

**CITY OF CORALVILLE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Table of Contents

Officials	1	
Independent Auditor's Report	2-3	
Management's Discussion and Analysis (MD&A)	4-13	
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	14	
Statement of Activities.....	15	
Governmental Fund Financial Statements		
Balance Sheet.....	16	
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17	
Statement of Revenue, Expenditures and Changes in Fund Balances.....	18	
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19	
Proprietary Fund Financial Statements		
Statement of Net Position	20	
Statement of Revenue, Expenses and Changes in Net Position	21	
Statement of Cash Flows	22-23	
Notes to the Financial Statements	24-54	
Required Supplementary Information		
Schedule of Budgetary Comparison of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds.....	55	
Schedule of Budgetary Comparison - Budget to GAAP Reconciliation	56	
Notes to Required Supplementary Information - Budgetary Reporting.....	57	
Schedule of Proportionate Share of the Net Pension Liability	58	
Schedule of Contributions.....	59	
Notes to Required Supplementary Information - Pension Liability.....	60	
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes.....	61	
Supplementary Information		
Nonmajor Governmental Funds		
Combining Balance Sheet Schedule	62	
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances	63	
Nonmajor Special Revenue Funds		
Combining Balance Sheet Schedule	64	
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances	65	
Nonmajor Proprietary Funds		
Combining Schedule of Net Position	66	
Combining Schedule of Revenue, Expenses and Changes in Net Position.....	67	
Combining Schedule of Cash Flows.....	68	
Schedule of Revenue by Source and Expenditures by Function - All Governmental Funds.....	69	
Schedule of Expenditures of Federal Awards	70-71	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		72-73
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		74-75
Schedule of Findings and Questioned Costs		76-80

Officials

Elected Officials

Name	Title	Term Expires
John Lundell	Mayor	January 1, 2022
Jill Dodds	Council Member	January 1, 2024
Thomas Gill (resigned July 20, 2020)	Council Member	N/A
Laurie Goodrich	Council Member	January 1, 2022
Mitch Gross	Council Member	January 1, 2024
Meghann Foster	Council Member	January 1, 2022
Hai Huynh (sworn in October 7, 2020)	Council Member	January 1, 2022

Appointed Officials

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of changes in the City's total OPEB liability, related ratios and notes on pages 4 through 13 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 62 through 71, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except as noted on page 69, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the City of Coralville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coralville's internal control over financial reporting and compliance.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
February 19, 2021

Management's Discussion and Analysis

As management of the City of Coralville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$7,495,471, a decrease of 74% as compared to the prior fiscal year balance of \$28,440,689.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,151,146, or 27%, of the 2020 total General Fund expenditures. As of June 30, 2019, unassigned General Fund balance was \$6,138,688, or 30%, of the 2019 total General Fund expenditures. At the end of the current fiscal year, unrestricted General Fund cash was \$4,606,110, or 20%, of the 2020 total General Fund expenditures. As of June 30, 2019, unrestricted General Fund cash was \$2,068,259, or 11%, of the 2019 total General Fund expenditures.
- Revenue of the City's governmental activities was approximately \$14.8 million lower than the prior year due primarily to lower grant revenue.
- Program expenses of the City's governmental activities decreased 36% to approximately \$80.7 million, from fiscal year 2019 to fiscal year 2020. The decrease was attributable to lower economic development grants and capital project expenditures.
- The City of Coralville's total net position as of June 30, 2020 and 2019 was \$165,008,582 and \$169,492,536, respectively.
- Total governmental long-term debt decreased by approximately \$6.0 million during the current fiscal year. The City issued \$9.2 million of new debt and retired \$15.2 million of existing debt. The new debt was issued to fund various projects within the City.

Total business-type activity debt issued and retired was approximately \$19.7 million and \$3.4 million, respectively. The new debt was issued to finance sewer projects.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's share of the net pension liability and related contributions, as well as the schedule of changes in the City's total OPEB liability, related ratios and notes.

Supplementary information provides detailed information about the nonmajor governmental funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statement

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

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position

A condensed version of the statement of net position as of June 30, 2020 and 2019 follows.

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 52,718,597	\$ 18,730,354	\$ 71,448,951	\$ 40,827,179	\$ 13,719,168	\$ 54,546,347
Restricted assets	5,236,837	7,132,504	12,369,341	20,946,916	7,979,963	28,926,879
Capital assets	343,118,443	150,081,254	493,199,697	342,803,351	134,064,652	476,868,003
Other noncurrent assets	23,029,871	—	23,029,871	14,483,452	—	14,483,452
Total Assets	424,103,748	175,944,112	600,047,860	419,060,898	155,763,783	574,824,681
Deferred Outflows of Resources	1,784,610	586,777	2,371,387	2,115,694	632,445	2,748,139
Total Assets and Deferred Outflows of Resources	\$ 425,888,358	\$ 176,530,889	\$ 602,419,247	\$ 421,176,592	\$ 156,396,228	\$ 577,572,820
Current liabilities	\$ 28,767,729	\$ 12,951,035	\$ 41,718,764	\$ 18,133,130	\$ 7,522,339	\$ 25,655,469
Noncurrent liabilities	273,857,536	85,841,634	359,699,170	278,235,660	71,244,226	349,479,886
Total Liabilities	302,625,265	98,792,669	401,417,934	296,368,790	78,766,565	375,135,355
Deferred Inflows of Resources	35,618,419	374,312	35,992,731	32,768,730	176,199	32,944,929
Net Position						
Net investment in capital assets	112,720,208	66,158,691	178,878,899	106,363,071	68,721,500	175,084,571
Restricted	7,749,421	3,489,403	11,238,824	10,830,214	3,039,064	13,869,278
Unrestricted	(32,824,955)	7,715,814	(25,109,141)	(25,154,213)	5,692,900	(19,461,313)
Total Net Position	87,644,674	77,363,908	165,008,582	92,039,072	77,453,464	169,492,536
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 425,888,358	\$ 176,530,889	\$ 602,419,247	\$ 421,176,592	\$ 156,396,228	\$ 577,572,820

\$179 million of the City's net position (108%) represents resources which are invested in capital assets and \$11 million of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. This amount includes funds held in reserve accounts pledged to secured creditors.

Statement of Activities

A condensed version of the statement of activities as of June 30, 2020 and 2019 follows:

	City of Coralville's Governmental and Business-Type Activities					
	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenue						
Charges for service	\$ 7,888,447	\$ 21,950,209	\$ 29,838,656	\$ 8,655,059	\$ 25,602,050	\$ 34,257,109
Operating grants and contributions	3,409,079	1,274,689	4,683,768	3,454,477	839,798	4,294,275
Capital grants and contributions	4,230,051	365,417	4,595,468	15,279,470	—	15,279,470
Other General Revenue						
Property tax	32,164,819	—	32,164,819	30,628,542	—	30,628,542
Other taxes	3,642,402	—	3,642,402	3,626,567	—	3,626,567
Other	1,038,484	271,943	1,310,427	(269,359)	306,674	37,315
Gain (loss) on sale of capital assets	715,505	—	715,505	(225,818)	(3,154)	(228,972)
Total Revenue	53,088,787	23,862,258	76,951,045	61,148,938	26,745,368	87,894,306
Expenses						
Public safety	6,291,006	—	6,291,006	5,894,317	—	5,894,317
Public works	2,434,255	—	2,434,255	2,349,275	—	2,349,275
Health and social services	152,686	—	152,686	152,676	—	152,676
Culture and recreation	12,070,434	—	12,070,434	11,945,387	—	11,945,387
Community and economic development	18,218,804	—	18,218,804	55,597,288	—	55,597,288
General government	3,320,190	—	3,320,190	3,302,938	—	3,302,938
Depreciation - unallocated	10,960	—	10,960	10,960	—	10,960
Interest on long-term debt	14,017,458	—	14,017,458	11,733,761	—	11,733,761
Hotel and conference center	—	12,678,925	12,678,925	—	14,171,134	14,171,134
Sewer	—	3,314,469	3,314,469	—	2,857,041	2,857,041
Parking facilities and operations	—	2,684,257	2,684,257	—	2,557,635	2,557,635
Water	—	2,040,326	2,040,326	—	2,274,297	2,274,297
Solid waste	—	1,099,990	1,099,990	—	1,127,185	1,127,185
Transit	—	2,579,221	2,579,221	—	2,424,964	2,424,964
Storm water	—	522,018	522,018	—	442,984	442,984
Total Expenses	56,515,793	24,919,206	81,434,999	90,986,602	25,855,240	116,841,842
Increase (Decrease) Before Transfers	(3,427,006)	(1,056,948)	(4,483,954)	(29,837,664)	890,128	(28,947,536)
Operating transfers	(967,392)	967,392	—	(1,338,043)	1,338,043	—
Capital asset transfer	—	—	—	(7,086,957)	7,086,957	—
Increase (Decrease) in Net Position	(4,394,398)	(89,556)	(4,483,954)	(38,262,664)	9,315,128	(28,947,536)
Beginning net position	92,039,072	77,453,464	169,492,536	130,301,736	68,138,336	198,440,072
Ending Net Position	\$ 87,644,674	\$ 77,363,908	\$ 165,008,582	\$ 92,039,072	\$ 77,453,464	\$ 169,492,536

Governmental Activities

Total governmental activities revenue was \$53,088,787 and \$61,148,938 for the years ended June 30, 2020 and 2019, respectively. The largest single revenue source for the City was property and other taxes of \$35,807,221 and \$34,255,109 recorded for the years ended June 30, 2020 and 2019, respectively, which includes property tax paid in the Tax Increment Financing areas of the City. The remaining revenue of the City comes from charges for service, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

Business-Type Activities

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

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of approximately \$7.5 million. Approximately (\$26.8) million constitutes unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service or for a variety of other restricted purposes which is primarily expendable trust and capital projects.

The General Fund is the chief operating fund of the City of Coralville. As of the end of the current fiscal year, unassigned fund balance of the General Fund was \$6.1 million, while total fund balance reached \$14.4 million. Unassigned fund balance represents 42% of total General Fund balance. The General Fund revenue decreased approximately \$1.5 million, or 6%, from fiscal year 2019, while expenditures increased approximately \$2.5 million, or 12%, from the prior year. The decrease in revenue was due primarily to lower charges for service as a result of the pandemic. The increase in expenditures was due to higher capital expenditures within the Community and Economic Development function.

The Special Revenue - Mall/Highway 6 TIF Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects and other project costs. This fund ended 2020 with a fund balance of (\$6.0) million compared to the prior year ending fund balance of \$1.3 million. The decrease resulted primarily from transfers out to other funds.

The General Obligation Debt Service Fund accounts for general obligation debt issued and the subsequent principal and interest payments. Property tax and transfers in from other funds are the primary sources of cash for this fund. The fund ended 2020 with a balance of \$22.8 million, a decrease of approximately \$7.2 million from 2019. The primary reason for this decrease was due to higher debt service requirements.

The Capital Projects - Iowa River Landing accounts for projects being carried out in the Iowa River Landing area. Expenditures exceeded revenue by approximately \$13.9 million due to the timing of when the grant funding and bond proceeds will be received and funds being expended for project costs.

Proprietary Fund Highlights

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

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

The Hotel and Conference Center Fund accounts for the operation and maintenance of the Marriott hotel located on East 9th Street in Coralville. The fund ended 2020 with a net position balance totaling \$9.5 million compared to the prior year ending net position balance of \$12.0 million. The decrease was the result of a net loss of \$2,471,799 after net transfers in of \$575,000. The net loss was after \$1.8 million of noncash depreciation expense. The loss was due to hotel vacancies and virtually no events due to the pandemic.

The Water Fund, which accounts for the operation and maintenance of the City's water supply system, ended 2020 with a net position balance of \$10.6 million compared to the prior year ending net position balance of \$10.3 million.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2020 with a net position balance of \$21.1 million compared to the prior year ending net position balance of \$19.6 million. The increase was due to higher rates being charged which will be used to service debt in future years.

The Parking Facilities and Operations Fund accounts for the two parking ramps, one surface lot and a portion of the Intermodal Facility located in the Iowa River Landing development area and the Town Center parking ramp. The net position totaled approximately \$19.4 million as of the end of 2020, an increase of approximately \$469,000 due to net income from the parking ramps and transfers in from other funds.

The Transit Fund accounts for the City's public bus transportation system. The net position totaled approximately \$15.0 million as of the end of 2020, a decrease of \$151,818, largely due to a decrease in ridership and fare receipts.

BUDGETARY HIGHLIGHTS

The City did not amend the budget during the year.

The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2020 budget. The amounts in the 'Actual' column were taken from the City's annual report to the State of Iowa prepared on the cash basis of accounting.

