



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

December 26, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Council Bluffs, Iowa.

The City's revenues totaled \$103,852,368 for the year ended June 30, 2013, a 13.6% decrease from the prior year. Revenues included \$42,261,807 in property and other city tax, \$5,251,542 from tax increment financing, \$23,460,609 from charges for service, \$10,902,095 from operating grants, contributions and restricted interest, \$6,073,965 from capital grants, contributions and restricted interest, \$7,911,136 from local option sales tax, \$2,539,232 from hotel/motel tax, \$3,539,033 from gaming wager tax, \$238,082 from unrestricted investment earnings and \$1,674,867 from other general revenues.

Expenses for City operations totaled \$102,917,441 for the year ended June 30, 2013, a 3.3% increase over the prior year, and included \$30,176,722 for public safety, \$21,785,632 for general government and \$13,994,363 for public works. Expenses for business type activities totaled \$13,464,298.

A copy of the audit report is available for review in the City Finance Director's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1320-0732-B00F.pdf>.

# # #



**City of Council Bluffs, Iowa**  
**Comprehensive Annual**  
**Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2013**

Prepared by:  
City of Council Bluffs Finance Department



**Tom Hanafan River's Edge Park was dedicated in May 2013. The park is situated on the Missouri River, features a natural entertainment setting, stunning views of the urban landscape, public art, and pedestrian and bicycle trails with accessing the bi-state metropolitan area.**



**City of Council Bluffs**

**City of Council Bluffs**  
**Comprehensive Annual Financial Report**

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**City of Council Bluffs**

# INTRODUCTORY SECTION



**The General Dodge House preserves historical elements of Council Bluffs. Dodge met with Abraham Lincoln to discuss the prospects of what would become the transcontinental railroad in Council Bluffs.**





OFFICE OF  
FINANCE DEPARTMENT  
BUDGET AND ACCOUNTING DIVISION  
(712) 328-4605

December 4, 2013

To the Residents of the City of Council Bluffs, Iowa,  
Mayor Thomas Hanafan, Mayor Elect Matthew Walsh  
and Members of the City Council:

Presented herein is the Comprehensive Annual Report (CAFR) for the City of Council Bluffs, Iowa (the City) for the fiscal year ended June 30, 2013. This report is intended to not only satisfy the requirements for an annual financial report and audit, but also to provide the citizens and other interested parties with financial and statistical information needed to better know the activities of the City of Council Bluffs. This report was prepared in conformance with U.S. generally accepted accounting principles (GAAP) and was audited in accordance with U.S. generally accepted auditing standards by the Office of Auditor of State of the State of Iowa.

This report was prepared by members of the management of the City and constitutes their representation concerning the financial condition and financial activities of the City. As such, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a system of internal control procedures designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information from which the City's annual financial statements are prepared in conformity with U.S. generally accepted accounting principles. This internal control framework is designed to provide reasonable, but not absolute, assurance these objectives are met. Reasonable assurance considers the cost of an internal control should not exceed the intended benefits and the valuation of costs and benefits associated with internal controls require estimates and judgments by management. As members of management, we assert, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the Office of Auditor of State of the State of Iowa. The objective of an independent audit is to provide reasonable assurance the basic financial statements of the City for the year ended June 30, 2013 are free of material misstatement. The independent audit involved examining evidence supporting the amounts and disclosures in the basic financial statements on a test basis. Additionally, the audit assessed the City's accounting principles, significant estimates made by management and evaluated the overall presentation of the basic financial statements.

Based on their audit, the independent auditors concluded there was a reasonable basis to give an unmodified opinion the City's financial statements for the year ended June 30, 2013 which are fairly presented in conformity with U. S. generally accepted accounting principles. Their opinion is the first item of the Financial Section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. The results of that audit are reported in the Financial Assistance Section of this report.

U.S. generally accepted accounting principles require City management provide a narrative introduction, overview and analysis of the basic financial statements in the form of "Management's Discussion and Analysis" (MD&A). This transmittal letter is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The MD&A is located immediately after the Independent Auditor's Report in the Financial Section.

Members of the Finance Department of the City of Council Bluffs prepared this report and are responsible for both the accuracy of the data presented and for the completeness and fairness of the presentation, including all disclosures. We believe the information presented is accurate in all material respects and it is presented in a way to fairly show the financial condition and the results of operations. A key objective of this financial report is to disclose information needed for readers to gain the greatest understanding of the City's financial activity.

### Profile of the City

The City is situated on the Missouri River in Western Iowa adjacent to Omaha, Nebraska and 125 miles west of the State Capital, Des Moines, Iowa. The City encompasses 40.97 square miles and serves a population of 62,230 (2010 United States Census). The 2010 population of the Omaha MSA stood at 865,350. The diverse business community includes gaming, transportation, food processing and production, hospitality and health care.

The City is governed by a "strong-mayor" and a five member City Council. Except for special circumstances caused by mid-term vacancies, all are elected to four year terms. The Mayor presides at all meetings of the City Council, is responsible for the administration of the City and appoints all but two department heads. The City Council appoints the City Attorney and the City Clerk. Both the Mayor and the City Council members are elected on a nonpartisan basis. Most of the City comprises one State Senate district, while the remaining portion of the City is in a district that includes Pottawattamie and three other counties. The City has two districts in the Iowa House of Representatives.

In November 2013, the City elected its first new Mayor since adopting the "strong-mayor" form of government. Matthew Walsh will succeed Thomas Hanafan in January 2014 and Al Ringgenberg will join the City Council to replace Mayor-elect Walsh.

The City provides a variety of governmental services, including police and fire protection, departments of public health and building inspections, culture and recreational programs, including a public library, two swimming pools, eighteen hole and nine hole golf courses, and numerous City parks and landmarks, and a public works department responsible for street maintenance and repair, levee maintenance and City vehicle and equipment maintenance. The City operates a sanitary sewer utility and a sanitation removal and recycling operation as proprietary activities. The City owns and leases two commercial buildings – the Bass Pro Shop and the restaurant facility in the Dodge Park Golf Clubhouse. Council Bluffs also owns the Mid America Center, providing a full service convention center and a 7,000 plus seat arena facility. In addition, the City reports the Council Bluffs Airport Authority and the Council Bluffs Library Foundation as component units.

The annual budget serves as the comprehensive financial plan for each fiscal year. The budget is developed by the department heads as coordinated by the Finance Director under the direction of the Mayor. Department heads, the Mayor and the Finance Director identify key services the City intends to provide in the upcoming fiscal year. That group also defines the levels of service to be provided and quantifies the cost of providing services at established levels. At the same time, the Community and Economic Development Director coordinates an ongoing five year capital improvement plan with department heads. Finally, department heads and the Finance Director project revenue based on taxing information, volumes and amounts of fees for services and other revenue.

Using these three key sources of information and incorporating existing fund balance information, the Finance Director prepares a proposed budget in both the format required by the Iowa Department of Management and the format familiar to City Council members and constituents. The Mayor presents the proposed operating budget to the City Council for approval. Approved budgets must be adopted and forwarded to the Iowa Department of Management prior to March 15 – in advance of the fiscal year which begins July 1.

In the event City administration finds it necessary to deviate from the approved budget, the Finance Director identifies the causes of the deviation, prepares a budget amendment and presents the amendment to the City Council for approval.

### Factors Impacting Local Financial Conditions

Greater understanding of the information in the financial statements may be gained when considered in the broader perspective of the environment in which the City operates.

Local Economy - While the City is part of the greater Omaha SMA, it also serves as the key regional City for Southwest Iowa and is the seat of Pottawattamie County. Major technology expansion projects are serving to fuel the local economy. These private investments, coupled with the recent completion of a water distribution facility and major expansion of Interstate Highways 80 and 29, have resulted in low to moderate unemployment rates, stable and slightly rising sales and use tax, higher permit fees and ongoing economic growth.

Statewide Legislation - Significant legislation in the session ended in the spring of 2013 will impact property tax collections in future years. The legislation will reduce taxable values of commercial and industrial property. Because the City is currently at the maximum General Fund levy rate allowed by Iowa statute, property tax collections will decrease. A combination of alternative revenue and cost reduction will be needed to lessen the impact of this legislation until the commercial development intended to spring from this legislation is felt. Efforts in the Legislature to eliminate the use of automated traffic enforcement (ATE) equipment failed in 2013, so state leaders behind that effort took the fight to the administrative level. In the fall of 2013, the Iowa Department of Transportation proposed rules that would eliminate ATE equipment. If implemented, a handful of programs adding to the public safety and quality of life would either be eliminated or would need to find alternative funding sources.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) again awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Council Bluffs, Iowa for its Comprehensive Annual Financial Report for the year ended June 30, 2012. This was the second consecutive year the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

Preparation of this report would not be possible without the contributions of many persons committed to providing our residents with quality financial information. This includes all department heads, City Council members and the Mayor who support and encourage the commitment to internal controls, cooperation among departments and a complete flow of financial information to the public. In addition, the professionals who make up the staff of the entire finance department performed the duties remarkably in the past year and are fully committed to enhancing the relationship with our constituents.

