traffic Safety Bureau Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants.....	20.601		<u>23,791</u>
<b>Total U.S. Department of Transportation</b>			<u><b>3,178,046</b></u>



# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

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	BF 987783-0 BF 98778401-0 BF 98748-00-1	\$ 36,867 42,547 <u>18,937</u> <b><u>98,351</u></b>
<b>U.S. Department of Homeland Security</b>			
Direct			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) .....	97.036	FEMA-IA-DR-1688	<b><u>40,564</u></b>
<b>Total Expenditures of Federal Awards .....</b>			<b><u>\$ 3,346,480</u></b>

## 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.

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

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

### Financial Statements

Type of auditor's report issued: Qualified

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**

20.205

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

Highway Planning and Construction

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, 2007

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Significant Deficiencies**

#### **07-II-R-1 Employee Mileage Reports**

**Finding** - During our audit, we noted that several management-level employees of the City report mileage from the use of their personal vehicles for City business to the City's human resources/risk management director. He compiles a total and approves for payment at the federal maximum rate per mile. The human resources/risk management director is only receiving a day-by-day listing of miles from the staff without documentation of the purpose of the trip to ensure that it was indeed for City business.

**Auditor's Recommendation** - We recommend that the staff be required to document the nature of the City business being conducted as part of the mileage reimbursement request in order to document that the expense is for legitimate City business.

**City's Response** - The City will begin requiring employees to document the nature of the business on the monthly reimbursement request forms.

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

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Significant Deficiencies**

There were no matters reported.

## **Section IV: Findings Related to Statutory Reporting**

**07-IV-A Certified Budget** - Disbursements during the year ended June 30, 2007 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.

**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.

## Schedule of Findings and Questioned Costs

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Year Ended June 30, 2007

**07-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, except as noted in finding 07-II-R-1 above.

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

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

<b>Name, Title and Business Connection</b>	<b>Transaction Description</b>	<b>Amount</b>
Council Member Henry Herwig, President of H.J. LTD Heating & Air Conditioning	Repairs	\$3,556

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Council Member may represent conflicts of interest since total transactions were more than \$1,500 during the fiscal year and were not entered into through competitive bidding.

**07-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.

**07-IV-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not except as noted below. 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.

**Finding** - During our review of the minutes, we noted that the disbursements being made by the contract operator of the hotel and conference center were not published in the minutes of the council meetings. The Code of Iowa requires that all City disbursement be published as part of the minutes of the council meeting.

**Auditor Recommendation** - We recommend that the cash disbursements being made by the contract operator of the hotel and conference center be published in the minutes in accordance with the Code of Iowa.

**City's Response** - This was an unintentional oversight in the start up phase of the hotel and conference center. We will begin publishing the disbursements in accordance with the Code of Iowa.

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

**07-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.

## Schedule of Findings and Questioned Costs

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Year Ended June 30, 2007

**07-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.

**07-IV-I Financial Condition** - The funds listed below had deficit balances at June 30, 2007 as noted:

Special Revenue	
Police Grants .....	\$ 10,624
Capital Projects	
Storm Water Projects .....	70,135
Street Projects .....	1,208,013
Highway 6 Projects .....	1,331,274
Town Center Parking Ramp Project .....	415,511
First Avenue/Clear Creek Projects .....	3,010
First Avenue/Brownfields Projects .....	219,496
North Corridor Land Use Project .....	166,035
Trail Projects .....	400,551

**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 and tax revenue is received in future years.

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