	Original Budget	Actual			Over (Under) Budget
		Govern- mental Fund Types	Proprietary Funds	Total	
Receipts					
Property tax	\$ 20,069,452	\$ 19,023,129	\$ —	\$ 19,023,129	\$ (1,046,323)
Tax increment financing	14,627,111	10,804,689	—	10,804,689	(3,822,422)
Other city taxes	3,423,739	3,622,967	—	3,622,967	199,228
Licenses and permits	760,415	940,545	—	940,545	180,130
Use of money and property	327,866	2,788,513	5,936,510	8,725,023	8,397,157
Intergovernmental	1,256,668	6,597,126	4,378,314	10,975,440	9,718,772
Charges for service	33,893,388	3,177,528	9,919,863	13,097,391	(20,795,997)
Special assessments	—	130,574	—	130,574	130,574
Miscellaneous	—	2,693,566	5,014,583	7,708,149	7,708,149
Total Receipts	<u>74,358,639</u>	<u>49,778,637</u>	<u>25,249,270</u>	<u>75,027,907</u>	<u>669,268</u>
Disbursements					
Public safety	7,049,326	5,937,886	—	5,937,886	(1,111,440)
Public works	3,419,015	2,693,446	—	2,693,446	(725,569)
Health and social services	155,654	152,686	—	152,686	(2,968)
Culture and recreation	12,239,710	10,650,630	—	10,650,630	(1,589,080)
Community and economic development	14,947,186	9,193,189	—	9,193,189	(5,753,997)
General government	4,428,468	3,164,540	—	3,164,540	(1,263,928)
Debt service	16,000,000	28,816,159	—	28,816,159	12,816,159
Capital projects	—	27,935,451	—	27,935,451	27,935,451
Business-type activities	44,924,183	—	24,764,093	24,764,093	(20,160,090)
Total Disbursements	<u>103,163,542</u>	<u>88,543,987</u>	<u>24,764,093</u>	<u>113,308,080</u>	<u>10,144,538</u>
Receipts Over (Under) Disbursements	<u>(28,804,903)</u>	<u>(38,765,350)</u>	<u>485,177</u>	<u>(38,280,173)</u>	<u>(9,475,270)</u>
Other Financing Sources (Uses)					
Other financing sources	22,000,000	61,868,968	20,981,457	82,850,425	60,850,425
Other financing uses	<u>(6,000,000)</u>	<u>(33,346,286)</u>	<u>(19,990,018)</u>	<u>(53,336,304)</u>	<u>(47,336,304)</u>
Total Other Financing Sources and Uses	<u>16,000,000</u>	<u>28,522,682</u>	<u>991,439</u>	<u>29,514,121</u>	<u>13,514,121</u>
Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(12,804,903)</u>	<u>(10,242,668)</u>	<u>1,476,616</u>	<u>(8,766,052)</u>	<u>\$ 4,038,851</u>
Balance - Beginning of Year	<u>47,974,145</u>	<u>26,114,548</u>	<u>18,997,141</u>	<u>45,111,689</u>	
Balance - End of Year	<u>\$ 35,169,242</u>	<u>\$ 15,871,880</u>	<u>\$ 20,473,757</u>	<u>\$ 36,345,637</u>	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Capital Assets as of Fiscal Year End (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 93,306,841	\$ 89,542,880	\$ 3,062,926	\$ 3,062,926	\$ 96,369,767	\$ 92,605,806
Land improvements	89,592,759	78,302,314	—	—	89,592,759	78,302,314
Buildings and improvements	70,114,106	71,317,222	103,375,890	106,982,558	173,489,996	178,299,780
Infrastructure	77,155,800	71,728,664	—	—	77,155,800	71,728,664
Machinery and equipment	8,391,819	8,176,369	7,756,793	8,232,973	16,148,612	16,409,342
Construction-in-progress	4,557,118	23,735,902	35,885,645	15,786,195	40,442,763	39,522,097
Total	\$ 343,118,443	\$ 342,803,351	\$ 150,081,254	\$ 134,064,652	\$ 493,199,697	\$ 476,868,003

Long-Term Debt

The following summarizes maturities of principal and interest on bonded debt outstanding as of June 30, 2020:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Tax Increment Revenue Bonds		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,087,449	\$ 12,109,263	\$ 289,474	\$ 674,079	\$ —	\$ 179,285
2022	8,557,385	11,627,984	1,289,474	645,132	—	187,625
2023	16,629,783	11,279,129	289,474	590,658	—	187,625
2024	10,145,857	10,424,113	289,474	576,184	—	187,625
2025	18,120,819	10,014,810	1,439,474	561,710	—	187,625
2026-2030	58,420,247	39,190,592	3,047,370	2,133,447	—	938,125
2031-2035	63,438,872	23,964,094	1,447,370	1,679,604	835,000	858,875
2036-2040	66,322,312	6,180,395	289,468	1,476,973	1,065,000	628,125
2041-2045	—	—	4,500,000	1,102,500	1,310,000	380,738
2046-2050	—	—	2,000,000	135,000	1,540,000	153,238
	251,722,724	124,790,380	14,881,578	9,575,287	4,750,000	3,888,886
Net unamortized bond premium (discount)	(1,067,973)	—	(138,604)	—	287,803	—
Net	\$ 250,654,751	\$ 124,790,380	\$ 14,742,974	\$ 9,575,287	\$ 5,037,803	\$ 3,888,886
Year Ending June 30,	Business-Type Activities					
	Revenue Bonds		Hotel Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,972,000	\$ 1,112,062	\$ 1,545,000	\$ 1,296,325	\$ 14,893,923	\$ 15,371,014
2022	3,046,000	1,215,385	1,605,000	1,234,525	14,497,859	14,910,651
2023	3,115,000	1,386,633	1,670,000	1,170,325	21,704,257	14,614,370
2024	3,190,000	1,286,875	1,735,000	1,103,525	15,360,331	13,578,322
2025	3,266,000	1,183,520	1,805,000	1,034,125	24,631,293	12,981,790
2026-2030	17,260,000	4,374,838	10,180,000	6,800,750	88,907,617	53,437,752
2031-2035	12,570,000	2,008,100	12,365,000	1,838,288	90,656,242	30,348,961
2036-2040	8,027,211	609,057	2,750,000	92,812	78,453,991	8,987,362
2041-2045	—	—	—	—	5,810,000	1,483,238
2046-2050	—	—	—	—	3,540,000	288,238
	53,446,211	13,176,470	33,655,000	14,570,675	358,455,513	166,001,698
Net unamortized bond premium (discount)	—	—	1,382,453	—	463,679	—
Net	\$ 53,446,211	\$ 13,176,470	\$ 35,037,453	\$ 14,570,675	\$ 358,919,192	\$ 166,001,698

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

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt, net of cash on hand restricted for debt service, is below its constitutional debt limit of approximately \$138.6 million.

As of June 30, 2020, the City of Coralville has been assigned a BB+ rating from Standard & Poor's for general obligation debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Several economic factors affected decisions made by the City in setting its fiscal year 2021 budget. The City expects to experience an increase in General Fund receipts and disbursements from fiscal year 2020 to fiscal year 2021. The major factors which will play a role in this change are the general pace of growth and the need to maintain services and meet that growth.

The General Fund is projected to end fiscal year 2021 with a fund balance approximately equal to that of 2020.

The City property tax levy rate for fiscal year 2021 will be \$14.3123.

FINANCIAL INFORMATION CONTACT

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

Basic Financial Statements

Statement of Net Position

As of June 30, 2020

	Governmental Activities	Business- Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and pooled investments	\$ 9,265,476	\$ 6,175,978	\$ 15,441,454
Receivables			
Property Tax			
Current year delinquent, net of allowance for uncollectible taxes.....	1,425,677	—	1,425,677
Succeeding year.....	34,301,833	—	34,301,833
Assets held by property manager.....	—	431,289	431,289
Customer accounts, net of allowance for uncollectible accounts.....	—	1,604,738	1,604,738
Internal balances.....	3,535,951	10,000,000	13,535,951
Due from other governments.....	1,853,046	58,339	1,911,385
Other.....	989,915	—	989,915
Inventories and prepaids	600,315	460,010	1,060,325
Loans, net of allowance for uncollectible amounts	746,384	—	746,384
Total Current Assets	<u>52,718,597</u>	<u>18,730,354</u>	<u>71,448,951</u>
Noncurrent Assets			
Restricted Assets			
Cash and pooled investments	5,236,837	3,489,401	8,726,238
Beneficial interest in a trust	—	3,643,103	3,643,103
Loans, net of allowance for uncollectible amounts	22,883,627	—	22,883,627
Special assessments.....	146,244	—	146,244
Capital assets, net of accumulated depreciation	343,118,443	150,081,254	493,199,697
Total Noncurrent Assets	<u>371,385,151</u>	<u>157,213,758</u>	<u>528,598,909</u>
Total Assets	<u>424,103,748</u>	<u>175,944,112</u>	<u>600,047,860</u>
Deferred Outflows of Resources			
Pension-related deferred outflows	1,770,540	583,443	2,353,983
OPEB-related deferred outflows	14,070	3,334	17,404
Total Deferred Outflows	<u>1,784,610</u>	<u>586,777</u>	<u>2,371,387</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 425,888,358</u>	<u>\$ 176,530,889</u>	<u>\$ 602,419,247</u>

See accompanying notes to the financial statements.

	Governmental Activities	Business- Type Activities	Total
Liabilities			
Current Liabilities			
Accounts and retainages payable	\$ 4,410,964	\$ 3,544,862	\$ 7,955,826
Accrued expenses	3,896,414	1,353,222	5,249,636
Internal balances	10,000,000	3,535,951	13,535,951
General obligation bonds.....	10,087,449	—	10,087,449
Other loans.....	83,428	—	83,428
Capital leases.....	—	1,545,000	1,545,000
Current Liabilities Payable From Restricted Assets			
Tax increment financing revenue bonds ...	289,474	—	289,474
Revenue bonds	—	2,972,000	2,972,000
Total Current Liabilities	28,767,729	12,951,035	41,718,764
Noncurrent Liabilities			
Revenue bonds	—	50,474,211	50,474,211
General obligation bonds.....	240,567,302	—	240,567,302
Tax increment financing revenue bonds	14,453,500	—	14,453,500
Road use tax revenue bonds.....	5,037,803	—	5,037,803
Other loans.....	90,494	—	90,494
Capital leases.....	8,693,217	33,492,453	42,185,670
Net pension liability.....	4,744,589	1,810,835	6,555,424
Total OPEB liability.....	270,631	64,135	334,766
Total Noncurrent Liabilities	273,857,536	85,841,634	359,699,170
Total Liabilities	302,625,265	98,792,669	401,417,934
Deferred Inflows of Resources			
Succeeding year property tax	34,301,833	—	34,301,833
Special assessments.....	142,895	—	142,895
Pension-related deferred inflows	1,053,145	345,745	1,398,890
OPEB-related deferred inflows	120,546	28,567	149,113
Total Deferred Inflows of Resources ..	35,618,419	374,312	35,992,731
Net Position			
Net investment in capital assets	112,720,208	66,158,691	178,878,899
Restricted for			
Debt service	3,723,078	3,489,403	7,212,481
Expendable trust.....	1,045,536	—	1,045,536
Road use purposes.....	2,393,140	—	2,393,140
Employee benefits	41,287	—	41,287
Special assessments	231,380	—	231,380
Economic development.....	315,000	—	315,000
Unrestricted.....	(32,824,955)	7,715,814	(25,109,141)
Total Net Position	87,644,674	77,363,908	165,008,582
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 425,888,358	\$ 176,530,889	\$ 602,419,247

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expenses), Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Public safety	\$ 6,291,006	\$ 76,881	\$ 325,164	\$ —	\$ (5,888,961)	\$ —	\$ (5,888,961)
Public works	2,434,255	55,182	2,580,465	—	201,392	—	201,392
Health and social services	152,686	—	—	—	(152,686)	—	(152,686)
Culture and recreation	12,070,434	3,612,081	5,000	—	(8,453,353)	—	(8,453,353)
Community and economic development	18,218,804	2,981,221	414,938	—	(14,822,645)	—	(14,822,645)
General government	3,320,190	1,163,082	83,512	7,796	(2,065,800)	—	(2,065,800)
Depreciation - unallocated*	10,960	—	—	197,899	186,939	—	186,939
Interest on long-term debt	14,017,458	—	—	4,024,356	(9,993,102)	—	(9,993,102)
Total Governmental Activities	56,515,793	7,888,447	3,409,079	4,230,051	(40,988,216)	—	(40,988,216)
Business-Type Activities							
Hotel and conference center	12,678,925	9,545,049	—	—	—	(3,133,876)	(3,133,876)
Water	2,040,326	2,387,449	—	—	—	347,123	347,123
Sewer	3,314,469	5,003,222	—	—	—	1,688,753	1,688,753
Parking facilities and operations	2,684,257	2,891,259	—	—	—	207,002	207,002
Transit	2,579,221	389,376	1,216,350	365,417	—	(608,078)	(608,078)
Solid waste	1,099,990	1,086,784	—	—	—	(13,206)	(13,206)
Storm water	522,018	647,070	58,339	—	—	183,391	183,391
Total Business-Type Activities	24,919,206	21,950,209	1,274,689	365,417	—	(1,328,891)	(1,328,891)
Total	\$ 81,434,999	\$ 29,838,656	\$ 4,683,768	\$ 4,595,468	(40,988,216)	(1,328,891)	(42,317,107)
General Revenue							
Taxes							
Property tax levied for general purposes					16,349,196	—	16,349,196
Property tax levied for debt service					3,988,440	—	3,988,440
Tax increment financing					11,827,183	—	11,827,183
Other taxes and payments in lieu of taxes					3,642,402	—	3,642,402
Investment earnings					1,312,819	125,032	1,437,851
Miscellaneous					114,164	146,911	261,075
Cost of debt issuance					(388,499)	—	(388,499)
Gain on sale of capital assets					715,505	—	715,505
Total General Revenue					37,561,210	271,943	37,833,153
Change in Net Position Before Transfers					(3,427,006)	(1,056,948)	(4,483,954)
Operating transfers					(967,392)	967,392	—
Change in Net Position					(4,394,398)	(89,556)	(4,483,954)
Net Position - Beginning of Year					92,039,072	77,453,464	169,492,536
Net Position - End of Year					\$ 87,644,674	\$ 77,363,908	\$ 165,008,582

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

Balance Sheet - Governmental Funds

As of June 30, 2020

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects Iowa River Landing	Other Governmental Funds	Total
Assets						
Cash and pooled investments	\$ 4,606,110	\$ —	\$ —	\$ —	\$ 4,659,366	\$ 9,265,476
Receivables						
Property Tax						
Current year delinquent.....	141,212	851,833	116,116	—	316,516	1,425,677
Succeeding year	12,788,545	8,099,321	3,970,686	—	9,443,281	34,301,833
Loans.....	—	194,000	—	—	1,418,000	1,612,000
Due from other funds	11,303,163	—	18,278,698	—	2,117,477	31,699,338
Due from other governments.....	529,757	—	—	439,574	883,715	1,853,046
Assets held by property manager.....	50,860	—	—	—	—	50,860
Other.....	55,622	—	49,713	—	—	105,335
Special assessments	—	—	—	—	146,244	146,244
Inventories and prepaids	563,154	—	—	—	37,161	600,315
Restricted Assets						
Cash and pooled investments	—	—	4,415,961	—	820,876	5,236,837
Total Assets	\$ 30,038,423	\$ 9,145,154	\$ 26,831,174	\$ 439,574	\$ 19,842,636	\$ 86,296,961
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 1,926,240	\$ 381,038	\$ 45,075	\$ 1,138,148	\$ 920,463	\$ 4,410,964
Accrued liabilities.....	310,661	—	—	—	3,212	313,873
Due to other funds.....	—	6,675,468	—	26,218,371	5,269,548	38,163,387
Total Liabilities	2,236,901	7,056,506	45,075	27,356,519	6,193,223	42,888,224
Deferred Inflows of Resources						
Succeeding years property tax	12,788,545	8,099,321	3,970,686	—	9,443,281	34,301,833
Special assessments.....	—	—	—	—	142,895	142,895
Other	529,757	—	—	439,574	499,207	1,468,538
Total Deferred Inflows of Resources	13,318,302	8,099,321	3,970,686	439,574	10,085,383	35,913,266
Fund Balances						
Nonspendable	563,154	194,000	—	—	1,455,161	2,212,315
Restricted						
Debt service.....	—	(6,204,673)	22,815,413	—	3,845,039	20,455,779
Expendable trust.....	—	—	—	—	1,045,536	1,045,536
Road use purposes.....	—	—	—	—	2,393,140	2,393,140
Employee benefits	—	—	—	—	41,287	41,287
Special assessments	—	—	—	—	231,380	231,380
Other.....	—	—	—	—	100,409	100,409
Committed for capital asset acquisition.....	7,768,920	—	—	—	—	7,768,920
Unassigned	6,151,146	—	—	(27,356,519)	(5,547,922)	(26,753,295)
Total Fund Balances	14,483,220	(6,010,673)	22,815,413	(27,356,519)	3,564,030	7,495,471
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,038,423	\$ 9,145,154	\$ 26,831,174	\$ 439,574	\$ 19,842,636	\$ 86,296,961

See accompanying notes to the financial statements.