Preparing the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 took on special, significant meaning that speaks to "generations" and calls for unique, personal acknowledgement of two persons who made immense contributions to the report. Interestingly enough, these persons are neighbors. Mayor Thomas Hanafan is leaving office at the end of 2013 after a quarter century as Mayor. The legacy of his leadership is felt throughout the community and with the opening of Tom Hanafan River's Edge Park, residents and visitors to Council Bluffs will enjoy a result of his administration for decades to come. We always hear the tone of an organization starts at the top. Tom was the right guy to set the tone.

Council Bluffs resident Michael McGuire had not yet been born when Tom Hanafan became Mayor. He is a student at Notre Dame University and joined us as a summer intern with a mission to have us view our operation from a young person's perspective. Michael brought innovation, strong analytical skills, superior use of technology and determination to do the job well. He significantly improved the

way we produce our monthly internal reporting package, compiled CAFR statistics, and selected images to complement the report. His legacy won't be known for years, but will no doubt be significant in his field of endeavor.

The City continues to have a strong professional relationship with its independent auditor, the Office of Auditor of State of the State of Iowa. That agency continues to identify and hire well educated young accountants whose professional audit work compels those of us on the finance staff to always be on the top of our game too.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Arthur W. Hill", with a stylized, flowing script.

Arthur W. Hill, CPA, CIA  
Finance Director  
City of Council Bluffs, Iowa



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Council Bluffs  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

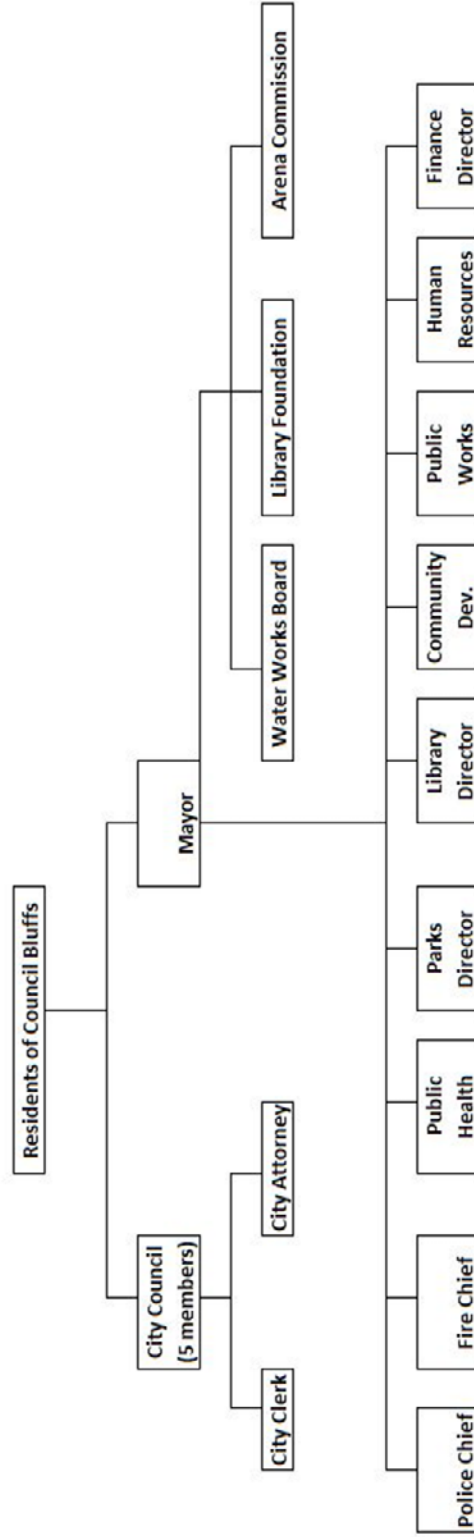
**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO



# City of Council Bluffs, Iowa City Organizational Chart June 30, 2013



The Mayor appoints trustees and commissioners to various commission in the City.  
The Council Bluffs Airport Authority, and the Library Foundation are component units included in this report.  
The Mid America Center Board of Trustees oversees the City owned arena and convention center.

# **City of Council Bluffs**

## **Principal Officials**

**June 30, 2013**

**Mayor (term concludes January 1, 2014)**

**Thomas P. Hanafan**

**Mayor Elect (term commences January 1, 2014)**

**Matthew Walsh**

**City Council Member (term concludes January 1, 2014)**

**Matthew Walsh**

**City Council Members (terms conclude January 1, 2016)**

**Lynne Branigan, Nathan Watson, Sharon White**

**City Council Members (terms conclude January 1, 2018)**

**Melissa Head, Albert Ringgenberg**

**City Directors and Chiefs (indefinite terms)**

**Ralph O'Donnell** – Police Chief   **Larry Wohlers** – Fire Chief   **Marcy Worden** – City Clerk

**Kathy Rieger** – Library Director   **Larry Foster** - Parks and Recreation Director

**Donald Gross** – Community Development Director   **Richard Wade** – City Attorney

**Cindy Lynch** – Human Resources Director   **Greg Reeder** - Public Works Director

**Donn Dierks** – Public Health Director   **Arthur Hill** – Finance Director

# FINANCIAL SECTION



**The Bob Kerrey Pedestrian Bridge serves as both the iconic and practical connection between Council Bluffs and Omaha, bridging the recreational, commercial and environmental features of the region.**





**City of Council Bluffs**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements 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 U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs as of June 30, 2013, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of Funding Progress for the Retiree Health and the Supplemental Pension Plans and the Schedules of Employer Contributions for the Retiree Health and the Supplemental Pension Plans on pages 12 through 21 and 76 through 82 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 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 U.S. generally accepted auditing standards, 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Council Bluffs' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included on pages 84 through 93 and 139 through 141, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


The Introductory and Statistical sections on pages 2 through 8 and 96 through 137 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2013 on our consideration of the City of Council Bluffs' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Council Bluffs' internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 4, 2013

**City of Council Bluffs**

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**City of Council Bluffs, Iowa**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2013**

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This portion of the Comprehensive Annual Financial Report (CAFR) of the City of Council Bluffs, Iowa (the City) provides administration's narrative overview and analysis of the City's financial activities based on currently known facts, decisions and conditions related to the fiscal year that ended June 30, 2013. We encourage readers to consider information in this section along with information we presented in the letter of transmittal found on pages 2 through 5.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Council Bluffs exceeded liabilities at June 30, 2013 by \$402,803,432.
- The City's net position increased \$934,927 during the year. The net position associated with governmental activities decreased \$2,855,157 and the net position associated with business type activities increased \$3,790,084.
- The City's overall long-term liabilities decreased to \$53,623,351, a decrease of \$2,558,904 during the year. The general obligation bond/note portion of indebtedness increased \$5,635,000.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Our discussion and analysis is intended to introduce and then lead into the City's basic financial statements – of which there are three components. They are: (1) government-wide financial statements, (2) the fund financial statements and (3) notes to financial statements. Additionally, this report presents required supplementary information and supplementary information. An explanation of each is provided below.

### **REPORTING THE CITY AS A WHOLE**

#### **The Statement of Net Position and the Statement of Activities**

Government-wide financial statements are intended to provide readers of the financial statements with a broad picture of the City and present a longer-term view of the City's finances. These statements are similar to those used by private sector companies.

The Statement of Net Position is similar to a balance sheet in the sense it presents information regarding all the City's assets and liabilities that can be used to evaluate the financial condition of the City. Unlike private-sector balance sheets, a Statement of Net Position presents the difference between total assets and total liabilities as net position. Over time, changes in net position may be an indication of whether the City's financial condition is improving or worsening.

The Statement of Activities presents information regarding the revenues and expenses of the City for the current fiscal year on the accrual basis of accounting. This basis records revenue at the time it is earned rather than when it is received. Expenses are recorded at the time goods or services are received rather than at the time payment is made. Reporting activity in this way means many transactions will be recorded before the actual cash flow from those transactions. The Statement of Activities distinguishes governmental activities from business type activities. Governmental activities are those that will be carried out using tax revenue, funds from other governments or user fees.

Examples of governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development and general government. Business type activities are those intended to be financed primarily by charges for goods and services and without material support from taxes. Council Bluffs' business type activities for the fiscal year were (1) the operation of a sanitary sewer utility and (2) refuse removal and recycling operations.

In both the Statement of Net Position and the Statement of Activities, the City reports the financial information of two discretely presented component units – the Council Bluffs Airport Authority

and the Council Bluffs Library Foundation. Component units are separate legal entities apart from the City of Council Bluffs for which the City has a degree of financial accountability.