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

As of June 30, 2020

Total Fund Balances for Governmental Funds (Page 16).... **\$ 7,495,471**

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

Certain notes and interest receivable are not available financial resources and, therefore, are not reported as assets in governmental funds. 22,851,731

Certain revenue is not available financial resources and, therefore, is reported as deferred revenue in governmental funds. 1,468,538

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 343,118,443

Long-term liabilities, accrued interest, compensated absences and pensions are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds, as follows:

General obligation bonds payable	\$ (250,654,751)	
Tax increment financing bonds payable	(14,742,974)	
Road use tax revenue bonds.....	(5,037,803)	
Capital lease obligation	(8,693,217)	
Other loans payable	(173,922)	
Accrued interest payable.....	(2,561,464)	
Compensated absences.....	(1,021,077)	
Net pension liability	(4,744,589)	
Total OPEB-related liability.....	(270,631)	(287,900,428)

Pension and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Pension Related		
Deferred outflows of resources	\$ 1,770,540	
Deferred inflows of resources	(1,053,145)	
OPEB Related		
Deferred outflows of resources	14,070	
Deferred inflows of resources	(120,546)	610,919

Net Position of Governmental Activities (Page 14) **\$ 87,644,674**

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

Year Ended June 30, 2020

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects Iowa River Landing	Other Governmental Funds	Total
Revenue						
Property tax.....	\$ 12,779,336	\$ —	\$ 3,988,440	\$ —	\$ 3,560,873	\$ 20,328,649
TIF and other city taxes.....	3,651,389	6,890,559	—	—	5,141,539	15,683,487
Special assessments.....	—	—	—	—	122,134	122,134
Licenses and permits.....	823,052	—	—	—	—	823,052
Use of money and property.....	144,686	—	273,695	98,778	2,278,644	2,795,803
Intergovernmental.....	432,513	—	1,216,874	65,961	3,866,891	5,582,239
Charges for service.....	3,602,794	—	—	—	759,570	4,362,364
Miscellaneous.....	176,154	—	197,899	—	1,220,855	1,594,908
Total Revenue.....	21,609,924	6,890,559	5,676,908	164,739	16,950,506	51,292,636
Expenditures						
Operating						
Public safety.....	5,941,974	—	—	—	31,327	5,973,301
Public works.....	—	—	—	—	2,657,119	2,657,119
Health and social services.....	152,686	—	—	—	—	152,686
Culture and recreation.....	10,673,104	—	—	—	146,254	10,819,358
Community and economic development.....	2,751,774	5,883,800	—	—	2,168,850	10,804,424
General government.....	3,264,891	—	—	—	—	3,264,891
Debt Service						
Principal.....	—	—	15,356,989	—	—	15,356,989
Interest and other charges.....	—	—	13,607,680	—	101,990	13,709,670
Capital projects.....	—	—	—	14,065,669	3,888,763	17,954,432
Total Expenditures.....	22,784,429	5,883,800	28,964,669	14,065,669	8,994,303	80,692,870
Revenue Over (Under) Expenditures.....	(1,174,505)	1,006,759	(23,287,761)	(13,900,930)	7,956,203	(29,400,234)
Other Financing Sources (Uses)						
Bond proceeds.....	—	—	4,140,000	—	4,750,000	8,890,000
Premium (discount) on bonds issued.....	—	—	(115,286)	—	292,681	177,395
Cost of debt issuance.....	—	—	(388,499)	—	—	(388,499)
Proceeds from sale of assets.....	285,130	458,382	—	—	—	743,512
Transfers in.....	4,025,193	10,643,979	22,592,854	5,112,198	120,995	42,495,219
Transfers out.....	(1,440,344)	(19,413,882)	(10,203,694)	(232,329)	(12,172,362)	(43,462,611)
Total Other Financing Sources (Uses).....	2,869,979	(8,311,521)	16,025,375	4,879,869	(7,008,686)	8,455,016
Net Change in Fund Balances.....	1,695,474	(7,304,762)	(7,262,386)	(9,021,061)	947,517	(20,945,218)
Fund Balances - Beginning of Year,.....	12,787,746	1,294,089	30,077,799	(18,335,458)	2,616,513	28,440,689
Fund Balances - End of Year.....	\$ 14,483,220	\$ (6,010,673)	\$ 22,815,413	\$ (27,356,519)	\$ 3,564,030	\$ 7,495,471

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, 2020

Changes in Fund Balances - Total Governmental Funds (Page 18) \$ (20,945,218)

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

Economic development loans made are reported in the governmental funds as expenditures. The notes receivable are reported in the statement of net position as assets 9,292,497

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

Expenditures for capital assets.....	\$ 9,628,520	
Depreciation expense.....	(9,285,421)	
Proceeds from sale of capital assets	(743,512)	
Gain on disposal of capital assets	<u>715,505</u>	315,092

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

Long-term debt issued.....	\$ (8,890,000)	
Long-term debt principal repaid.....	15,356,989	
Issuance premium capitalized	(177,395)	
Amortization of discounts and premiums	(318,123)	
Decrease in accrued interest.....	<u>54,621</u>	6,026,092

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 1,469,145

The current year City employer share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the statement of net position..... 922,809

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Other.....	\$ (44,286)	
Compensated absences.....	(72,833)	
Pension expense.....	(1,345,773)	
OPEB expense.....	<u>(11,923)</u>	<u>(1,474,815)</u>

Change in Net Position of Governmental Activities (Page 15) \$ (4,394,398)

Statement of Net Position - Proprietary Funds

As of June 30, 2020

	Hotel and Conference Center	Water	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
Assets							
Current Assets							
Cash and pooled investments	\$ —	\$ 959,892	\$ 1,886,948	\$ 1,357,482	\$ 662,504	\$ 1,309,152	\$ 6,175,978
Receivables							
Assets held by property manager.....	431,289	—	—	—	—	—	431,289
Customer accounts	109,585	352,989	810,889	49,709	—	281,566	1,604,738
Due from other governments.....	—	—	—	—	—	58,339	58,339
Due from other funds	—	2,500,000	4,000,000	2,000,000	1,000,000	500,000	10,000,000
Inventories and prepaids	47,063	186,506	63,254	65,423	62,737	35,027	460,010
Total Current Assets	587,937	3,999,387	6,761,091	3,472,614	1,725,241	2,184,084	18,730,354
Noncurrent Assets							
Restricted Assets							
Cash and pooled investments	—	481,443	212,600	2,787,430	—	7,928	3,489,401
Beneficial interest in a trust	3,643,103	—	—	—	—	—	3,643,103
Capital assets (net of accumulated depreciation)	44,527,061	11,128,855	51,101,208	28,583,182	13,963,814	777,134	150,081,254
Total Noncurrent Assets	48,170,164	11,610,298	51,313,808	31,370,612	13,963,814	785,062	157,213,758
Total Assets	48,758,101	15,609,685	58,074,899	34,843,226	15,689,055	2,969,146	175,944,112
Deferred Outflows of Resources							
Pension-related deferred outflows	—	110,395	102,662	72,992	185,001	112,393	583,443
OPEB-related deferred outflows	—	646	590	393	1,098	607	3,334
Total Deferred Outflows of Resources	—	111,041	103,252	73,385	186,099	113,000	586,777
Total Assets and Deferred Outflows of Resources	\$ 48,758,101	\$ 15,720,726	\$ 58,178,151	\$ 34,916,611	\$ 15,875,154	\$ 3,082,146	\$ 176,530,889
Liabilities and Net Position							
Current Liabilities							
Accounts payable	\$ 111,999	\$ 22,753	\$ 2,432,645	\$ 875,295	\$ 73,868	\$ 28,302	\$ 3,544,862
Accrued liabilities and compensated absences.....	554,302	38,681	102,596	48,623	69,798	53,277	867,277
Due to other funds	3,535,951	—	—	—	—	—	3,535,951
Current maturities of long-term debt	1,545,000	280,000	1,508,000	1,121,000	—	63,000	4,517,000
Customer deposits.....	—	485,945	—	—	—	—	485,945
Total Current Liabilities	5,747,252	827,379	4,043,241	2,044,918	143,666	144,579	12,951,035
Noncurrent Liabilities							
Long-term debt	33,492,453	3,856,348	32,565,863	13,197,000	—	855,000	83,966,664
Net pension liability.....	—	363,665	316,877	215,508	574,279	340,506	1,810,835
Total OPEB liability.....	—	12,419	11,347	7,565	21,122	11,682	64,135
Total Noncurrent Liabilities	33,492,453	4,232,432	32,894,087	13,420,073	595,401	1,207,188	85,841,634
Total Liabilities	39,239,705	5,059,811	36,937,328	15,464,991	739,067	1,351,767	98,792,669
Deferred Inflows of Resources							
Pension-related deferred inflows	—	64,778	61,370	42,933	112,346	64,318	345,745
OPEB-related deferred inflows	—	5,532	5,054	3,370	9,408	5,203	28,567
Total Deferred Inflows of Resources	—	70,310	66,424	46,303	121,754	69,521	374,312
Net Position							
Net investment in capital assets	13,132,711	6,992,505	17,027,345	14,265,182	13,963,814	777,134	66,158,691
Restricted for debt service	—	481,445	212,600	2,787,430	—	7,928	3,489,403
Unrestricted	(3,614,315)	3,116,655	3,934,454	2,352,705	1,050,519	875,796	7,715,814
Total Net Position	9,518,396	10,590,605	21,174,399	19,405,317	15,014,333	1,660,858	77,363,908
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 48,758,101	\$ 15,720,726	\$ 58,178,151	\$ 34,916,611	\$ 15,875,154	\$ 3,082,146	\$ 176,530,889

See accompanying notes to the financial statements.

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

Year Ended June 30, 2020

	Hotel and Conference Center	Water	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
Operating Revenue							
Charges for sales and service	<u>\$ 9,545,049</u>	<u>\$ 2,387,449</u>	<u>\$ 5,003,222</u>	<u>\$ 2,891,259</u>	<u>\$ 389,376</u>	<u>\$ 1,733,854</u>	<u>\$ 21,950,209</u>
Operating Expenses							
Salaries and employee benefits.....	—	675,883	631,572	428,629	1,102,835	669,615	3,508,534
Contractual services	1,221,589	546,369	870,009	239,498	243,189	373,620	3,494,274
Commodities	8,430,305	217,172	352,738	732,550	613,910	453,383	10,800,058
Depreciation	<u>1,757,025</u>	<u>511,222</u>	<u>896,730</u>	<u>830,412</u>	<u>619,287</u>	<u>105,912</u>	<u>4,720,588</u>
Total Operating Expenses	<u>11,408,919</u>	<u>1,950,646</u>	<u>2,751,049</u>	<u>2,231,089</u>	<u>2,579,221</u>	<u>1,602,530</u>	<u>22,523,454</u>
Operating Income (Loss)	<u>(1,863,870)</u>	<u>436,803</u>	<u>2,252,173</u>	<u>660,170</u>	<u>(2,189,845)</u>	<u>131,324</u>	<u>(573,245)</u>
Nonoperating Revenue (Expenses)							
Rent revenue.....	—	—	—	—	146,911	—	146,911
Intergovernmental Revenue							
Federal	—	—	—	—	1,284,863	—	1,284,863
State	—	—	—	—	296,904	58,339	355,243
Interest revenue	87,077	—	303	37,652	—	—	125,032
Interest expense.....	<u>(1,270,006)</u>	<u>(89,680)</u>	<u>(563,420)</u>	<u>(453,168)</u>	<u>—</u>	<u>(19,478)</u>	<u>(2,395,752)</u>
Total Nonoperating Revenue (Expenses).....	<u>(1,182,929)</u>	<u>(89,680)</u>	<u>(563,117)</u>	<u>(415,516)</u>	<u>1,728,678</u>	<u>38,861</u>	<u>(483,703)</u>
Income (Loss) Before Transfers.....	<u>(3,046,799)</u>	<u>347,123</u>	<u>1,689,056</u>	<u>244,654</u>	<u>(461,167)</u>	<u>170,185</u>	<u>(1,056,948)</u>
Transfers in	600,000	—	—	227,923	309,349	81,120	1,218,392
Transfers out	<u>(25,000)</u>	<u>(80,000)</u>	<u>(87,500)</u>	<u>(3,500)</u>	<u>—</u>	<u>(55,000)</u>	<u>(251,000)</u>
Net Income (Loss)	<u>(2,471,799)</u>	<u>267,123</u>	<u>1,601,556</u>	<u>469,077</u>	<u>(151,818)</u>	<u>196,305</u>	<u>(89,556)</u>
Net Position - Beginning of Year.....	<u>11,990,195</u>	<u>10,323,482</u>	<u>19,572,843</u>	<u>18,936,240</u>	<u>15,166,151</u>	<u>1,464,553</u>	<u>77,453,464</u>
Net Position - End of Year.....	<u>\$ 9,518,396</u>	<u>\$ 10,590,605</u>	<u>\$ 21,174,399</u>	<u>\$ 19,405,317</u>	<u>\$ 15,014,333</u>	<u>\$ 1,660,858</u>	<u>\$ 77,363,908</u>