One of the most important questions asked about the City's finances is, "Is the City of Council Bluffs in a better financial position at the end of this fiscal year compared to last year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, street and sewer networks, buildings, improvements and equipment), less any related debt used to acquire those assets which is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The analysis that follows shows the City's total net position at June 30, 2013 and 2012.

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 111,966,323	99,122,583	7,278,090	7,972,894	119,244,413	107,095,477
Capital assets	281,176,313	280,753,705	136,094,021	131,857,836	417,270,334	412,611,541
Total assets	393,142,636	379,876,288	143,372,111	139,830,730	536,514,747	519,707,018
Long-term liabilities	48,429,006	50,607,241	5,194,345	5,575,014	53,623,351	56,182,255
Other liabilities	79,166,622	60,866,882	921,342	789,376	80,087,964	61,656,258
Total liabilities	127,595,628	111,474,123	6,115,687	6,364,390	133,711,315	117,838,513
Net position:						
Invested in capital assets, net of related debt	242,739,159	239,751,252	131,121,021	131,806,236	373,860,180	371,557,488
Restricted	30,005,228	35,772,486	-	-	30,005,228	35,772,486
Unrestricted	(7,197,379)	(7,121,573)	6,135,403	1,660,104	(1,061,976)	(5,461,469)
Total net position	\$ 265,547,008	\$ 268,402,165	137,256,424	133,466,340	402,803,432	401,868,505

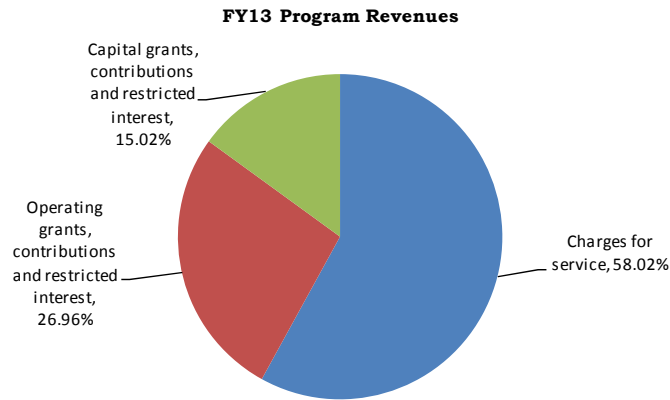
Net position of governmental activities decreased approximately \$2.9 million, or 1.1%, from fiscal year 2012. Net position of business type activities increased approximately \$3.8 million, or 2.8%, over fiscal year 2012. Capital assets of governmental activities increased \$422,608, or 0.2%, over fiscal year 2012, primarily due to the purchase of equipment and vehicles for the public safety function. Capital assets of business type activities increased approximately \$4.2 million, or 3.2%, over fiscal year 2012, primarily due to ongoing improvements to the sanitary sewer and storm sewer infrastructure as well as improvements to the sewer treatment plant. Long-term liabilities of governmental activities decreased \$2,178,235, or 4.3%, from fiscal year 2012, primarily due to a more aggressive principal payment schedule for the urban renewal term loan note and refinancing of general obligation bonds.

The largest portion of the City's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased approximately \$5.8 million, or 16.1%, from fiscal year 2012. This decrease is primarily due to fewer funds held at June 30 restricted for insurance and debt service.

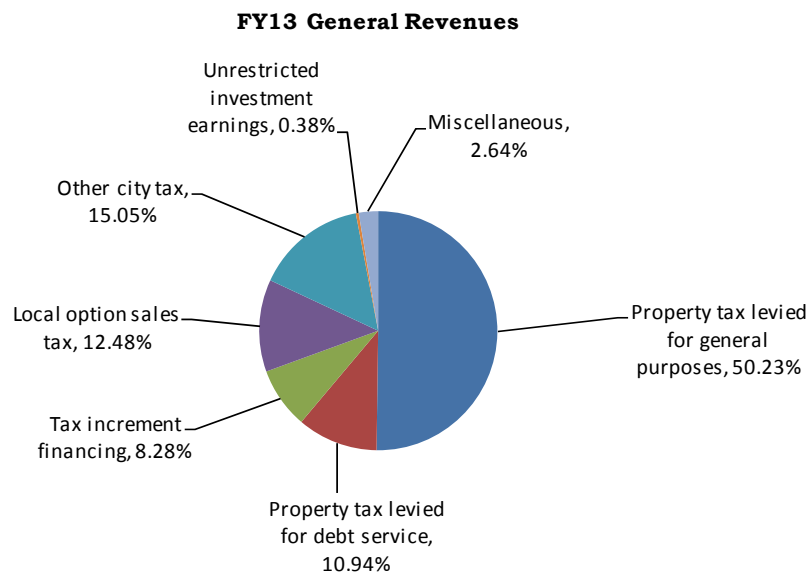
Total unrestricted net position, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is at a deficit of approximately \$1.1 million. This is an increase of approximately \$4.4 million over the prior year unrestricted net position, which was at a deficit of approximately \$5.5 million. This improvement is primarily attributable to capital contributions received from governmental activities and developers in the business type activities.

	Governmental		Business Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for service	\$ 13,240,498	9,925,300	10,220,111	10,492,202	23,460,609	20,417,502
Operating grants, contributions and restricted interest	10,902,095	22,012,492	-	-	10,902,095	22,012,492
Capital grants, contributions and restricted interest	3,891,282	11,925,631	2,182,683	750,000	6,073,965	12,675,631
General revenues:						
Property tax levied for:						
General purposes	31,858,165	32,146,836	-	-	31,858,165	32,146,836
Debt service	6,940,528	6,706,224	-	-	6,940,528	6,706,224
Tax increment financing	5,251,542	4,780,377	-	-	5,251,542	4,780,377
Local option sales tax	7,911,136	8,410,893	-	-	7,911,136	8,410,893
Hotel motel tax	2,539,232	2,579,387	-	-	2,539,232	2,579,387
Gaming wager tax	3,539,033	3,695,712	-	-	3,539,033	3,695,712
Other city tax	3,463,114	3,646,472	-	-	3,463,114	3,646,472
Unrestricted investment earnings	238,082	168,082	-	-	238,082	168,082
Gain on disposition of capital assets	-	-	-	2,553	-	2,553
Miscellaneous	1,672,512	2,967,288	2,355	2,355	1,674,867	2,969,643
Total revenues	91,447,219	108,964,694	12,405,149	11,247,110	103,852,368	120,211,804
Program expenses:						
Public safety	30,176,722	28,913,039	-	-	30,176,722	28,913,039
Public works	13,994,363	12,088,663	-	-	13,994,363	12,088,663
Health and social services	649,660	516,001	-	-	649,660	516,001
Culture and recreation	11,472,144	8,733,154	-	-	11,472,144	8,733,154
Community and economic development	10,053,869	7,809,473	-	-	10,053,869	7,809,473
General government	21,785,632	26,117,159	-	-	21,785,632	26,117,159
Interest on long-term debt	1,320,753	2,057,277	-	-	1,320,753	2,057,277
Sewer	-	-	8,511,229	8,468,164	8,511,229	8,468,164
Refuse and disposal	-	-	4,953,069	4,895,323	4,953,069	4,895,323
Total expenses	89,453,143	86,234,766	13,464,298	13,363,487	102,917,441	99,598,253
Excess (deficiency) of revenues over (under) expenses	1,994,076	22,729,928	(1,059,149)	(2,116,377)	934,927	20,613,551
Operating transfers, net	(4,849,233)	(4,698,284)	4,849,233	4,698,284	-	-
Change in net position	(2,855,157)	18,031,644	3,790,084	2,581,907	934,927	20,613,551
Net position beginning of year	268,402,165	250,370,521	133,466,340	130,884,433	401,868,505	381,254,954
Net position end of year	\$ 265,547,008	268,402,165	137,256,424	133,466,340	402,803,432	401,868,505

Total revenues reported for the primary government for the year ended June 30, 2013 were \$103,852,368. Program revenues totaled \$40,436,669 for the year ended June 30, 2013. Governmental activities provided \$28,033,875 and business type activities provided \$12,402,794 of program revenues. Revenue from charges for service during fiscal year 2013 was \$23,460,609, accounting for 58.0% of total program revenues. The following charts break down program revenues by source:

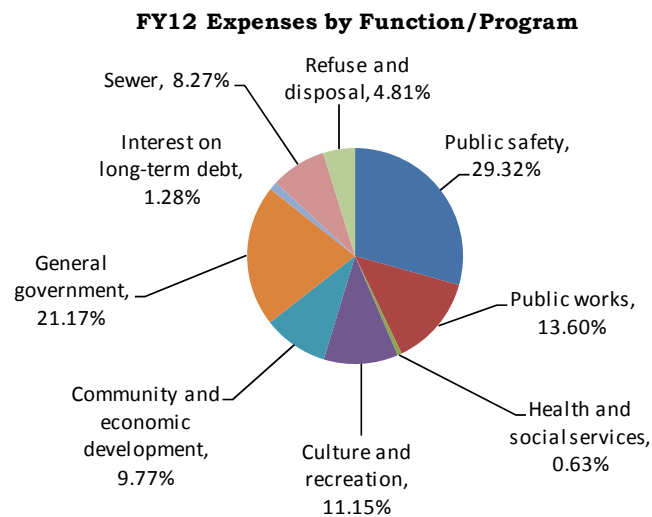


General revenues for the year ended June 30, 2013 totaled \$63,415,699. Governmental activities provided \$63,413,344 and business type activities provided \$2,355 of general revenues. Property tax revenue for fiscal year 2013 totaled \$38,788,693, accounting for 61.2% of general revenues. The following chart illustrates general revenues by source:



Overall revenues decreased approximately \$16.4 million, or 13.6%, from fiscal year 2012. The change is primarily the result of an \$11 million, or 50.5%, decrease in operating grants, contributions and restricted interest which resulted from one-time reimbursements for costs incurred during the Missouri River flood in the summer of 2011. Tax increment financing revenue rose approximately \$0.5 million, or 9.9%, while local option sales tax revenue decreased approximately \$0.5 million, or 5.9%. Property tax revenue was nearly unchanged, declining \$54,367.

Expenses for the primary government for the year ended June 30, 2013 totaled \$102,917,441. This is a 3.3% increase over the prior year total of \$99,598,253. Expenses for governmental activities totaled \$89,453,143, accounting for 86.9% of total expenses. Business type activities expenses totaled \$13,464,298, or 13.1% of the total. The following chart breaks down expenses by function/program:



The following table shows the activities included within each function/program:

<u>Function/Program</u>	<u>Activity</u>
Public safety	Individual and community protection, physical health
Public works	Public service, utilities and transportation
Health and social services	Health regulation and inspection
Culture and recreation	Education and recreation
Community and economic development	Environmental preservation, housing and community development
General government	Policy and administration, including in-house services provided to City departments
NOTE: In fiscal years 2012 and 2013, flood costs are classified as general government costs.	

The City budgets and records expenditures based on cost centers and groups costs in functional areas. The \$3.3 million increase in total expenses was due to increased expenses for the Mid-America Center as well as public works (infrastructure improvements) and community development (property buyouts and housing programs), offset by general government (reduction in flood fighting costs). All other functional areas either grew modestly or declined from fiscal year 2012.

## Governmental Activities

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format which is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balances. Please note the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for health and social services, the City spent \$649,660 and received \$277,048 in revenue, leaving a cost to taxpayers of \$372,612, an increase of 13.9% over fiscal year 2012, to be funded by various methods. This format identifies how much each function draws from general revenues or is self-sustaining through fees or grants.

Some of the individual line item revenues reported for each function are:

<u>Function/Program</u>	<u>Revenues</u>
Public safety	Fines, COPS grants and block grants
Community and economic development	HUD grants, building permits and licenses
General government	Internal charges for service

The total cost of governmental activities this year was \$89,453,143. Of these costs, \$13,240,498 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations which subsidized certain programs with operating and capital grants and contributions were \$14,793,377, leaving a net expense of \$61,419,268 for governmental activities. These expenses were financed by tax revenue, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

<b>Governmental activities</b> Function/Program:	Net (Expense) Revenue and Changes in Net Position	
	2013	2012
Public safety	\$ (25,432,134)	(23,374,701)
Public works	(7,644,121)	2,530,285
Health and social services	(372,612)	(327,271)
Culture and recreation	(5,780,064)	(3,428,302)
Community and economic development	(5,850,536)	(3,743,879)
General government	(15,027,037)	(11,971,019)
Interest on long-term debt	(1,312,764)	(2,056,456)
Net (expense) revenue of governmental activities	(61,419,268)	(42,371,343)
General revenues and transfers	58,564,111	60,402,987
Change in net position	\$ (2,855,157)	18,031,644

Resources available during the year to finance governmental activities totaled \$355,000,151, consisting of net position at July 1, 2012 of \$268,402,165, program revenues of \$28,033,875 and general revenues and transfers of \$58,564,111. During the year, governmental activities expenses totaled \$89,453,143. Governmental activities net position decreased \$2,855,157 to \$265,547,008.



## Business Type Activities

The cost of all business type activities for the year was \$13,464,298 as shown in the Statement of Activities. The amount charged to users of the systems was \$10,220,111 and \$2,182,683 was funded from grants and contributions. Net expense for business type activities was \$1,061,504. The net (expense) revenue by business type activity for the years ended June 30, 2013 and 2012 is as follows:

<b>Business Type Activities</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>	
	<b>2013</b>	<b>2012</b>
Sewer	\$ (1,108,863)	\$ (2,684,910)
Refuse and disposal	47,359	563,625
Total net (expense) revenue	(1,061,504)	(2,121,285)
General revenues and transfers	4,851,588	4,703,192
Change in net position	\$ 3,790,084	2,581,907

Resources available during the year to finance business type activities totaled \$150,720,722, consisting of net position at July 1, 2012 of \$133,466,340, program revenues of \$12,402,794 and general revenues and transfers of \$4,851,588. During the year, business type activities expenses totaled \$13,464,298 and business type activities net position increased \$3,790,084 to \$137,256,424.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### GOVERNMENTAL FUND HIGHLIGHTS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balances may serve as a useful measure of net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$55,305,648. The combined governmental fund balances increased \$10,070,350 over the prior year.

The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund balance decreased \$1,656,253, or 6.9%, from the prior year. Revenues decreased \$7,357,272, or 11.1%. Expenditures decreased \$4,955,239, or 8.0%, from the prior year.

The fund balance decrease is primarily due to a \$1.3 million transfer from the General Fund to the Capital Projects Fund for equipment and capital improvements carried out with revenue generated by gaming and hotel taxes. Revenues and expenditures both declined from fiscal year 2012 levels. This is because expenditures in the prior year included costs associated with flood fighting activity. Revenues in the prior year included amounts from FEMA reimbursements and non-governmental grants for park construction which were one time transactions and not repeated to the same levels in 2013.

- The Special Revenue, Bass Pro Shop Fund balance declined to \$261,539, an 11.9% decrease from the prior year. Revenues decreased \$255,410, or 13.8%, and expenditures decreased \$225,160, or 8.5%. The decrease in revenues resulted from requesting \$250,000 less support from the Iowa West Foundation for fiscal year 2013.

Property tax expense fell due to lower assessed value, causing a reduction in total expenditures.

- The Special Revenue, Tax Increment Financing Fund balance increased \$334,463 to a fund balance of \$360,118. Tax increment financing revenues climbed \$471,579, or 9.9%, due to projects completing and valuations in TIF districts growing. Expenditures for this fund increased 65.5%, or \$1,436,528, due to an increase in economic development grants resulting from increased valuations.
- The Special Revenue, City Local Option Sales Tax Fund balance increased \$824,833, or 16.2%, over the prior year. The increase is due in part to increased sales tax revenue and a reduction in the amount of capital project costs incurred in fiscal year 2013.
- The Debt Service Fund balance decreased \$2,273,943 from the prior year, as planned. The decrease is primarily due to advance refunding transactions completed during the year.
- The Capital Projects Fund balance increased \$11,978,424 over the prior year. The City issued \$14.9 million of general obligation bonds during fiscal year 2013 for various improvement projects, public works equipment and public safety equipment.

#### **PROPRIETARY FUND HIGHLIGHTS**

- The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal year 2013 with a \$131,330,174 net position compared to the prior year ending net position of \$127,587,449, an increase of \$3,742,725, or 2.9%. The increase is primarily due to the investment in infrastructure undertaken in fiscal year 2013.
- The Enterprise, Refuse and Disposal Fund ended fiscal year 2013 with a \$5,926,250 net position compared to the prior year ending net position of \$5,878,891, an increase of \$47,359, or 0.8%. The slight increase in net position occurred as operations continued to produce revenues in excess of operating costs despite softness in prices for recyclable material during the year.

#### **BUDGETARY HIGHLIGHTS**

The City adopted one budget amendment in the fiscal year ended June 30, 2013. In May 2013, City officials reviewed year to date operations, projected activity to the end of the year and determined adjustments to the budget were needed based on three items. They are: (1) revenues and costs due to an advance refunding capital transaction, (2) inclusion of depreciation expense for proprietary funds and (3) ongoing costs to acquire property impacted by the 2011 flood.

In the fiscal year ended June 30, 2013, actual revenues of \$104,494,622 fell below the revised budget revenue of \$107,140,015 by \$2,645,393. Nearly all of this variance arose from the delay in receiving intergovernmental revenue as anticipated. The funds will be received, but were not available prior to June 30, 2013, as anticipated, when preparing the revised budget.