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2020

	Hotel and Conference Center	Water	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
Cash Flows From Operating Activities							
Receipts from customers.....	\$ 9,993,484	\$ 2,512,728	\$ 5,007,022	\$ 2,920,622	\$ 431,124	\$ 1,738,141	\$ 22,603,121
Payments to suppliers.....	(9,843,397)	(849,627)	(1,116,183)	(750,695)	(804,584)	(820,125)	(14,184,611)
Payments to employees.....	—	(665,604)	(615,940)	(389,871)	(1,097,340)	(643,988)	(3,412,743)
Net Cash Provided by (Used in) Operating Activities.....	150,087	997,497	3,274,899	1,780,056	(1,470,800)	274,028	5,005,767
Cash Flows From Noncapital Financing Activities							
Noncapital federal and state grants.....	—	—	—	—	1,185,041	—	1,185,041
Net transfers.....	575,000	(80,000)	(87,500)	224,423	309,349	26,120	967,392
Net Cash Provided by (Used in) Noncapital Financing Activities.....	575,000	(80,000)	(87,500)	224,423	1,494,390	26,120	2,152,433
Cash Flows From Capital and Related Financing Activities							
Increase in due to other funds.....	807,333	—	—	—	—	—	807,333
Proceeds from debt.....	—	22,033	19,716,983	—	—	—	19,739,016
Net received from trust.....	1,297,796	—	—	—	—	—	1,297,796
Purchase of capital assets.....	(70,934)	(1)	(19,554,300)	(93,696)	(451,385)	—	(20,170,316)
Federal and state capital grants.....	—	—	—	—	396,726	—	396,726
Repayment of debt.....	(1,485,000)	(397,000)	(379,000)	(1,089,000)	—	(61,000)	(3,411,000)
Payment of interest.....	(1,361,359)	(91,058)	(1,011,844)	(454,507)	—	(19,580)	(2,938,348)
Net Cash Used in Capital and Related Financing Activities.....	(812,164)	(466,026)	(1,228,161)	(1,637,203)	(54,659)	(80,580)	(4,278,793)
Cash Flows From Investing Activities							
Increase in due from other funds.....	—	(1,135,691)	(2,635,691)	(2,000,000)	(1,000,000)	(500,000)	(7,271,382)
Rent revenue.....	—	—	—	—	146,911	—	146,911
Interest received.....	87,077	—	303	37,652	—	—	125,032
Net Cash Provided by (Used in) Investing Activities.....	87,077	(1,135,691)	(2,635,388)	(1,962,348)	(853,089)	(500,000)	(6,999,439)
Net Decrease in Cash.....	—	(684,220)	(676,150)	(1,595,072)	(884,158)	(280,432)	(4,120,032)
Cash and Pooled Investments at Beginning of Year.....	—	2,125,555	2,775,698	5,739,984	1,546,662	1,597,512	13,785,411
Cash and Pooled Investments at End of Year.....	\$ —	\$ 1,441,335	\$ 2,099,548	\$ 4,144,912	\$ 662,504	\$ 1,317,080	\$ 9,665,379

See accompanying notes to the financial statements.

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2020

	Hotel and Conference Center	Water	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities							
Operating income (loss)	\$ (1,863,870)	\$ 436,803	\$ 2,252,173	\$ 660,170	\$ (2,189,845)	\$ 131,324	\$ (573,245)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities							
Depreciation	1,757,025	511,222	896,730	830,412	619,287	105,912	4,720,588
Decrease in receivables	448,435	33,359	3,800	29,363	—	4,287	519,244
(Increase) decrease in inventories and prepaids	5,186	(5,624)	(26,332)	(24,284)	(21,353)	(11,801)	(84,208)
Decrease in due from other funds and other governments	—	—	—	—	41,748	—	41,748
Decrease in deferred outflows	—	11,507	8,692	3,233	15,450	6,786	45,668
Increase (decrease) in accounts payable	(343,486)	(80,462)	124,204	245,637	73,868	18,679	38,440
Increase (decrease) in accrued liabilities and compensated absences	146,797	(7,208)	4,704	27,347	(29,665)	6,729	148,704
Increase in customer deposits	—	91,920	—	—	—	—	91,920
Decrease in net pension liability	—	(25,545)	(24,115)	(15,531)	(44,278)	(23,876)	(133,345)
Decrease in total OPEB liability	—	(3,241)	(543)	(1,353)	(1,716)	(1,007)	(7,860)
Increase in deferred inflows	—	34,766	35,586	25,062	65,704	36,995	198,113
Net Cash Provided by (Used in) Operating Activities	\$ 150,087	\$ 997,497	\$ 3,274,899	\$ 1,780,056	\$ (1,470,800)	\$ 274,028	\$ 5,005,767
Schedule of Noncash Investing and Financing Activities							
Cash Paid for Capital Assets							
Capital asset additions	\$ 70,934	\$ 1	\$ 19,160,134	\$ 93,696	\$ 451,385	\$ —	\$ 19,776,150
Capitalized interest	—	—	480,520	—	—	—	480,520
Net change in accounts payable	—	—	(86,354)	—	—	—	(86,354)
Cash Paid for Capital Assets	\$ 70,934	\$ 1	\$ 19,554,300	\$ 93,696	\$ 451,385	\$ —	\$ 20,170,316

See accompanying notes to the financial statements.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

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

Reporting Entity

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

Excluded Component Unit

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

Basis of Presentation

Government-Wide Financial Statements

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

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

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

Fund Financial Statements

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

The City had the following major governmental funds:

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

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

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

The Iowa River Landing is a capital project fund used to account for revenue and project expenses in connection with improvements in the Iowa River Landing area.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The City had the following major enterprise funds:

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

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

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

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

Transit Fund - This fund accounts for the operation of the City public bus transportation system.

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies

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

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

Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City did not amend its budget during the year ended June 30, 2020.

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 and November. 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 during February, and public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution and is submitted to the County Auditor and State of Iowa.
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. As of June 30, 2020, disbursements exceeded the budgeted amounts in Debt Service and Capital Projects functional areas.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

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

Cash and Pooled Investments

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

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

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

Beneficial Interest in a Trust

The City has a beneficial interest in a trust which was created with amounts borrowed to finance the hotel and conference center construction. The trust consists of cash, certificates of deposit and pooled cash investments, all of which are restricted for this project.

Receivables and Payables

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

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2018 assessed property valuations, is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2019.

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

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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 in connection with economic development activities and often these are in the form of forgivable loans.

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

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

Inventories and 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 recorded as nonspendable.

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

Restricted Assets

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

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

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

Deferred Outflows of Resources

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

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. In the government-wide and proprietary fund financial statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities

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

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

Pensions

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Coralville GAAP City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources

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

Deferred inflows of resources in the statement of net position consist 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 unrecognized items not yet charged to pension or OPEB expense.

Fund Balance

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

Estimates and Assumptions

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

Notes to the Financial Statements

(2) Cash and Pooled Investments

The City's deposits as of June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72 which were material to the financial statements.

(3) Loans Receivable

Business Loans

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

The following is a summary of the loans as of June 30, 2020:

Balance July 1, 2019	Loans Made	Loans Forgiven	Balance June 30, 2020
<u>\$ 1,612,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,612,000</u>

No interest income was recognized on these loans during the year ended June 30, 2020.

ArenaCo

The City has committed to making four loans to ArenaCo totaling \$30,185,917 to be used in connection with the construction of a multi-purpose arena, sports fieldhouse and purchase of office and retail space in a hotel building being constructed by another party. The City will be advancing funds on these loans as the project is constructed. The loans include interest at rates ranging from 7.25% to 12.62% and require principal repayment to begin on June 1, 2021. The loans are secured by real estate and pledges of future revenue from the project. Interest payments on the loans began June 1, 2020 and December 1, 2020.

As of June 30, 2020, the City has recorded as a receivable \$10,532,011 representing advances made under these loan agreements. Accrued interest receivable recorded on these advances totaled \$824,148 as of June 30, 2020.

ArenaCo Investment Fund, LLC

In connection with the overall financing of ArenaCo's projects, New Markets Tax Credits were obtained by a Community Development Entity (CDE). The City made a loan to ArenaCo Investment Fund, LLC which then provided that cash as an equity contribution to the CDE. The CDE made a capital contribution to a separate Sub-CDE which then loaned the funds to ArenaCo for the project.

Notes to the Financial Statements

(3) Loans Receivable

The City loan to ArenaCo Investment Fund, LLC includes interest at 1% due monthly and requires monthly principal payments from January 5, 2026 through December 21, 2048.

As of June 30, 2020, the City has recorded as a receivable \$11,486,000 representing the single advance made under the loan agreement. Accrued interest receivable recorded as of June 30, 2020 totaled \$9,572 and interest received during the year ended June 30, 2020 was \$114,860.

As of June 30, 2020, the principal portion of the two loans for ArenaCo is due as follows:

Ending June 30,	
2021	\$ 746,384
2022	791,767
2023	837,003
2024	567,864
2025	565,965
Later years	18,509,028
Total	<u>\$ 22,018,011</u>

(4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
General Fund	\$ 11,303,163	\$ —
General Obligation Debt Service	18,278,698	—
Special Revenue Funds		
Mall/Highway 6 TIF	—	6,675,468
Other nonmajor funds	2,117,477	163
Capital Projects Funds		
Iowa River Landing	—	26,218,371
Other nonmajor funds	—	5,269,385
Proprietary Funds		
Water	2,500,000	—
Sewer	4,000,000	—
Parking Facilities and Operations.....	2,000,000	—
Transit.....	1,000,000	—
Storm Water.....	500,000	—
Hotel and Conference Center.....	—	3,535,951
	<u>\$ 41,699,338</u>	<u>\$ 41,699,338</u>

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

Notes to the Financial Statements

(5) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 89,542,880	\$ 3,763,961	\$ —	\$ 93,306,841
Construction in progress	<u>23,735,902</u>	<u>3,848,256</u>	<u>23,027,040</u>	<u>4,557,118</u>
Total Capital Assets Not Being Depreciated	<u>113,278,782</u>	<u>7,612,217</u>	<u>23,027,040</u>	<u>97,863,959</u>
Capital Assets Being Depreciated				
Land improvements.....	91,533,648	13,347,465	—	104,881,113
Buildings and improvements	91,500,792	927,290	—	92,428,082
Furniture and equipment	14,917,556	763,524	204,410	15,476,670
Vehicles	3,595,576	325,488	151,577	3,769,487
Road network	118,050,180	9,679,576	—	127,729,756
Bridge network	7,903,035	—	—	7,903,035
Parking ramps	<u>5,522,881</u>	<u>—</u>	<u>—</u>	<u>5,522,881</u>
Total Capital Assets Being Depreciated	<u>333,023,668</u>	<u>25,043,343</u>	<u>355,987</u>	<u>357,711,024</u>
Less Accumulated Depreciation for				
Land improvements.....	13,231,334	2,057,020	—	15,288,354
Buildings and improvements	20,183,570	2,130,406	—	22,313,976
Furniture and equipment	8,802,083	591,750	183,072	9,210,761
Vehicles	1,534,680	253,805	144,908	1,643,577
Road network	56,246,943	3,983,922	—	60,230,865
Bridge network	2,119,764	158,060	—	2,277,824
Parking ramps	<u>1,380,725</u>	<u>110,458</u>	<u>—</u>	<u>1,491,183</u>
Total Accumulated Depreciation ...	<u>103,499,099</u>	<u>9,285,421</u>	<u>327,980</u>	<u>112,456,540</u>
Net Capital Assets Being Depreciated ..	<u>229,524,569</u>	<u>15,757,922</u>	<u>28,007</u>	<u>245,254,484</u>
Net Governmental Activities				
Capital Assets	<u>\$ 342,803,351</u>	<u>\$ 23,370,139</u>	<u>\$ 23,055,047</u>	<u>\$ 343,118,443</u>
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 3,062,926	\$ —	\$ —	\$ 3,062,926
Construction in progress	<u>15,786,195</u>	<u>20,099,450</u>	<u>—</u>	<u>35,885,645</u>
Total Capital Assets Not Being Depreciated	<u>18,849,121</u>	<u>20,099,450</u>	<u>—</u>	<u>38,948,571</u>
Capital Assets Being Depreciated				
Buildings and improvements.....	149,932,712	70,934	—	150,003,646
Furniture and equipment	29,560,566	545,081	317,905	29,787,742
Vehicles	<u>1,157,843</u>	<u>21,725</u>	<u>—</u>	<u>1,179,568</u>
Total Capital Assets Being Depreciated	<u>180,651,121</u>	<u>637,740</u>	<u>317,905</u>	<u>180,970,956</u>
Less Accumulated Depreciation for				
Buildings and improvements	42,950,154	3,677,602	—	46,627,756
Furniture and equipment	22,054,397	929,946	317,905	22,666,438
Vehicles	<u>431,039</u>	<u>113,040</u>	<u>—</u>	<u>544,079</u>
Total Accumulated Depreciation ...	<u>65,435,590</u>	<u>4,720,588</u>	<u>317,905</u>	<u>69,838,273</u>
Net Capital Assets Being Depreciated ..	<u>115,215,531</u>	<u>(4,082,848)</u>	<u>—</u>	<u>111,132,683</u>
Net Business-Type Activities				
Capital Assets	<u>\$ 134,064,652</u>	<u>\$ 16,016,602</u>	<u>\$ —</u>	<u>\$ 150,081,254</u>

Notes to the Financial Statements

(5) Capital Assets

Depreciation expense was charged to functions as follows for the year ended June 30, 2020:

Governmental Activities	
Public safety.....	\$ 431,499
Public works.....	284,823
Culture and recreation.....	1,257,709
Community and economic development.....	7,179,231
General government	<u>121,199</u>
	9,274,461
Unallocated depreciation.....	10,960
Total Governmental Activities Depreciation Expense	<u>\$ 9,285,421</u>
Business-Type Activities	
Hotel and conference center	\$ 1,757,025
Sewer.....	896,730
Parking facilities and operations.....	830,412
Water	511,222
Solid waste.....	105,912
Transit.....	<u>619,287</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 4,720,588</u>

(6) Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2020:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
Governmental Activities						
General obligation						
bonds	\$ 203,265,116	\$ 4,140,000	\$ 12,163,089	\$ 195,242,027	\$ 6,430,000	2.00%-7.50%
Tax increment financing						
revenue bonds	11,300,000	—	1,050,000	10,250,000	—	4.00%-5.00%
Road use revenue bonds	—	5,042,681	4,878	5,037,803	—	3.25%-5.00%
Compensated						
absences.....	948,244	72,833	—	1,021,077	1,021,077	N/A
	<u>215,513,360</u>	<u>9,255,514</u>	<u>13,217,967</u>	<u>211,550,907</u>	<u>7,451,077</u>	
Direct Placements						
General obligation						
bonds	30,131,432	—	—	30,131,432	1,820,248	4.25%-6.75%
General obligation						
certificates of						
participation.....	26,924,241	—	1,642,949	25,281,292	1,837,201	2.00%-6.25%
Tax increment finan-						
cing certificates of						
participation.....	4,777,218	—	284,244	4,492,974	289,474	5.00%
Capital lease						
obligation.....	8,693,217	—	—	8,693,217	—	11.60%
Other long-term						
debt	253,488	—	79,566	173,922	83,428	4.50%
	<u>70,779,596</u>	<u>—</u>	<u>2,006,759</u>	<u>68,772,837</u>	<u>4,030,351</u>	
Totals.....	<u>\$ 286,292,956</u>	<u>\$ 9,255,514</u>	<u>\$ 15,224,726</u>	<u>\$ 280,323,744</u>	<u>\$ 11,481,428</u>	

Notes to the Financial Statements

(6) Long-Term Liabilities

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
Business-Type Activities						
Revenue bonds	\$ 400,000	\$ —	\$ 200,000	\$ 200,000	\$ 200,000	1.91%
Compensated absences.....	209,261	8,886	—	218,147	218,147	N/A
	<u>609,261</u>	<u>8,886</u>	<u>200,000</u>	<u>418,147</u>	<u>418,147</u>	
Direct Placements						
Revenue bonds.....	35,233,195	19,739,016	1,726,000	53,246,211	2,772,000	0.00%-5.00%
Capital leases	35,140,000	—	1,485,000	33,655,000	1,545,000	4.00%
	<u>70,373,195</u>	<u>19,739,016</u>	<u>3,211,000</u>	<u>86,901,211</u>	<u>4,317,000</u>	
Totals.....	<u>\$ 70,982,456</u>	<u>\$ 19,747,902</u>	<u>\$ 3,411,000</u>	<u>\$ 87,319,358</u>	<u>\$ 4,735,147</u>	

Governmental Activities

General Obligation Bonds

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

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

As of June 30, 2020, there were 35 outstanding general obligation bonds/notes/certificates of participation outstanding with interest rates ranging from 2.0% to 7.5%, with annual principal and interest payments due through June, 2040.