Overall, total expenditures/expenses were \$10,554,469 less than budgeted amounts. Expenditures/expenses during the year ended June 30, 2013 totaled \$115,918,520. The revised expenditure/expense budget was \$126,472,989. At the conclusion of the fiscal year ended June 30, 2013, capital projects expenditures were \$11,537,500 under budget and comprised 109% of the budget variance. Operating costs at the Mid America Center were another factor for the variance between actual and budgeted costs.

The City is currently in the process of developing an operating budget for the fiscal year ending June 30, 2014, which will plan to have revenues exceed expenditures for all funds, including the General Fund.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure, represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2013 were \$417,270,334 (net of accumulated depreciation). See Note 3 to the financial statements for more information about the City's capital assets.

The City has completed initial phases of a new park on the East bank of the Missouri River. The park includes a natural amphitheater-like green space via skyline views of Omaha, Nebraska. The park is adjacent to the Bob Kerry pedestrian and bicycle bridge on the north and adjacent to a City owned 18 hole golf course and major entertainment venues on the south. The facility will become a major asset enhancing the community's quality, expanding its cultural and recreational offerings and serving as a catalyst for economic growth and tourism activities. The majority of the equipment acquired pertained to vehicles and equipment for the public safety function, which includes the Police and Fire Departments.

For business type activities, projects completed include sewer treatment plan improvements, including a new pump station, and heavy duty equipment placed in service at the recycling center.

### **Long-term Debt**

At June 30, 2013, the City had approximately \$50.0 million of general obligation bonds and notes outstanding versus approximately \$44.4 million last year. The increase resulted from an issuance of general obligation bonds totaling approximately \$14.9 million during the fiscal year. Proceeds of the bond offering are being used for infrastructure improvements, construction of an urban riverfront park on the banks of the Missouri River and public safety equipment. The issuance was approximately double prior issuances because the City had not issued general obligation bonds in the prior fiscal year. The City's general obligation bonds carry an AA2 rating assigned by Moody's Investor Services. Assignment of this rating reflects the City's continued moderate tax base growth, sound financial operations and rapid debt retirement. The City continues to operate well under the State debt capacity limitation. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the City.

On April 12, 2013, the City issued \$2,535,000 of general obligation refunding capital loan notes to do a crossover advance refunding of the remaining portion of its series 2006A bonds.

More detailed information on debt administration is provided in Note 4 to the financial statements.

## **ECONOMIC FACTORS**

The City's operating plan for fiscal year 2014 calls for revenue and other financing activity of \$105,650,107 and expenditures of \$105,568,387. Currently, City operations are meeting budgeted expectations. A large expansion project by a major international technology company leads ongoing private capital investment, while a major expansion of Interstate Highways 30 and 29 not only serve to generate a great deal of construction activity, but also will provide the transportation network needed for ongoing commercial growth in the metropolitan area.

Changes to the State of Iowa's commercial property tax valuation formulas were enacted in 2013 by the Iowa Legislature with the objective of creating new commercial development throughout the state. The legislation protects cities from loss of property tax revenue in fiscal years 2015 and 2016. Beyond that, some uncertainty exists and future planning will need to include serious analysis when projecting future financial activity.

The Iowa agricultural sector continues to perform well as 2013 produced a record corn harvest. Because of the City's proximity to the agricultural community and a biofuel production facility, the local economy benefitted.

The City continues to monitor activity in this area as well as the actions of the Federal Reserve Board when considering capital projects funded by issuance of general obligation bonds.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Arthur W. Hill, CPA, City Finance Director at 712-328-4685.

**City of Council Bluffs**

## **Basic Financial Statements**

City of Council Bluffs  
Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 42,522,131	4,938,948	47,461,079
U. S. Treasury Securities on deposit with escrow agent	2,634,664	-	2,634,664
Receivables:			
Property tax:			
Delinquent	263,474	-	263,474
Succeeding year	42,750,162	-	42,750,162
Succeeding year tax increment financing	5,607,840	-	5,607,840
Accounts (net of \$2,009,451 allowance for uncollectible accounts in the General Fund)	2,384,450	220,037	2,604,487
Special and drainage assessments	362,391	-	362,391
Customer accounts and unbilled usage	-	1,582,539	1,582,539
Loans	659,083	-	659,083
Due from other governments	7,533,100	109,782	7,642,882
Inventories	1,166,856	426,784	1,593,640
Prepaid insurance	745,620	-	745,620
Total current assets	106,629,771	7,278,090	113,907,861
Noncurrent assets:			
Note receivable	750,000	-	750,000
Land held for resale	4,586,552	-	4,586,552
Capital assets - nondepreciable	61,646,818	10,884,389	72,531,207
Capital assets - depreciable (net)	219,529,495	125,209,632	344,739,127
Bond issuance costs	-	-	-
Total noncurrent assets	286,512,865	136,094,021	422,606,886
<b>Total assets</b>	<b>393,142,636</b>	<b>143,372,111</b>	<b>536,514,747</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,038,049	391,204	4,429,253
Salaries and benefits payable	614,486	60,098	674,584
Accrued interest payable	127,940	-	127,940
Due to other governments	169,849	3,894	173,743
Deferred and unearned revenue:			
Succeeding year property tax	42,750,162	-	42,750,162
Succeeding year tax increment financing	5,607,840	-	5,607,840
Unearned revenue	105,516	22,147	127,663
Current portion due within one year:			
General obligation bonds/notes	9,130,000	-	9,130,000
Revenue bonds/notes	-	193,000	193,000
Urban renewal term loan note	12,325,000	-	12,325,000
Settlement agreement	2,300,000	-	2,300,000
HUD loan	15,000	-	15,000
Capital lease	-	-	-
Compensated absences	1,982,780	250,999	2,233,779
Total current liabilities	79,166,622	921,342	80,087,964
Noncurrent liabilities:			
General obligation bonds/notes	40,890,000	-	40,890,000
Revenue bonds/notes	-	4,780,000	4,780,000
Settlement agreement	3,700,000	-	3,700,000
HUD loan	660,000	-	660,000
Capital lease	-	-	-
Compensated absences	1,186,909	126,442	1,313,351
Net OPEB liability	1,480,282	213,718	1,694,000
Net pension liability	511,815	74,185	586,000
Total noncurrent liabilities	48,429,006	5,194,345	53,623,351
<b>Total liabilities</b>	<b>127,595,628</b>	<b>6,115,687</b>	<b>133,711,315</b>

Component Units	
Airport Authority	Library Foundation
600,839	5,662,671
-	-
50,425	-
-	-
-	-
16,569	-
-	-
-	-
-	-
141,273	-
-	-
35,398	-
844,504	5,662,671
-	-
-	-
2,942,822	-
21,976,205	-
20,453	-
24,939,480	-
25,783,984	5,662,671
73,457	-
8,166	-
9,427	-
100,000	-
-	-
-	-
870	-
-	-
170,000	-
-	-
-	-
-	-
797	-
-	-
362,717	-
-	-
2,275,000	-
-	-
-	-
4,434	-
-	-
-	-
-	-
2,279,434	-
2,642,151	-

(continued on next page)



City of Council Bluffs

Statement of Net Position  
(continued)

June 30, 2013

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Net Position</b>			
Invested in capital assets, net of related debt	242,739,159	131,121,021	373,860,180
Restricted for:			
Nonexpendable:			
Permanent Fund	59,920	-	59,920
Expendable:			
Debt service	2,599,101	-	2,599,101
Bass Pro Shop	261,539	-	261,539
Street and sewer maintenance and improvements	19,089,216	-	19,089,216
Community development block grant programs	956,518	-	956,518
Insurance	1,111,952	-	1,111,952
Employee benefits	4,522,850	-	4,522,850
Library	250,799	-	250,799
Other purposes	1,153,333	-	1,153,333
Unrestricted	(7,197,379)	6,135,403	(1,061,976)
<b>Total net position</b>	<b>\$ 265,547,008</b>	<b>137,256,424</b>	<b>402,803,432</b>

See notes to financial statements.

Component Units	
Airport Authority	Library Foundation
22,468,796	-
-	-
-	-
-	-
-	-
-	-
-	-
-	5,662,671
-	-
673,037	-
<u>23,141,833</u>	<u>5,662,671</u>

City of Council Bluffs

Statement of Activities

Year ended June 30, 2013

		Program Revenues		
		Charges for	Operating Grants,	Capital Grants,
	Expenses	Service	Contributions and	Contributions and
			Restricted Interest	Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 30,176,722	3,714,888	1,029,700	-
Public works	13,994,363	426,878	4,531,575	1,391,789
Health and social services	649,660	223,651	53,397	-
Culture and recreation	11,472,144	3,735,755	415,282	1,541,043
Community and economic development	10,053,869	788,312	2,456,571	958,450
General government	21,785,632	4,351,014	2,407,581	-
Interest on long-term debt	1,320,753	-	7,989	-
Total governmental activities	89,453,143	13,240,498	10,902,095	3,891,282
Business type activities:				
Sewer	8,511,229	5,219,683	-	2,182,683
Refuse and disposal	4,953,069	5,000,428	-	-
Total business type activities	13,464,298	10,220,111	-	2,182,683
Total primary government	\$ 102,917,441	23,460,609	10,902,095	6,073,965
<b>Component Units:</b>				
Airport Authority	\$ 1,691,561	316,495	-	127,499
Library Foundation	111,496	-	627,893	-
Total component units	\$ 1,803,057	316,495	627,893	127,499
<b>General Revenues and Transfers:</b>				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel motel tax				
Gaming wager tax				
Other city tax				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	Airport Authority	Library Foundation	
(25,432,134)	-	(25,432,134)	-	-	
(7,644,121)	-	(7,644,121)	-	-	
(372,612)	-	(372,612)	-	-	
(5,780,064)	-	(5,780,064)	-	-	
(5,850,536)	-	(5,850,536)	-	-	
(15,027,037)	-	(15,027,037)	-	-	
(1,312,764)	-	(1,312,764)	-	-	
(61,419,268)	-	(61,419,268)	-	-	
-	(1,108,863)	(1,108,863)	-	-	
-	47,359	47,359	-	-	
-	(1,061,504)	(1,061,504)	-	-	
(61,419,268)	(1,061,504)	(62,480,772)	-	-	
			(1,247,567)	-	
			-	516,397	
			(1,247,567)	516,397	
31,858,165	-	31,858,165	589,746	-	
6,940,528	-	6,940,528	-	-	
5,251,542	-	5,251,542	-	-	
7,911,136	-	7,911,136	-	-	
2,539,232	-	2,539,232	-	-	
3,539,033	-	3,539,033	-	-	
3,463,114	-	3,463,114	-	-	
238,082	-	238,082	15,541	497,095	
1,672,512	2,355	1,674,867	91,684	-	
(4,849,233)	4,849,233	-	-	-	
58,564,111	4,851,588	63,415,699	696,971	497,095	
(2,855,157)	3,790,084	934,927	(550,596)	1,013,492	
268,402,165	133,466,340	401,868,505	23,692,429	4,649,179	
\$ 265,547,008	137,256,424	402,803,432	23,141,833	5,662,671	

**City of Council Bluffs**

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### Major Funds

**General Fund** – This is the City’s operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

**Special Revenue, Bass Pro Shop Fund** – The Special Revenue, Bass Pro Shop Fund receives money from rent, City and County contributions and contributions from the Iowa West Foundation to pay for operating expenditures and repayment of debt.

**Special Revenue, Tax Increment Financing Fund** – The Special Revenue, Tax Increment Financing Fund receives revenues from a tax authorized by ordinance in the urban renewal districts for repayment of debt.

**Special Revenue, City Local Option Sales Tax Fund** – The Special Revenue, City Local Option Sales Tax Fund receives revenues from a tax authorized by referendum to cover the costs of maintenance and improvements to the City’s sewer and street systems.

**Debt Service Fund** – The Debt Service Fund receives revenues from property tax and other sources for repayment of general obligation debt.

**Capital Projects Fund** – The Capital Projects Fund accounts for resources used in the acquisition and construction of capital facilities and other capital assets.

City of Council Bluffs

Balance Sheet  
Governmental Funds

June 30, 2013

	Special Revenue			
		Tax	City Local	
	General	Bass Pro Shop	Increment Financing	Option Sales Tax
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 19,786,565	204,836	353,112	12,781,351
Cash in escrow	-	-	-	-
Receivables:				
Property tax:				
Delinquent	218,796	-	-	-
Succeeding year	35,817,406	-	-	-
Succeeding year tax increment financing	-	-	5,607,840	-
Accounts (net)	1,804,898	56,703	-	12,230
Special and drainage assessments	191,315	-	-	-
Loans	-	-	-	-
Note	750,000	-	-	-
Due from other governments	4,482,618	-	7,006	1,944,195
Inventories	321,986	-	-	-
Prepaid insurance	745,620	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$64,119,204</b>	<b>261,539</b>	<b>5,967,958</b>	<b>14,737,776</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,136,609	-	-	517,889
Salaries and benefits payable	560,960	-	-	-
Due to other governments	146,785	-	-	-
Deferred revenue:				
Succeeding year property tax	35,817,406	-	-	-
Succeeding year tax increment financing	-	-	5,607,840	-
Other	3,164,535	-	-	-
Total liabilities	<b>41,826,295</b>	<b>-</b>	<b>5,607,840</b>	<b>517,889</b>
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Inventories	321,986	-	-	-
Prepaid insurance	745,620	-	-	-
Note receivable	750,000	-	-	-
Restricted for:				
Street and sewer maintenance and improvements	-	-	-	14,219,887
Debt service	-	-	360,118	-
Community development block grant programs	-	-	-	-
Capital projects	-	-	-	-
Other purposes	5,681,823	261,539	-	-
Unassigned	14,793,480	-	-	-
Total fund balances	<b>22,292,909</b>	<b>261,539</b>	<b>360,118</b>	<b>14,219,887</b>
<b>Total liabilities and fund balances</b>	<b>\$64,119,204</b>	<b>261,539</b>	<b>5,967,958</b>	<b>14,737,776</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
2,156,689	1,699,815	5,539,763	42,522,131
2,634,664	-	-	2,634,664
44,678	-	-	263,474
6,932,756	-	-	42,750,162
-	-	-	5,607,840
-	504,691	5,928	2,384,450
-	-	171,076	362,391
-	-	659,083	659,083
-	-	-	750,000
89,320	225,759	784,202	7,533,100
-	-	844,870	1,166,856
-	-	-	745,620
-	4,586,552	-	4,586,552
11,858,107	7,016,817	8,004,922	111,966,323
23,428	1,172,369	187,754	4,038,049
-	-	53,526	614,486
-	134	22,930	169,849
6,932,756	-	-	42,750,162
-	-	-	5,607,840
44,678	-	271,076	3,480,289
7,000,862	1,172,503	535,286	56,660,675
-	-	59,920	59,920
-	-	844,870	1,166,856
-	-	-	745,620
-	-	-	750,000
-	-	4,380,548	18,600,435
4,857,245	-	-	5,217,363
-	-	956,518	956,518
-	5,844,314	-	5,844,314
-	-	1,227,780	7,171,142
-	-	-	14,793,480
4,857,245	5,844,314	7,469,636	55,305,648
11,858,107	7,016,817	8,004,922	111,966,323



**Exhibit D**

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

June 30, 2013

**Total governmental fund balances (page 33)** \$ 55,305,648

***Amounts reported for governmental activities in the Statement of Net Position are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of capital assets is \$402,100,206 and the accumulated depreciation is \$120,923,893.

281,176,313

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.

3,374,773

Long-term liabilities, including bonds and notes payable, capital lease purchase agreements payable, loan payable, net OPEB liability, net pension liability, accrued interest payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds/notes	\$ (50,020,000)	
Urban renewal term loan note	(12,325,000)	
Settlement agreement	(6,000,000)	
HUD loan	(675,000)	
Compensated absences	(3,169,689)	
Net OPEB liability	(1,480,282)	
Net pension liability	(511,815)	
Accrued interest payable	(127,940)	(74,309,726)
	<u>                    </u>	<u>                    </u>

**Net position of governmental activities (page 26)** \$265,547,008

See notes to financial statements.

**City of Council Bluffs**

City of Council Bluffs

Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2013

	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Revenues:				
Property tax	\$ 31,774,296	-	-	-
Tax increment financing	-	-	5,251,749	-
Other city tax	8,969,218	-	-	8,316,430
Licenses and permits	4,082,662	-	-	-
Use of money and property	238,834	648,324	-	-
Intergovernmental	4,333,546	192,560	26,853	641,679
Charges for service	5,744,834	-	-	-
Special and drainage assessments	-	-	-	-
Miscellaneous	3,856,705	750,000	-	1,460
Total revenues	59,000,095	1,590,884	5,278,602	8,959,569
Expenditures:				
Operating:				
Public safety	29,291,976	-	-	-
Public works	1,468,681	-	-	-
Health and social services	609,935	-	-	-
Culture and recreation	9,237,266	-	-	-
Community and economic development	996,747	1,145,271	3,627,998	-
General government	15,367,898	-	-	-
Debt service:				
Principal redeemed	-	966,667	-	-
Interest paid	-	301,615	-	-
Miscellaneous debt expenditures	-	-	-	-
Capital projects	-	-	-	4,061,866
Total expenditures	56,972,503	2,413,553	3,627,998	4,061,866
Excess (deficiency) of revenues over (under) expenditures	2,027,592	(822,669)	1,650,604	4,897,703
Other financing sources (uses):				
General obligation refunding capital loan notes issued	-	-	-	-
General obligation bonds issued	-	-	-	-
Premium on general obligation refunding capital loan notes issued	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Operating transfers in	-	787,458	-	67,130
Operating transfers out	(3,683,845)	-	(1,316,141)	(4,140,000)
Total other financing sources (uses)	(3,683,845)	787,458	(1,316,141)	(4,072,870)
Net change in fund balances	(1,656,253)	(35,211)	334,463	824,833
Fund balances beginning of year	23,949,162	296,750	25,655	13,395,054
Fund balances end of year	\$ 22,292,909	261,539	360,118	14,219,887