Tax Increment Revenue Bonds

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

Notes to the Financial Statements

(6) Long-Term Liabilities

Road Use Tax Revenue Bonds

During the year ended June 30, 2020, the City issued road use tax revenue bonds. Proceeds from the bonds provided financing for a public improvement project within a TIF district and the incremental TIF taxes will be used to repay the principal and interest. The bonds are secured by road use tax net revenue and are payable through 2050 including interest at 3.25% to 5.00%. No amounts were paid for principal or interest during the year ended June 30, 2020. Total principal and interest remaining to be paid on the bonds totals \$8,638,886.

As of June 30, 2020, there were three outstanding tax increment revenue bonds/notes/certificates of participation outstanding with interest rates ranging from 4.00% to 5.00%, with annual principal and interest payments due through June, 2047.

Capital Lease Obligation

The City has entered into a long-term lease agreement with a local developer for a sports fieldhouse located in the Iowa River Landing area. The lease agreement requires monthly payments to begin during the construction phase and continuing for 30 years with the option to extend the lease for four additional five-year periods. The lease payments increase each year during the term of the lease. The lease is accounted for as a capital lease with an implicit interest rate of 11.6%. The lease payment terms are such that principal reduction of the lease obligation does not begin until the year ending June 30, 2043. In addition to the monthly lease payment, the City is responsible for property taxes, insurance and common area maintenance charges.

The required payments are applied to the interest component of the capital lease first and, until the fiscal year ending June 30, 2036, are less than the imputed interest in the lease requiring an accrual of interest each year. Accrued interest as of June 30, 2019 was \$211,417. During the year ended June 30, 2020, interest expense imputed in the lease totaled \$1,065,588. The City had made payments totaling \$509,856 leaving \$767,149 which has been recorded as accrued interest payable as of June 30, 2020.

As of June 30, 2020, the future minimum lease payments on the capital lease obligation are as follows:

Year Ending June 30,	
2021	\$ 889,920
2022	907,716
2023	925,872
2024	944,388
2025	963,276
2026-2030	5,426,112
2031-2035	6,601,728
2036-2040	8,032,008
2041-2045	9,772,116
2046-2049	<u>8,292,535</u>
Total Minimum Lease Payments	42,755,671
Less amount representing interest.....	<u>34,062,454</u>
Present Value of Net Minimum Lease Payments.....	<u>\$ 8,693,217</u>

Notes to the Financial Statements

(6) Long-Term Liabilities

Other Long-Term Debt

Land Purchase Contracts

The City entered into an agreement to purchase land for recreation space. The agreement includes interest at 4.50%. Total principal and interest paid during the year ended June 30, 2020 totaled \$79,566 and \$9,977, respectively.

As of June 30, 2020, annual maturities of the land purchase contracts were as follows:

Year Ending June 30,	Principal	Interest	Total
2021.....	\$ 83,428	\$ 6,115	\$ 89,543
2022.....	90,494	2,283	92,777
Total	<u>\$ 173,922</u>	<u>\$ 8,398</u>	<u>\$ 182,320</u>

Business-Type Activities

As of June 30, 2020, there were the following outstanding enterprise fund revenue bonds/notes and certifications of participation capital lease obligations outstanding:

Fund	Number of Bonds/Notes Outstanding	Interest Rates	Principal and Interest Payments Due Through
Hotel and Conference Center	1	4.00%	June, 2036
Water	1	2.00%	June, 2038
Sewer	4	2.00% to 3.00%	June, 2039
Parking Facilities and Operations	1	2.95% to 5.00%	June, 2031
Storm Water	1	1.75%	June, 2033

Revenue Bonds

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

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2038. The total principal and interest remaining to be paid on the note is \$4,856,128.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net revenue and are payable through 2034. Net revenue is required to be at least 110% of the current year debt service. The total principal and interest remaining to be paid on the notes is \$42,407,287. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation) was \$899,012 and \$3,148,903, respectively.

Notes to the Financial Statements

(6) Long-Term Liabilities

The City has pledged future storm water fee revenue, net of specified operating expenses, to repay storm water revenue notes. Proceeds from the notes provided financing for the construction of storm water infrastructure. The notes are payable solely from storm water fee net revenue and are payable through 2033. Net revenue is required to be at least 110% of the current year debt service. The City did not meet this requirement. The total principal and interest remaining to be paid on the notes is \$1,034,832. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation and certain expenditures) was \$80,580 and \$246,583, respectively.

Capital Lease Obligation

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 proceeds 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 original Certificates of Participation were issued during the year ended June 30, 2007 at a premium of \$1,206,283. Those additional proceeds were used for the project.

During the year ended June 30, 2017, the City refunded the debt through a new issuance of \$36,570,000 of Certificates of Participation by Bankers. The City received a premium of \$1,728,065 upon the issuance of the new debt. The existing debt of \$39,420,000 was retired using the proceeds of the new debt, the premium and cash held in reserves from the original issue. In connection with the refinancing, the unamortized premium of \$633,300 from the 2007 issuance was recorded as a gain on the refunding and the premium from the 2017 issuance was capitalized and will be amortized over the term of the new Certificates. The new Certificates bear interest at 4% compared to 5.25% on the 2007 Certificates.

During the year ended June 30, 2020, interest paid totaled \$1,355,725.

As of June 30, 2020, future minimum lease payments on the capital lease obligation are as follows:

Year Ending June 30,	
2021.....	\$ 2,841,325
2022.....	2,839,525
2023.....	2,840,325
2024.....	2,838,525
2025.....	2,839,125
2026-2030.....	16,980,750
2031-2035.....	14,203,288
2036.....	<u>2,842,812</u>
Total Minimum Lease Payments	48,225,675
Less amount representing interest	(14,570,675)
Plus unamortized original issue premium	<u>1,382,453</u>
Present Value of Net Minimum Lease Payments	<u>\$ 35,037,453</u>

Notes to the Financial Statements

(6) Long-Term Liabilities

Adjustable Rate Debt

Below is a schedule of debt issued with adjustable interest rates.

		Balance Outstanding as of June 30, 2020
Direct Placements		
General Obligation Bonds		
2018F1	Initial rate: 5.75%. Rate resets on December 1, 2023 and 2028 to be the sum of the five-year Treasury Index Rate plus 2.50%.	\$ 2,650,735
2018F2	Initial rate: 5.75%. Rate resets on December 1, 2023 and 2028 to be the sum of the five-year Treasury Index Rate plus 2.50%.	11,808,697
2018I	Initial rate: 5.26%. Rate resets on December 1, 2023 and each five-year anniversary thereafter to be the sum of the five-year US Treasury Constant Maturity Index published by the Federal Reserve Board plus 2.25%.	—
2018J	Initial rate: 5.26%. Rate resets on December 1, 2023 and each five-year anniversary thereafter to be the sum of the five-year US Treasury Constant Maturity Index published by the Federal Reserve Board plus 2.25%.	—
2018K	Initial rate: 5.75%. Rate resets on December 1, 2023 and 2028 to be the sum of the five-year Treasury Index Rate plus 2.50%.	9,320,000
2014B	Initial rate: 4.25%. Rate resets on June 1, 2019 and June 1, 2024 to be the sum of the five-year Treasury Index Rate plus 2.25%. The rate will never be less than 4.25% or more than 6.75%. Rate reset on June 1, 2019 stayed at the minimum rate of 4.25%.	2,347,000
General Obligation Certificates of Participation		
2018H	Initial rate: 6.00%. Rate resets on December 1, 2023 and each five-year anniversary thereafter to be the sum of the five-year Treasury Index Rate plus 3.25%.	4,200,000
2017E	Initial rate: 5.00%. Rate resets on December 1, 2022 and each five-year anniversary thereafter to be the sum of the five-year Treasury Index Rate plus 3.25%.	4,352,647
2017E	Initial rate: 5.75%. Rate resets on November 1, 2023 and each five-year anniversary thereafter to be the sum of the five-year Treasury Index Rate plus 3.25%.	4,243,645
Tax Increment Financing Certificates of Participation		
2016C	Initial rate: 5.00%. Rate resets on April 15, 2021 and each five-year anniversary thereafter to be the sum of the five-year Treasury Index Rate plus 3.25%.	4,631,578
Parking Revenue Bonds		
2012B	Initial rate: 2.95%. Rate resets on June 15, 2022 to five-year LIBOR Swap Rate plus 198 basis points to a maximum of 5%.	<u>14,318,000</u>
		<u>\$ 57,872,302</u>

Notes to the Financial Statements

(6) Long-Term Liabilities

Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Tax Increment Revenue Bonds		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,087,449	\$ 12,109,263	\$ 289,474	\$ 674,079	\$ —	\$ 179,285
2022	8,557,385	11,627,984	1,289,474	645,132	—	187,625
2023	16,629,783	11,279,129	289,474	590,658	—	187,625
2024	10,145,857	10,424,113	289,474	576,184	—	187,625
2025	18,120,819	10,014,810	1,439,474	561,710	—	187,625
2026-2030	58,420,247	39,190,592	3,047,370	2,133,447	—	938,125
2031-2035	63,438,872	23,964,094	1,447,370	1,679,604	835,000	858,875
2036-2040	66,322,312	6,180,395	289,468	1,476,973	1,065,000	628,125
2041-2045	—	—	4,500,000	1,102,500	1,310,000	380,738
2046-2050	—	—	2,000,000	135,000	1,540,000	153,238
	<u>251,722,724</u>	<u>124,790,380</u>	<u>14,881,578</u>	<u>9,575,287</u>	<u>4,750,000</u>	<u>3,888,886</u>
Net unamortized bond discount...	(1,067,973)	—	(138,604)	—	287,803	—
Net	<u>\$ 250,654,751</u>	<u>\$ 124,790,380</u>	<u>\$ 14,742,974</u>	<u>\$ 9,575,287</u>	<u>\$ 5,037,803</u>	<u>\$ 3,888,886</u>

Year Ending June 30,	Business-Type Activities					
	Revenue Bonds		Hotel Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,972,000	\$ 1,112,062	\$ 1,545,000	\$ 1,296,325	\$ 14,893,923	\$ 15,371,014
2022	3,046,000	1,215,385	1,605,000	1,234,525	14,497,859	14,910,651
2023	3,115,000	1,386,633	1,670,000	1,170,325	21,704,257	14,614,370
2024	3,190,000	1,286,875	1,735,000	1,103,525	15,360,331	13,578,322
2025	3,266,000	1,183,520	1,805,000	1,034,125	24,631,293	12,981,790
2026-2030	17,260,000	4,374,838	10,180,000	6,800,750	88,907,617	53,437,752
2031-2035	12,570,000	2,008,100	12,365,000	1,838,288	90,656,242	30,348,961
2036-2040	8,027,211	609,057	2,750,000	92,812	78,453,991	8,987,362
2041-2045	—	—	—	—	5,810,000	1,483,238
2046-2050	—	—	—	—	3,540,000	288,238
	<u>53,446,211</u>	<u>13,176,470</u>	<u>33,655,000</u>	<u>14,570,675</u>	<u>358,455,513</u>	<u>166,001,698</u>
Net unamortized bond discount...	—	—	1,382,453	—	463,679	—
Net	<u>\$ 53,446,211</u>	<u>\$ 13,176,470</u>	<u>\$ 35,037,453</u>	<u>\$ 14,570,675</u>	<u>\$ 358,919,192</u>	<u>\$ 166,001,698</u>

Interest expense and other charges recorded in governmental fund types totaled \$13.7 million for the year ended June 30, 2020. Interest expense recorded in proprietary fund types totaled \$2.4 million, net of \$480,520 of interest capitalized to a sewer improvement project.

Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. As of June 30, 2020, the City was in compliance with these covenants, in all material respects.

Debt Approved But Not Drawn Upon

During the year ended June 30, 2019, the City entered into two general obligation loan agreements (Series 2018I and 2018J) with a bank to borrow \$18,345,795 which is being used to finance the City's commitment to make loans to ArenaCo for its project. No amounts had been drawn on these loans as of June 30, 2020. The City expects to draw down the entire balance of these loans during the year ending June 30, 2021.

(7) Pension Plan

Plan Description

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

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

Pension Benefits

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

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

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

Notes to the Financial Statements

(7) Pension Plan

Disability and Death Benefits

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

Contributions

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

In fiscal year 2020, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 were \$1,149,065.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the City reported a liability of \$6,555,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2019, the City's proportion was 0.113207% which was a decrease of 0.001084% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,675,736. As of June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,909	\$ 253,700
Changes of assumptions	929,109	7,925
Net difference between projected and actual earnings on IPERS' investments	—	1,058,008
Changes in proportion and differences between City contributions and proportionate share of contributions	237,900	79,257
City contributions subsequent to the measurement date	<u>1,149,065</u>	<u>—</u>
Total	<u>\$ 2,353,983</u>	<u>\$ 1,398,890</u>

Notes to the Financial Statements

(7) Pension Plan

\$1,149,065 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 259,296
2022	(180,708)
2023	(134,752)
2024	(136,621)
2025	(1,187)
Total	<u>\$ (193,972)</u>

There were no nonemployer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rate of salary increase (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

Notes to the Financial Statements

(7) Pension Plan

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$13,633,220	\$6,555,424	\$621,130

Pension Plan Fiduciary Net Position

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to IPERS by June 30, 2020.

(8) Other Postemployment Benefits (OPEB)

Plan Description

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses and their dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. As of June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by the City of Coralville and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Notes to the Financial Statements

(8) Other Postemployment Benefits (OPEB)

Retired participants must be age 55 or older at retirement. As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>164</u>
Total	<u>166</u>

Total OPEB Liability

The City's total OPEB liability of \$334,766 was measured as of June 30, 2020 and was determined by an actuarial valuation.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective June 30, 2020)	3.00% per annum
Rates of salary increase (effective June 30, 2020)	3.25% per year
Discount rate (effective June 30, 2020)	2.74% compounded annually
Healthcare cost trend rate (effective June 30, 2020)	5.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.74% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experiences studies with dates corresponding to those listed above.

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - Beginning of Year	<u>\$ 362,511</u>
Changes for the Year	
Service cost	24,759
Interest.....	9,087
Change in assumptions.....	(49,572)
Benefit payments	<u>(12,019)</u>
Net Changes	<u>(27,745)</u>
Total OPEB Liability - End of Year	<u>\$ 334,766</u>

Notes to the Financial Statements

(8) Other Postemployment Benefits (OPEB)

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB Liability.....	\$359,744	\$334,766	\$310,692

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability.....	\$294,310	\$334,766	\$382,780

OPEB Expense and Deferred (Inflows) and Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$22,764. As of June 30, 2020, the City reported deferred (inflows) and outflows of resources related to OPEB from the following sources:

	Deferred (Inflows) Outflows of Resources
Differences between expected and actual experience	\$ (149,113)
Changes of assumptions	<u>17,404</u>
Total	<u>\$ (131,709)</u>

The amount reported as deferred (inflows) and outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (11,082)
2022	(11,082)
2023	(11,082)
2024	(11,082)
2025	(11,082)
Thereafter.....	<u>(76,299)</u>
Total	<u>\$ (131,709)</u>

Notes to the Financial Statements

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer From	Amount
General	Special Revenue	
	Nonmajor Governmental Funds	\$ 3,701,693
	Capital Projects	
	Nonmajor Governmental Funds	72,500
	Proprietary	
	Hotel and Conference Center	25,000
	Water	80,000
	Sewer	87,500
	Parking Facilities and Operations	3,500
	Nonmajor Proprietary	<u>55,000</u>
		<u>4,025,193</u>
Mall/Highway 6 TIF	General Obligation Debt Service	10,203,694
	Special Revenue	
	Nonmajor Governmental Funds	<u>440,285</u>
		<u>10,643,979</u>
General Obligation Debt Service	General	1,010,000
	Special Revenue	
	Mall/Highway 6 TIF	18,274,380
	Nonmajor Governmental Funds	3,076,145
	Capital Projects	
	Iowa River Landing	<u>232,329</u>
		<u>22,592,854</u>
Iowa River Landing	Special Revenue	
	Mall/Highway 6 TIF	458,382
	Nonmajor Governmental Funds	<u>4,653,816</u>
		<u>5,112,198</u>
Nonmajor Special Revenue	General	<u>15,001</u>
Nonmajor Capital Projects	General	<u>105,994</u>
Hotel and Conference Center	Special Revenue	
	Mall/Highway 6 TIF	<u>600,000</u>
Parking Facilities and Operations	Special Revenue	
	Nonmajor Governmental Funds	<u>227,923</u>
Transit	General Fund	<u>309,349</u>
Nonmajor Proprietary		
Storm Water	Special Revenue	
	Mall/Highway 6 TIF	<u>81,120</u>
Total		<u>\$ 43,713,611</u>

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

Notes to the Financial Statements

(10) Deficit Balances

Deficit balances result primarily from the timing between construction project payments and grants being received or debt being issued. The deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following individual funds had a deficit as of June 30, 2020:

Special Revenue	
Mall/Highway 6 TIF	\$ 6,010,673
Nonmajor funds.....	17,469
Capital Projects	
Iowa River Landing	27,356,519
Nonmajor funds.....	5,882,964

(11) Operating Leases

Brown Deer Golf Course

The City is leasing golf and beverage carts along with GPS units for use at the golf course under operating leases requiring annual payments totaling \$55,991 per year. The expense for this lease is recorded in the General Fund.

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

Year Ending June 30,	
2021	\$ 55,991
2022	55,991
2023	55,991
2024	<u>48,671</u>
Total Minimum Rentals	<u>\$ 216,644</u>

(12) Leasing Activities

The City owns retail space in buildings located in the Iowa River Landing area. The City has also completed improvements to certain spaces within the buildings or paid allowances for improvements made by tenants. These retail spaces are generally leased to tenants at fixed monthly rates with additional rents due for some leases upon the tenant reaching certain levels of sales. Total rent income earned from these leases was \$1,095,861 for the year ended June 30, 2020.

In connection with its ownership of the retail space in the Iowa River Landing area, the City provides certain common area maintenance to businesses located adjacent to the City's property. In exchange, the businesses have agreed to pay a fee for this service. Total common area maintenance fees and payments in lieu of taxes earned from these businesses during the year ended June 30, 2020 was \$970,034.

The City also owns real estate which it is leasing to businesses until such time as the City either needs the land for development or decides ownership is no longer beneficial to the City. Total rent income from these leases totaled \$154,338 for the year ended June 30, 2020.

Notes to the Financial Statements

(12) Leasing Activities

The following is an analysis of the leased property as of June 30, 2020:

Class of Property	Asset Balance
Iowa River Landing Retail Space	
Buildings and improvements.....	\$ 28,900,039
Less accumulated depreciation	<u>(4,242,475)</u>
Total	<u>\$ 24,657,564</u>

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

Year Ending June 30,	
2021	\$ 1,599,056
2022	1,557,732
2023	1,110,850
2024	857,594
2025	594,131
Later years	<u>2,142,153</u>
Total Minimum Rentals	<u>\$ 7,861,516</u>

(13) Commitments

Construction

The City is involved in construction of capital assets, streets and streetscape improvements, recreation trails and water and sewer plant improvements. Some construction is funded through grants from the state and federal government. The remainder is generally funded through the proceeds of debt issues. As of June 30, 2020, the City was committed to approximately \$5.6 million of construction contracts and agreements to purchase capital assets.

IRL Hotel Associates, LLC

The City has committed to provide up to \$660,000 as improvement allowances to cover the cost of tenant and other finish improvements to be located within the Office Unit of a condominiumized building under construction by a developer which will include a hotel and retail space.

ArenaCo

In connection with agreements to finance the ArenaCo project, the City has agreed to provide up to \$30,185,917 under four loan agreements. Through June 30, 2020, the City had advanced approximately \$10.5 million to ArenaCo under these loan agreements. The City has authorized the issuance of an additional \$18.3 million of general obligation bonds to fund these loans. The bonds had not been issued as of June 30, 2020.

(14) Jointly Governed Organizations

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

(15) Risk Management

Iowa Community Assurances Pool

During 2005, the City became a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose approximately 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2020, the City made payments of approximately \$680,000 to the risk pool.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

(15) Risk Management

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims, property loss or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

Iowa Municipalities Workers' Compensation Association

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2020 were approximately \$132,000.

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

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

Notes to the Financial Statements

(16) Subsequent Events

Management has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen which are likely to negatively impact revenue, expenses, net income and cash flows. Other financial impacts could occur as well. The potential impacts that the pandemic will have on the City are unknown at this time.

In August, 2020, a large fast-moving complex of thunderstorms with powerful straight-line winds known as a derecho caused widespread destruction in eastern Iowa. The City has spent funds for cleanup and debris removal from this storm and will be receiving grant funds to offset some of it.

Projects, Land and Equipment

The City entered into several new agreements with consultants, engineers and construction companies for various capital projects and approved the purchase of land totaling approximately \$2 million. In addition, the City sold land for \$297,000.

(17) Contingencies

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

(18) Conduit Debt

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

(19) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenue that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forego tax revenue to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments

Notes to the Financial Statements

(19) Tax Abatements

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, the City abated approximately \$1,430,000 of property tax under the urban renewal and economic development projects.

(20) Related Party Transactions

The City has officials and employees who are members of the Board of Directors of ArenaCo, an organization which is constructing a multi-purpose arena and sports fieldhouse in Coralville. The City is providing loans for the project as discussed in Notes 3 and 13.

(21) Financial Concern

The operations of the Hotel and Conference Center Enterprise Fund (Hotel) have been adversely impacted by the pandemic which began in March, 2020. The Hotel vacancy rate has been very high and virtually no events have been held due to state mandates preventing those events and customer decisions to cancel events. The Hotel loss from operations before depreciation expense but including interest expense was \$1,289,774 for the year ended June 30, 2020 compared to a profit of \$717,573 the year before. During the year ended June 30, 2020, the City drew down \$500,000 from the Hotel operating reserve trust account. This amount will have to be restored at some point in the future as required by the trust agreements. As of June 30, 2020, the Hotel had a negative cash balance of \$3,535,951 which has been funded by cash within the General Obligation Debt Service Fund and is reported as a due to other funds on the Hotel's statement of net assets. It is reasonably expected that the City will continue to have to provide additional support for the Hotel operations and debt service payments until such time as the pandemic ends and Hotel operations recover to pre-pandemic levels.

Required Supplementary Information

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

Year Ended June 30, 2020

	Original Budget	Actual			Over (Under) Budget
		Govern- mental Fund Types	Proprietary Funds	Total	
Receipts					
Property tax	\$ 20,069,452	\$ 19,023,129	\$ —	\$ 19,023,129	\$ (1,046,323)
Tax increment financing	14,627,111	10,804,689	—	10,804,689	(3,822,422)
Other city taxes	3,423,739	3,622,967	—	3,622,967	199,228
Licenses and permits	760,415	940,545	—	940,545	180,130
Use of money and property	327,866	2,788,513	5,936,510	8,725,023	8,397,157
Intergovernmental	1,256,668	6,597,126	4,378,314	10,975,440	9,718,772
Charges for service	33,893,388	3,177,528	9,919,863	13,097,391	(20,795,997)
Special assessments.....	—	130,574	—	130,574	130,574
Miscellaneous.....	—	2,693,566	5,014,583	7,708,149	7,708,149
Total Receipts	<u>74,358,639</u>	<u>49,778,637</u>	<u>25,249,270</u>	<u>75,027,907</u>	<u>669,268</u>
Disbursements					
Public safety	7,049,326	5,937,886	—	5,937,886	(1,111,440)
Public works	3,419,015	2,693,446	—	2,693,446	(725,569)
Health and social services.....	155,654	152,686	—	152,686	(2,968)
Culture and recreation	12,239,710	10,650,630	—	10,650,630	(1,589,080)
Community and economic development	14,947,186	9,193,189	—	9,193,189	(5,753,997)
General government.....	4,428,468	3,164,540	—	3,164,540	(1,263,928)
Debt service	16,000,000	28,816,159	—	28,816,159	12,816,159
Capital projects.....	—	27,935,451	—	27,935,451	27,935,451
Business-type activities	44,924,183	—	24,764,093	24,764,093	(20,160,090)
Total Disbursements	<u>103,163,542</u>	<u>88,543,987</u>	<u>24,764,093</u>	<u>113,308,080</u>	<u>10,144,538</u>
Receipts Over (Under) Disbursements	<u>(28,804,903)</u>	<u>(38,765,350)</u>	<u>485,177</u>	<u>(38,280,173)</u>	<u>(9,475,270)</u>
Other Financing Sources (Uses)					
Other financing sources.....	22,000,000	61,868,968	20,981,457	82,850,425	60,850,425
Other financing uses	(6,000,000)	(33,346,286)	(19,990,018)	(53,336,304)	(47,336,304)
Total Other Financing Sources and Uses	<u>16,000,000</u>	<u>28,522,682</u>	<u>991,439</u>	<u>29,514,121</u>	<u>13,514,121</u>
Receipts and Other Financing Sources Over Disbursements and Other Financing Uses					
Balance - Beginning of Year.....	<u>47,974,145</u>	<u>26,114,548</u>	<u>18,997,141</u>	<u>45,111,689</u>	<u>\$ 4,038,851</u>
Balance - End of Year.....	<u>\$ 35,169,242</u>	<u>\$ 15,871,880</u>	<u>\$ 20,473,757</u>	<u>\$ 36,345,637</u>	

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

Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2020

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenue.....	\$ 49,778,637	\$ 1,513,999	\$ 51,292,636
Expenditures/expenses	<u>88,543,987</u>	<u>(7,851,117)</u>	<u>80,692,870</u>
Net.....	(38,765,350)	9,365,116	(29,400,234)
Other financing sources (uses).....	28,522,682	(20,067,666)	8,455,016
Beginning fund balances/net position	<u>26,114,548</u>	<u>2,326,141</u>	<u>28,440,689</u>
Ending Fund Balances/Net Position	<u>\$ 15,871,880</u>	<u>\$ (8,376,409)</u>	<u>\$ 7,495,471</u>

	Proprietary Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenue.....	\$ 25,249,270	\$ (1,387,012)	\$ 23,862,258
Expenditures/expenses	<u>24,764,093</u>	<u>155,113</u>	<u>24,919,206</u>
Net.....	485,177	(1,542,125)	(1,056,948)
Other financing sources.....	991,439	(24,047)	967,392
Beginning net position	<u>18,997,141</u>	<u>58,456,323</u>	<u>77,453,464</u>
Ending Net Position	<u>\$ 20,473,757</u>	<u>\$ 56,890,151</u>	<u>\$ 77,363,908</u>

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

Year Ended June 30, 2020

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget, and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The City did not amend the budget during the year.

During the year ended June 30, 2020, disbursements in the Debt Service and Capital Projects functions exceeded the amount budgeted.