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
6,922,452	-	-	38,696,748
-	-	-	5,251,749
572,161	-	-	17,857,809
-	-	130,425	4,213,087
7,989	-	-	895,147
103,867	1,032,459	7,149,017	13,479,981
-	-	16,630	5,761,464
-	-	292,432	292,432
-	2,834,526	381,048	7,823,739
7,606,469	3,866,985	7,969,552	94,272,156
-	-	73,802	29,365,778
-	-	6,210,340	7,679,021
-	-	-	609,935
-	-	279,857	9,517,123
-	-	973,791	6,743,807
-	-	556,637	15,924,535
11,780,000	-	-	12,746,667
1,688,039	-	-	1,989,654
129,861	145,341	-	275,202
-	13,540,634	-	17,602,500
13,597,900	13,685,975	8,094,427	102,454,222
(5,991,431)	(9,818,990)	(124,875)	(8,182,066)
2,535,000	-	-	2,535,000
-	14,880,000	-	14,880,000
153,446	-	-	153,446
-	795,611	-	795,611
1,029,042	6,121,803	1,022,912	9,028,345
-	-	-	(9,139,986)
3,717,488	21,797,414	1,022,912	18,252,416
(2,273,943)	11,978,424	898,037	10,070,350
7,131,188	(6,134,110)	6,571,599	45,235,298
4,857,245	5,844,314	7,469,636	55,305,648

## City of Council Bluffs

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
to the Statement of Activities

Year ended June 30, 2013

**Net change in fund balances - total governmental funds (page 37)** \$ 10,070,350

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 10,526,826	
Depreciation/amortization expense	<u>(10,104,218)</u>	422,608

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	101,945	
Other	<u>(2,549,942)</u>	(2,447,997)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issued	(23,415,000)	
Repaid	<u>12,761,667</u>	(10,653,333)

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:

Compensated absences	(89,581)	
Net OPEB expense	(144,420)	
Net pension expense	(7,830)	
Interest on long-term debt	<u>(4,954)</u>	(246,785)

**Change in net position of governmental activities (page 29)** \$ (2,855,157)

See notes to financial statements.

**City of Council Bluffs**

## PROPRIETARY FUND FINANCIAL STATEMENTS

### Major Funds

**Enterprise, Sewer Fund** – The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

**Enterprise, Refuse and Disposal Fund** – The Enterprise, Refuse and Disposal Fund accounts for the operation and maintenance of the City's solid waste collection and recycling systems.

City of Council Bluffs  
Statement of Net Position  
Proprietary Funds

June 30, 2013

	Business Type Activities - Enterprise		
		Refuse and Disposal	Total
	Sewer		
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 2,737,594	2,201,354	4,938,948
Receivables:			
Accounts	58,739	161,298	220,037
Customer accounts and unbilled usage	626,102	956,437	1,582,539
Due from other governments	5,753	104,029	109,782
Inventories	407,382	19,402	426,784
Total current assets	3,835,570	3,442,520	7,278,090
Noncurrent assets:			
Capital assets - nondepreciable	10,523,767	360,622	10,884,389
Capital assets - depreciable (net)	122,582,001	2,627,631	125,209,632
Total noncurrent assets	133,105,768	2,988,253	136,094,021
<b>Total assets</b>	136,941,338	6,430,773	143,372,111
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	58,237	332,967	391,204
Salaries and benefits payable	46,337	13,761	60,098
Due to other governments	3,830	64	3,894
Unearned revenue	-	22,147	22,147
Revenue notes	193,000	-	193,000
Compensated absences	193,319	57,680	250,999
Total current liabilities	494,723	426,619	921,342
Noncurrent liabilities:			
Revenue notes	4,780,000	-	4,780,000
Compensated absences	95,402	31,040	126,442
Net OPEB liability	178,563	35,155	213,718
Net pension liability	62,476	11,709	74,185
Total noncurrent liabilities	5,116,441	77,904	5,194,345
<b>Total liabilities</b>	5,611,164	504,523	6,115,687
<b>Net Position</b>			
Invested in capital assets, net of related debt	128,132,768	2,988,253	131,121,021
Unrestricted	3,197,406	2,937,997	6,135,403
<b>Total net position</b>	\$131,330,174	5,926,250	137,256,424

See notes to financial statements.



## City of Council Bluffs

Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

	Business Type		
	Activities		
	Enterprise		
	Refuse and		
	Sewer	Disposal	Total
Operating revenues:			
Charges for service	\$ 5,196,139	4,500,553	9,696,692
Miscellaneous	23,544	499,875	523,419
Total operating revenues	5,219,683	5,000,428	10,220,111
Operating expenses:			
Sewer system and sewage disposal	5,373,803	-	5,373,803
Refuse disposal	-	4,701,310	4,701,310
Depreciation	3,093,508	251,759	3,345,267
Total operating expenses	8,467,311	4,953,069	13,420,380
Operating income (loss)	(3,247,628)	47,359	(3,200,269)
Non-operating revenues (expenses):			
Land rent	2,355	-	2,355
Interest expense	(31,018)	-	(31,018)
Miscellaneous debt expense	(12,900)	-	(12,900)
Total non-operating revenues (expenses)	(41,563)	-	(41,563)
Net income (loss) before contributions and transfers	(3,289,191)	47,359	(3,241,832)
Contributions and transfers:			
Capital contributions	6,920,275	-	6,920,275
Transfers in	111,641	-	111,641
Total contributions and transfers	7,031,916	-	7,031,916
Change in net position	3,742,725	47,359	3,790,084
Net position beginning of year	127,587,449	5,878,891	133,466,340
Net position end of year	\$ 131,330,174	5,926,250	137,256,424

See notes to financial statements.

**City of Council Bluffs**

City of Council Bluffs  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2013

	Business Type		
	Activities		
	Enterprise		
	Refuse and		
	Sewer	Disposal	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 5,180,452	4,575,353	9,755,805
Cash received from other sources	-	464,413	464,413
Cash paid for personal services	(3,952,328)	(1,067,199)	(5,019,527)
Cash paid to suppliers	(1,458,641)	(3,623,924)	(5,082,565)
Net cash provided by (used for) operating activities	(230,517)	348,643	118,126
Cash flows from noncapital financing activities:			
Land rent	2,355	-	2,355
Negative cash balance implicitly financed	(1,500,000)	-	(1,500,000)
Transfers from other funds	111,641	-	111,641
Principal paid on SWAP loan	-	(26,000)	(26,000)
Net cash used for noncapital financing activities	(1,386,004)	(26,000)	(1,412,004)
Cash flows from capital and related financing activities:			
Issuance of sewer revenue capital loan notes	5,108,400	-	5,108,400
Acquisition of capital assets	(565,445)	(95,732)	(661,177)
Principal paid on sewer revenue capital loan notes	(187,000)	-	(187,000)
Interest and fees paid on sewer revenue capital loan notes	(43,918)	-	(43,918)
Net cash provided by (used for) capital and related financing activities	4,312,037	(95,732)	4,216,305
Net increase in cash and cash equivalents	2,695,516	226,911	2,922,427
Cash and cash equivalents beginning of year	42,078	1,974,443	2,016,521
Cash and cash equivalents end of year	\$ 2,737,594	2,201,354	4,938,948

City of Council Bluffs  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2013

	Business Type		
	Activities		
	Enterprise		
	Refuse and		
	Sewer	Disposal	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (3,247,628)	47,359	(3,200,269)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	3,093,508	251,759	3,345,267
(Increase) decrease in accounts receivable	(28,708)	178,829	150,121
(Increase) in customer accounts receivable and unbilled usage	(11,096)	-	(11,096)
(Increase) decrease in due from other governments	573	(104,029)	(103,456)
(Increase) decrease in inventories	(28,473)	1,734	(26,739)
Increase (decrease) in accounts payable	6,809	1,221	8,030
(Decrease) in salaries and benefits payable	(14,115)	(2,752)	(16,867)
(Decrease) in due to other governments	(7,260)	(152)	(7,412)
(Decrease) in unearned revenue	-	(35,462)	(35,462)
Increase (decrease) in compensated absences	(12,327)	5,586	(6,741)
Increase in net OPEB liability	17,264	4,316	21,580
Increase in net pension liability	936	234	1,170
Total adjustments	3,017,111	301,284	3,318,395
Net cash provided by (used for) operating activities	\$ (230,517)	348,643	118,126

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, capital assets of \$4,737,592 and \$2,182,683 were contributed to the Enterprise, Sewer Fund by the governmental funds and developers, respectively.