Schedule of Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

Last Six Years*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.113207%	0.114291%	0.117936%	0.113483%	0.103853%	0.0948%
City's proportionate share of the net pension liability.....	\$6,555,424	\$7,232,627	\$7,856,016	\$7,141,847	\$5,130,856	\$3,759,774
City's covered-employee payroll	\$11,881,064	\$11,496,210	\$11,538,408	\$11,954,000	\$10,523,819	\$10,137,660
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.18%	62.91%	68.09%	59.74%	48.75%	37.09%
Plan fiduciary net position as a percentage of the total pension liability.....	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Schedule of Contributions
Iowa Public Employees' Retirement System

Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statorily required contribution	\$ 1,149,065	\$ 1,144,235	\$ 1,052,899	\$ 1,056,567	\$ 972,898	\$ 939,777	\$ 905,293	\$ 851,288	\$ 752,572	\$ 639,649
Contributions in relation to the statorily required contributions.....	<u>(1,149,065)</u>	<u>(1,144,235)</u>	<u>(1,052,899)</u>	<u>(1,056,567)</u>	<u>(972,898)</u>	<u>(939,777)</u>	<u>(905,293)</u>	<u>(851,288)</u>	<u>(752,572)</u>	<u>(639,649)</u>
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered-employee payroll	\$ 12,017,357	\$ 11,881,064	\$ 11,496,210	\$ 11,538,408	\$ 11,954,000	\$ 10,523,819	\$ 10,137,660	\$ 9,818,777	\$ 9,337,122	\$ 9,203,583
Contributions as a percentage of covered-employee payroll	9.56%	9.63%	9.16%	9.16%	8.14%	8.93%	8.93%	8.67%	8.06%	6.95%

Notes to Required Supplementary Information - Pension Liability ---

Year Ended June 30, 2020

Changes of Benefit Terms

There are no significant changes in benefit terms.

Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the unfunded actuarial liability (UAL) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes

For the Last Three Years

	2020	2019	2018
Service cost.....	\$ 24,759	\$ 23,209	\$ 22,478
Interest.....	9,087	12,424	12,054
Differences between expected and actual experience	—	—	(110,236)
Changes of assumptions	(49,572)	—	1,790
Benefit payments.....	<u>(12,019)</u>	<u>(22,173)</u>	<u>(26,849)</u>
Net Change in Total OPEB Liability	(27,745)	13,460	(100,763)
Total OPEB Liability - Beginning of Year	<u>362,511</u>	<u>349,051</u>	<u>449,814</u>
Total OPEB Liability - End of Year	<u>\$ 334,766</u>	<u>\$ 362,511</u>	<u>\$ 349,051</u>
Covered-Employee Payroll	\$ 10,541,769	\$ 10,326,040	\$ 10,001,007
Total OPEB Liability as a Percentage of Covered-Employee Payroll.....	3.18%	3.51%	3.49%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes of Benefit Terms

There were no significant changes in benefit terms.

Supplementary Information

Combining Balance Sheet Schedule - Nonmajor Governmental Funds ▬▬▬

As of June 30, 2020

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
Assets				
Cash and pooled investments	\$ 4,558,957	\$ —	\$ 100,409	\$ 4,659,366
Receivables				
Property Tax				
Current year delinquent	316,516	—	—	316,516
Succeeding year	9,443,281	—	—	9,443,281
Loans	1,418,000	—	—	1,418,000
Due from other funds	2,117,477	—	—	2,117,477
Due from other governments	317,881	565,834	—	883,715
Special assessments	146,244	—	—	146,244
Inventories and prepaids	37,161	—	—	37,161
Restricted Assets				
Cash and pooled investments	<u>820,876</u>	<u>—</u>	<u>—</u>	<u>820,876</u>
Total Assets	<u>\$ 19,176,393</u>	<u>\$ 565,834</u>	<u>\$ 100,409</u>	<u>\$ 19,842,636</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 240,257	\$ 680,206	\$ —	\$ 920,463
Accrued liabilities	3,212	—	—	3,212
Due to other funds	<u>163</u>	<u>5,269,385</u>	<u>—</u>	<u>5,269,548</u>
Total Liabilities	<u>243,632</u>	<u>5,949,591</u>	<u>—</u>	<u>6,193,223</u>
Deferred Inflows of Resources				
Succeeding years property tax	9,443,281	—	—	9,443,281
Special assessments	142,895	—	—	142,895
Other	<u>—</u>	<u>499,207</u>	<u>—</u>	<u>499,207</u>
Total Deferred Inflows of Resources	<u>9,586,176</u>	<u>499,207</u>	<u>—</u>	<u>10,085,383</u>
Fund Balances				
Nonspendable	1,455,161	—	—	1,455,161
Restricted				
Debt service	3,845,039	—	—	3,845,039
Expendable trust	1,045,536	—	—	1,045,536
Road use purposes	2,393,140	—	—	2,393,140
Employee benefits	41,287	—	—	41,287
Special assessments	231,380	—	—	231,380
Other	—	—	100,409	100,409
Unassigned	<u>335,042</u>	<u>(5,882,964)</u>	<u>—</u>	<u>(5,547,922)</u>
Total Fund Balances	<u>9,346,585</u>	<u>(5,882,964)</u>	<u>100,409</u>	<u>3,564,030</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,176,393</u>	<u>\$ 565,834</u>	<u>\$ 100,409</u>	<u>\$ 19,842,636</u>

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

Year Ended June 30, 2020

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
Revenue				
Property tax.....	\$ 3,560,873	\$ —	\$ —	\$ 3,560,873
TIF and other city taxes	5,141,539	—	—	5,141,539
Special assessments.....	122,134	—	—	122,134
Use of money and property	2,278,644	—	—	2,278,644
Intergovernmental	2,651,704	1,215,187	—	3,866,891
Charges for service	124,308	635,262	—	759,570
Miscellaneous.....	<u>223,233</u>	<u>993,697</u>	<u>3,925</u>	<u>1,220,855</u>
Total Revenue.....	<u>14,102,435</u>	<u>2,844,146</u>	<u>3,925</u>	<u>16,950,506</u>
Expenditures				
Operating				
Public safety	31,327	—	—	31,327
Public works.....	2,657,119	—	—	2,657,119
Culture and recreation.....	146,254	—	—	146,254
Community and economic development.....	2,168,850	—	—	2,168,850
Debt Service				
Interest and other charges	101,990	—	—	101,990
Capital projects.....	<u>—</u>	<u>3,888,763</u>	<u>—</u>	<u>3,888,763</u>
Total Expenditures	<u>5,105,540</u>	<u>3,888,763</u>	<u>—</u>	<u>8,994,303</u>
Revenue Over (Under) Expenditures	<u>8,996,895</u>	<u>(1,044,617)</u>	<u>3,925</u>	<u>7,956,203</u>
Other Financing Sources (Uses)				
Bond proceeds	4,750,000	—	—	4,750,000
Premium on bonds issued	292,681	—	—	292,681
Transfers in	15,001	105,994	—	120,995
Transfers out	<u>(12,099,862)</u>	<u>(72,500)</u>	<u>—</u>	<u>(12,172,362)</u>
Total Other Financing Sources (Uses)	<u>(7,042,180)</u>	<u>33,494</u>	<u>—</u>	<u>(7,008,686)</u>
Net Change in Fund Balances	1,954,715	(1,011,123)	3,925	947,517
Fund Balances - Beginning of Year	<u>7,391,870</u>	<u>(4,871,841)</u>	<u>96,484</u>	<u>2,616,513</u>
Fund Balances - End of Year	<u>\$ 9,346,585</u>	<u>\$ (5,882,964)</u>	<u>\$ 100,409</u>	<u>\$ 3,564,030</u>

Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

As of June 30, 2020

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Economic Development	Special Assessments	Total
Assets										
Cash and pooled investments	\$ —	\$ —	\$ 1,045,319	\$ 1,493,205	\$ —	\$ 1,792,402	\$ —	\$ —	\$ 228,031	\$ 4,558,957
Receivables										
Property Tax										
Current year delinquent.....	—	275,229	—	—	—	—	41,287	—	—	316,516
Succeeding year	2,294,211	2,699,594	—	—	—	—	4,449,476	—	—	9,443,281
Loans	—	1,103,000	—	—	—	—	—	315,000	—	1,418,000
Due from other funds	113,365	2,004,112	—	—	—	—	—	—	—	2,117,477
Due from other governments.....	—	—	—	—	—	317,881	—	—	—	317,881
Special assessments	—	—	—	—	—	—	—	—	146,244	146,244
Inventories and prepaids	—	—	217	5,015	—	31,929	—	—	—	37,161
Restricted Assets										
Cash and cash equivalents	—	480,000	—	—	—	340,876	—	—	—	820,876
Total Assets	\$ 2,407,576	\$ 6,561,935	\$ 1,045,536	\$ 1,498,220	\$ —	\$ 2,483,088	\$ 4,490,763	\$ 315,000	\$ 374,275	\$ 19,176,393
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ 130,667	\$ —	\$ —	\$ 22,850	\$ 4	\$ 86,736	\$ —	\$ —	\$ —	\$ 240,257
Accrued liabilities.....	—	—	—	—	—	3,212	—	—	—	3,212
Due to other funds.....	—	—	—	—	163	—	—	—	—	163
Total Liabilities	130,667	—	—	22,850	167	89,948	—	—	—	243,632
Deferred Inflows of Resources										
Unavailable Revenue										
Succeeding year property tax.....	2,294,211	2,699,594	—	—	—	—	4,449,476	—	—	9,443,281
Other.....	—	—	—	—	—	—	—	—	142,895	142,895
Total Deferred Inflows of Resources	2,294,211	2,699,594	—	—	—	—	4,449,476	—	142,895	9,586,176
Fund Balances										
Restricted	(17,302)	3,862,341	1,045,536	1,475,370	(167)	2,393,140	41,287	315,000	231,380	9,346,585
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,407,576	\$ 6,561,935	\$ 1,045,536	\$ 1,498,220	\$ —	\$ 2,483,088	\$ 4,490,763	\$ 315,000	\$ 374,275	\$ 19,176,393

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

Year Ended June 30, 2020

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
Revenue											
Property tax.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,560,873	\$ —	\$ —	\$ —	\$ 3,560,873
TIF and other city taxes.....	2,289,341	2,852,198	—	—	—	—	—	—	—	—	5,141,539
Special assessments.....	—	—	—	—	—	—	—	—	—	122,134	122,134
Interest and rent income.....	17,820	2,436	4,887	2,067,485	—	—	—	186,016	—	—	2,278,644
Intergovernmental.....	—	35,148	5,000	—	31,089	2,580,467	—	—	—	—	2,651,704
Charges for service.....	—	—	124,308	—	—	—	—	—	—	—	124,308
Miscellaneous.....	6,389	—	110,237	27,493	70	79,044	—	—	—	—	223,233
Total Revenue.....	2,313,550	2,889,782	244,432	2,094,978	31,159	2,659,511	3,560,873	186,016	—	122,134	14,102,435
Expenditures											
Operating											
Public safety.....	—	—	—	—	31,327	—	—	—	—	—	31,327
Public works.....	—	—	—	1,021	—	2,656,098	—	—	—	—	2,657,119
Culture and recreation.....	—	—	146,254	—	—	—	—	—	—	—	146,254
Community and economic development.....	422,807	416,598	—	1,288,699	—	—	—	40,746	—	—	2,168,850
Debt Service											
Interest and other charges.....	—	—	—	—	—	101,990	—	—	—	—	101,990
Total Expenditures.....	422,807	416,598	146,254	1,289,720	31,327	2,758,088	—	40,746	—	—	5,105,540
Revenue Over (Under) Expenditures.....	1,890,743	2,473,184	98,178	805,258	(168)	(98,577)	3,560,873	145,270	—	122,134	8,996,895
Other Financing Sources (Uses)											
Bond proceeds.....	—	—	—	—	—	4,750,000	—	—	—	—	4,750,000
Premium on debt issuance.....	—	—	—	—	—	292,681	—	—	—	—	292,681
Transfers in.....	—	—	15,000	—	1	—	—	—	—	—	15,001
Transfers out.....	(2,159,777)	(1,100,368)	—	(456,815)	—	(4,703,816)	(3,527,693)	(151,393)	—	—	(12,099,862)
Total Other Financing Sources (Uses).....	(2,159,777)	(1,100,368)	15,000	(456,815)	1	338,865	(3,527,693)	(151,393)	—	—	(7,042,180)
Net Change in Fund Balances.....	(269,034)	1,372,816	113,178	348,443	(167)	240,288	33,180	(6,123)	—	122,134	1,954,715
Fund Balances - Beginning of Year.....	251,732	2,489,525	932,358	1,126,927	—	2,152,852	8,107	6,123	315,000	109,246	7,391,870
Fund Balances - End of Year.....	\$ (17,302)	\$ 3,862,341	\$ 1,045,536	\$ 1,475,370	\$ (167)	\$ 2,393,140	\$ 41,287	\$ —	\$ 315,000	\$ 231,380	\$ 9,346,585

Combining Schedule of Net Position - Nonmajor Proprietary Funds

As of June 30, 2020

	Solid Waste	Storm Water	Total
Assets			
Current Assets			
Cash and pooled investments	\$ 770,455	\$ 538,697	\$ 1,309,152
Receivables			
Customer accounts	181,680	99,886	281,566
Due from other governments.....	—	58,339	58,339
Due from other funds	—	500,000	500,000
Inventories and prepaids	10,729	24,298	35,027
Total Current Assets	<u>962,864</u>	<u>1,221,220</u>	<u>2,184,084</u>
Noncurrent Assets			
Restricted Assets			
Cash and pooled investments	—	7,928	7,928
Capital assets (net of accumulated depreciation)	<u>777,134</u>	<u>—</u>	<u>777,134</u>
Total Noncurrent Assets	<u>777,134</u>	<u>7,928</u>	<u>785,062</u>
Total Assets	<u>1,739,998</u>	<u>1,229,148</u>	<u>2,969,146</u>
Deferred Outflows of Resources			
Pension-related deferred outflows	90,744	21,649	112,393
OPEB-related deferred outflows	494	113	607
Total Deferred Outflows of Resources	<u>91,238</u>	<u>21,762</u>	<u>113,000</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,831,236</u>	<u>\$ 1,250,910</u>	<u>\$ 3,082,146</u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 13,692	\$ 14,610	\$ 28,302
Accrued liabilities and compensated absences....	51,747	1,530	53,277
Current maturities of long-term debt	—	63,000	63,000
Total Current Liabilities	<u>65,439</u>	<u>79,140</u>	<u>144,579</u>
Noncurrent Liabilities			
Long-term debt	—	855,000	855,000
Net pension liability.....	277,308	63,198	340,506
Total OPEB liability.....	<u>9,506</u>	<u>2,176</u>	<u>11,682</u>
Total Noncurrent Liabilities	<u>286,814</u>	<u>920,374</u>	<u>1,207,188</u>
Total Liabilities	<u>352,253</u>	<u>999,514</u>	<u>1,351,767</u>
Deferred Inflows of Resources			
Pension-related deferred inflows	52,974	11,344	64,318
OPEB-related deferred inflows	4,234	969	5,203
Total Deferred Inflows of Resources	<u>57,208</u>	<u>12,313</u>	<u>69,521</u>
Net Position			
Net investment in capital assets	777,134	—	777,134
Restricted for debt service	—	7,928	7,928
Unrestricted	<u>644,641</u>	<u>231,155</u>	<u>875,796</u>
Total Net Position	<u>1,421,775</u>	<u>239,083</u>	<u>1,660,858</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,831,236</u>	<u>\$ 1,250,910</u>	<u>\$ 3,082,146</u>

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

Year Ended June 30, 2020

	Solid Waste	Storm Water	Total
Operating Revenue			
Charges for sales and service	<u>\$ 1,086,784</u>	<u>\$ 647,070</u>	<u>\$ 1,733,854</u>
Operating Expenses			
Salaries and employee benefits	550,416	119,199	669,615
Contractual services	188,946	184,674	373,620
Commodities	254,716	198,667	453,383
Depreciation	105,912	—	105,912
Total Operating Expenses	<u>1,099,990</u>	<u>502,540</u>	<u>1,602,530</u>
Operating Income (Loss)	<u>(13,206)</u>	<u>144,530</u>	<u>131,324</u>
Nonoperating Revenue (Expenses)			
Intergovernmental Revenue			
State	—	58,339	58,339
Interest expense	—	(19,478)	(19,478)
Total Nonoperating Revenue (Expenses)	<u>—</u>	<u>38,861</u>	<u>38,861</u>
Income (Loss) Before Transfers	<u>(13,206)</u>	<u>183,391</u>	<u>170,185</u>
Transfers in	—	81,120	81,120
Transfers out	(25,000)	(30,000)	(55,000)
Net Income (Loss)	<u>(38,206)</u>	<u>234,511</u>	<u>196,305</u>
Net Position - Beginning of Year.....	<u>1,459,981</u>	<u>4,572</u>	<u>1,464,553</u>
Net Position - End of Year	<u>\$ 1,421,775</u>	<u>\$ 239,083</u>	<u>\$ 1,660,858</u>

Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2020

	Solid Waste	Storm Water	Total
Cash Flows From Operating Activities			
Receipts from customers.....	\$ 1,092,569	\$ 645,572	\$ 1,738,141
Payments to suppliers	(440,779)	(379,346)	(820,125)
Payments to employees	<u>(528,079)</u>	<u>(115,909)</u>	<u>(643,988)</u>
Net Cash Provided by Operating Activities	<u>123,711</u>	<u>150,317</u>	<u>274,028</u>
Cash Flows From Noncapital Financing Activities			
Net transfers.....	<u>(25,000)</u>	<u>51,120</u>	<u>26,120</u>
Cash Flows From Capital and Related Financing Activities			
Repayment of debt.....	—	(61,000)	(61,000)
Payment of interest.....	<u>—</u>	<u>(19,580)</u>	<u>(19,580)</u>
Net Cash Used in Capital and Related Financing Activities	<u>—</u>	<u>(80,580)</u>	<u>(80,580)</u>
Cash Flows From Investing Activities			
Increase in due from other funds	<u>—</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net Increase (Decrease) in Cash	98,711	(379,143)	(280,432)
Cash and Pooled Investments at Beginning of Year	<u>671,744</u>	<u>925,768</u>	<u>1,597,512</u>
Cash and Pooled Investments at End of Year	<u>\$ 770,455</u>	<u>\$ 546,625</u>	<u>\$ 1,317,080</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss).....	\$ (13,206)	\$ 144,530	\$ 131,324
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by Operating Activities			
Depreciation	105,912	—	105,912
(Increase) decrease in receivables	5,785	(1,498)	4,287
Increase in inventories and prepaids	(1,751)	(10,050)	(11,801)
Decrease in deferred outflows.....	5,143	1,643	6,786
Increase in accounts payable	4,634	14,045	18,679
Increase (decrease) in accrued liabilities and compensated absences.....	7,020	(291)	6,729
Decrease in net pension liability	(19,479)	(4,397)	(23,876)
Decrease in total OPEB liability	(898)	(109)	(1,007)
Increase in deferred inflows.....	<u>30,551</u>	<u>6,444</u>	<u>36,995</u>
Net Cash Provided by Operating Activities	<u>\$ 123,711</u>	<u>\$ 150,317</u>	<u>\$ 274,028</u>

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

Last Ten Years
 (Years Prior to 2016 Do Not Include Brown Deer Golf Course)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue										
Property tax.....	\$ 20,328,649	\$ 20,215,862	\$ 15,343,613	\$ 14,688,626	\$ 14,155,082	\$ 13,477,889	\$ 12,470,651	\$ 12,122,228	\$ 11,666,499	\$ 11,281,558
TIF and other city taxes.....	15,683,487	14,405,152	25,007,095	23,722,721	22,363,579	23,139,723	20,058,183	19,052,501	18,747,034	18,863,375
Special assessments.....	122,134	30,246	42,299	32,188	300,830	19,383	55,906	71,790	280,101	227,302
Licenses and permits.....	823,052	936,149	809,004	1,033,867	702,810	669,766	592,207	549,717	674,089	576,401
Use of money and property.....	2,795,803	2,709,557	1,785,070	1,784,303	1,702,761	1,615,505	2,685,995	762,405	1,091,475	1,276,051
Intergovernmental.....	5,582,239	12,897,897	7,529,217	6,018,007	7,146,575	16,718,042	12,584,964	16,179,608	13,799,733	26,866,111
Charges for service.....	4,362,364	5,045,785	4,743,114	4,740,824	5,227,042	2,556,704	2,452,927	3,009,752	1,956,937	1,948,703
Miscellaneous.....	1,594,908	9,872,050	970,353	493,129	798,367	572,670	441,687	737,070	1,391,780	498,273
Total Revenue.....	\$ 51,292,636	\$ 66,112,698	\$ 56,229,765	\$ 52,513,665	\$ 52,397,046	\$ 58,769,682	\$ 51,342,520	\$ 52,485,071	\$ 49,607,648	\$ 61,537,774
Expenditures										
Operating										
Public safety.....	\$ 5,973,301	\$ 5,507,835	\$ 6,337,908	\$ 5,530,878	\$ 5,114,295	\$ 5,088,714	\$ 5,178,097	\$ 4,761,114	\$ 5,070,890	\$ 4,322,466
Public works.....	2,657,119	2,265,865	2,094,301	2,110,072	1,854,533	1,446,340	1,693,000	1,729,154	1,412,413	1,255,807
Health and social services.....	152,686	152,676	137,764	126,870	124,370	130,320	115,732	85,599	94,420	92,004
Culture and recreation.....	10,819,358	10,996,375	10,353,170	10,137,298	10,575,119	7,392,376	7,376,349	7,200,849	6,543,383	5,645,219
Community and economic development	10,804,424	35,005,680	5,791,087	3,952,297	4,159,133	4,136,884	4,118,053	2,965,705	2,117,826	2,187,438
General government.....	3,264,891	3,228,804	3,033,360	3,000,377	2,995,245	2,856,759	3,178,173	2,756,732	2,570,471	2,599,830
Debt service.....	29,066,659	18,206,653	16,131,326	53,196,946	16,060,930	24,849,838	22,070,482	26,709,034	19,794,431	18,737,642
Capital projects.....	17,954,432	50,798,404	40,670,933	19,265,012	15,221,200	33,415,386	18,192,254	39,404,017	47,319,803	34,036,991
Total Expenditures.....	\$ 80,692,870	\$ 126,162,292	\$ 84,549,849	\$ 97,319,750	\$ 56,104,825	\$ 79,316,617	\$ 61,922,140	\$ 85,612,204	\$ 84,923,637	\$ 68,877,397

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of the Interior				
Indirect				
Pass-Through Iowa Department of Natural Resources Outdoor Recreation, Acquisition, Development and Planning.....	15.916	None	\$ —	<u>\$ 29,408</u>
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607	None	—	<u>2,796</u>
U.S. Department of Transportation				
Direct				
Federal Transit - Formula Grants	20.507*	N/A	—	452,243
Federal Transit - Formula Grants (CARES Act)	20.507*	None	—	435,891
Federal Transit Capital Investment Grants	20.500*	None	—	<u>365,417</u>
Total Direct.....			<u>—</u>	<u>1,253,551</u>
Indirect				
Pass-Through Iowa Department of Transportation Highway Planning and Construction	20.205	<small>NHS-380-6(339)2--11-52 STP-U-1557(639)--70-52 IM-80-6(253)242--13-52</small>	—	208,260
Enhanced Mobility of Seniors and Individuals With Disabilities.....	20.513	None	—	<u>31,309</u>
Total Indirect.....			<u>—</u>	<u>239,569</u>
Total U.S. Department of Transportation			<u>—</u>	<u>1,493,120</u>
U.S. Environmental Protection Agency				
Direct				
Brownfields Assessment and Cleanup Grant Program.....	66.818	None	—	<u>84,564</u>
U.S. Department of Homeland Security				
Indirect				
Pass-Through Iowa Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CARES Act)	97.036		—	<u>529,757</u>
Total			<u>\$ —</u>	<u>\$ 2,139,645</u>

* Denotes Federal Transit Cluster - Total Expenditures \$1,253,551

Schedule of Expenditures of Federal Awards ---

Year Ended June 30, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the City of Coralville under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the City of Coralville, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Coralville.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The City of Coralville has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements listed in the table of contents, and have issued our report thereon dated February 19, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Coralville’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness and one we consider to be a significant deficiency. We consider the deficiency in internal control described in Part II of the accompanying schedule of findings and questioned costs as item 20-II-R-1 to be a material weakness and 20-II-R-2 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Coralville's Response to Findings

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

Purpose of This Report

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

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
February 19, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coralville's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2020. The City of Coralville's major federal programs are identified in Part I of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Coralville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Coralville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on the City of Coralville's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Coralville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance, a public record by law, is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
February 19, 2021

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Part I: Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted? yes no

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.515 of the Uniform Guidance? yes no

Identification of major programs:

CFDA Numbers or Cluster

Name of Federal Program

20.500 and 20.507

Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance

There were no reported instances of noncompliance.

Internal Control Deficiencies

20-II-R-1 Financial Statement Preparation

Criteria - A properly designed system of internal control over financial reporting includes the preparation of the City's financial statements and accompanying notes to the financial statements by City staff.

Condition - The City does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles. The City relies upon its audit firm to assist with drafting the financial statements.

Cause - As is inherent in many governmental entities of this size, the City has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures.

Effect or Potential Effect - The financial statements and related disclosures may not be prepared in accordance with generally accepted accounting principles.

Identification of Repeat Finding - 19-II-R-1.

Auditor's Recommendation - The City should obtain additional knowledge through reading relevant accounting literature and attending local professional education courses.

Views of Responsible Officials and Planned Corrective Action - The City is aware of the condition and will consider obtaining additional knowledge where cost effective but will continue to rely on its audit firm for assistance with drafting the financial statements and disclosures.

Auditor's Conclusion - Response accepted.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

20-II-R-2 Iowa Escheat Law

Criteria - Internal controls should be designed to ensure compliance with laws and regulations.

Condition - Iowa escheat laws require the City to file a report each year by November 1, listing the checks which have not been cashed by the payee that are three years old as of July 1. The City has outstanding checks which have not been cashed and are over three years old. The City has not reported these to the State of Iowa and remitted those funds as required by the Code of Iowa.

Cause - Internal controls not properly designed to ensure that an annual review of the outstanding checks is made by July 1 and to complete the required reporting by November 1.

Effect or Potential Effect - Noncompliance with laws and regulations.

Identification of Repeat Finding - N/A

Auditor's Recommendation - The City should design internal controls that make this the responsibility of a staff person with the Finance Department and ensure that supervisory oversight is in place to ensure that the report is filed timely each year.

Views of Responsible Officials and Planned Corrective Action - The City will review this matter and develop control procedures to ensure compliance in the future.

Auditor's Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance

There were no matters reported.

Internal Control Deficiencies

There were no matters reported.

Schedule of Findings and Questioned Costs ---

Year Ended June 30, 2020

Part IV: Findings Related to Statutory Reporting:

20-IV-A Certified Budget - Disbursements in the Debt Service and Capital Projects functional areas exceeded amounts budgeted during the year.

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

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

Auditor's Conclusion - Response accepted.

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

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

20-IV-D Business Transactions - There were no business transactions between the City and City officials or employees that exceeded \$6,000.

20-IV-E Restricted Donor Activity - No transactions were noted between the City, City officials or City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa (Government Ethics and Lobbying Act).

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

20-IV-G Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not, except as noted in finding 20-IV-L.

20-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.

20-IV-I 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

Year Ended June 30, 2020

20-IV-J Financial Condition - The funds listed below had deficit balances as of June 30, 2020 as noted:

Special Revenue Funds	
Mall/Highway 6 TIF	\$ 6,010,673
Nonmajor funds	17,469
Capital Projects	
Iowa River Landing	27,356,519
Nonmajor funds	5,882,964

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

City's Response - The deficits will be eliminated as financing for projects, state and federal grants and tax revenue is received in fiscal year 2020 and future years.

Auditor's Conclusion - Response accepted.

20-IV-K Urban Renewal Annual Report - The 2020 urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

20-IV-L Interfund Transfers - Effective April 17, 2019, Iowa Administrative Code Chapter 545-2.5 requires that all transfers between funds be approved by the City Council through a fund transfer resolution. The fund transfer resolution is to be made prior to the transfer taking place and include a clear statement of reason or purpose for the transfer, the name of the fund the transfer is originating, the name of the fund receiving the transfer and the dollar amount to be transferred. Intrafund transfers do not need to be included in the resolution. A budgeted transfer resolution may be accomplished in approving the annual budget or a budget amendment, as long as the disclosure criteria above are included in the budget document approved by the City Council.

Prior Year Finding - We found that the City did not follow the required process for approving interfund transfers after the effective date of this Administrative Code change.

Current Year Finding - We found that the only transfers approved during the year ended June 30, 2020 were those which had been approved as part of the budget resolution.

Auditor's Recommendation - We recommend that the City finance staff work with the City Clerk to develop procedures to ensure that interfund transfers are properly approved by a City Council resolution prior to the transfer being made.

City's Response - We will implement the procedures necessary to comply with the Administrative Code requirements.

Auditor's Conclusion - Response accepted.