See notes to financial statements.

**City of Council Bluffs**

City of Council Bluffs

Notes to Financial Statements

June 30, 2013

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

The City of Council Bluffs is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1853 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 non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also operates an airport and provides sewer and sanitation utilities for its citizens.

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

**A. Reporting Entity**

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

These financial statements present the City of Council Bluffs (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Units**

The Council Bluffs Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a seven member board appointed by the Mayor, with concurrence of a majority of the City Council. The board members serve at the pleasure of the City. The City annually provides significant operating subsidies to the Authority and collects and remits the tax levied by the Authority. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. Complete financial statements of the Council Bluffs Airport Authority can be obtained from its office at 101 McCandless Lane, Council Bluffs, Iowa 51503.

The Council Bluffs Public Library Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Council Bluffs Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the City of Council Bluffs Library.

#### Jointly Governed Organization

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: Pottawattamie County Assessor's Conference Board, Metropolitan Area Planning Agency, Pottawattamie County Emergency Management Commission and Pottawattamie County E911 Service Board.

#### Related Organizations and Organizations with Joint Venture Characteristics

The City participates in several related organizations or related organizations with joint venture characteristics for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board or the organization's financial activity is reported in the City's financial statements and in another participating government's financial statements. City officials are members of or appoint representatives to the following organizations: Municipal Housing Agency, Convention and Visitors Bureau, the Pottawattamie County Communications Center Commission, the Southwest Iowa Solid Waste Management Association and the Council Bluffs Municipal Waterworks.

### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. 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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories/components:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

The Special Revenue, Bass Pro Shop Fund is used to account for revenues from rent and City, County and Iowa West Foundation contributions and used for the payment of interest and principal on the City's urban renewal term loan note debt and maintenance of the Bass Pro Shop.

The Special Revenue, Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay indebtedness incurred for urban renewal projects.

The Special Revenue, City Local Option Sales Tax Fund is used to account for revenues from the tax authorized by referendum and used for maintenance and improvements to the City's sewer and street systems.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for resources used in the acquisition and construction of capital facilities and other capital assets.



The City reports the following major proprietary funds:

The Enterprise, Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Refuse and Disposal Fund is used to account for the operation and maintenance of the City's solid waste collection and recycling system.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, 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 and acquisitions under capital leases 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 the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the programs. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds 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 revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most City funds are pooled and invested in interest-bearing cash accounts or certificates of deposit. Interest on the pooled cash investments is recognized as revenue when earned and allocated to the funds on a systematic basis, or as provided by law. Investments are stated at fair value except for the investments in the Iowa Public Agency Investment Trust which are valued at amortized cost.

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

Property Tax Receivable, Including Tax Increment Financing – Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2013 and unpaid taxes. 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 revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2012.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Special and Drainage Assessments Receivable – Special and drainage assessments receivable represents the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax. Assessments receivable represent assessments which are due and payable but have not been collected.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been reported as nonspendable to indicate that it is not available for appropriation.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land, buildings and improvements	\$ 25,000
Machinery, equipment and vehicles	5,000
Infrastructure	50,000
Intangibles	50,000

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	40-50 years
Land improvements	10-20 years
Machinery and equipment	5-30 years
Vehicles	5-10 years
Infrastructure	20-65 years
Intangibles	7-15 years

Deferred and Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred and unearned revenue consists of delinquent property tax receivable and other receivables not collected within sixty days after year end and unearned revenue.

Deferred and unearned revenue in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and unearned revenue.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation and sick leave benefits and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. 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 at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund 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.

Fund Equity – 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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Expenditures during the year ended June 30, 2013 exceeded the amounts budgeted in the culture and recreation, general government and debt service functions.

**(2) Cash, Cash Equivalents and Pooled Investments**

Primary Government

The City's deposits in banks at June 30, 2013 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 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.

At June 30, 2013 the City had the following investments:

Type	Fair Value	Maturity
U.S. Treasury Securities	\$ 25,879	December 2013
U.S. Treasury Securities	2,608,785	June 2014
Total	<u>\$2,634,664</u>	

The above U.S. Treasury Securities are held in escrow to be used for refunding the general obligation bonds issued May 1, 2006.

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$200,105, which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits the investment of operating funds (funds reasonably expected to be expended during the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days. However, all investments of the City shall have maturities consistent with the needs and uses of the City.

Credit risk – The City’s investments in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk – The City’s investment policy has the following limitations: no more than 10% of the investment portfolio may be invested in prime banker’s acceptances, commercial paper or other short-term corporate debt, no more than 5% of the investment portfolio may be invested in the securities of a single issuer and no more than 5% of all amounts invested in commercial paper or other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. When possible, it is the City’s policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or a specific class of securities.

#### Discretely Presented Component Unit – Library Foundation

The Council Bluffs Public Library Foundation’s investments at June 30, 2013 consist of mutual funds with a fair value of \$5,662,671.

### (3) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 35,247,378	-	-	35,247,378
Construction in progress	21,906,179	10,002,088	(5,508,827)	26,399,440
Total capital assets not being depreciated	57,153,557	10,002,088	(5,508,827)	61,646,818
Capital assets being depreciated/amortized:				
Buildings	127,733,305	-	-	127,733,305
Improvements other than buildings	27,712,394	-	-	27,712,394
Equipment and vehicles	20,813,700	2,624,713	(783,209)	22,655,204
Infrastructure, road network and other	158,213,269	3,562,179	-	161,775,448
Intangibles	577,037	-	-	577,037
Total capital assets being depreciated/amortized	335,049,705	6,186,892	(783,209)	340,453,388
Less accumulated depreciation/amortization for:				
Buildings	25,070,016	2,858,587	-	27,928,603
Improvements other than buildings	13,295,499	1,327,665	-	14,623,164
Equipment and vehicles	14,935,896	1,727,815	(629,882)	16,033,829
Infrastructure, road network and other	57,704,304	4,143,247	-	61,847,551
Intangibles	443,842	46,904	-	490,746
Total accumulated depreciation/amortization	111,449,557	10,104,218	(629,882)	120,923,893
Total capital assets being depreciated/amortized, net	223,600,148	(3,917,326)	(153,327)	219,529,495
Governmental activities capital assets, net	\$ 280,753,705	6,084,762	(5,662,154)	281,176,313
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,441,912	-	-	6,441,912
Construction in progress	10,207,399	5,006,050	(10,770,972)	4,442,477
Total capital assets not being depreciated	16,649,311	5,006,050	(10,770,972)	10,884,389
Capital assets being depreciated:				
Buildings	20,796,091	2,002,093	-	22,798,184
Improvements other than buildings	6,875,835	8,300	-	6,884,135
Equipment and vehicles	13,396,656	784,007	(322,090)	13,858,573
Infrastructure, sewer network	118,822,884	10,597,744	-	129,420,628
Total capital assets being depreciated	159,891,466	13,392,144	(322,090)	172,961,520
Less accumulated depreciation for:				
Buildings	10,354,464	402,720	-	10,757,184
Improvements other than buildings	1,331,833	125,367	-	1,457,200
Equipment and vehicles	8,344,307	599,676	(276,320)	8,667,663
Infrastructure, sewer network	24,652,337	2,217,504	-	26,869,841
Total accumulated depreciation	44,682,941	3,345,267	(276,320)	47,751,888
Total capital assets being depreciated, net	115,208,525	10,046,877	(45,770)	125,209,632
Business type activities capital assets, net	\$ 131,857,836	15,052,927	(10,816,742)	136,094,021

Depreciation/amortization expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety	\$ 872,207
Public works	4,555,150
Health and social services	28,397
Culture and recreation	2,247,162
Community and economic development	2,290,376
General government	110,926
Total depreciation/amortization expense - governmental activities	<u>\$ 10,104,218</u>

Business type activities:	
Sewer	\$ 3,093,508
Refuse and Disposal	251,759
Total depreciation expense - business type activities	<u>\$ 3,345,267</u>

**Discretely Presented Component Unit:**

**Airport Authority:**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Land	\$ 2,192,064	-	-	2,192,064
Construction in progress	1,059,097	176,005	(484,344)	750,758
Total capital assets not being depreciated	<u>3,251,161</u>	<u>176,005</u>	<u>(484,344)</u>	<u>2,942,822</u>
Capital assets being depreciated:				
Buildings	6,865,738	484,344	(95,151)	7,254,931
Improvements other than buildings	19,196,199	704	-	19,196,903
Equipment and vehicles	321,305	35,029	(21,636)	334,698
Total capital assets being depreciated	<u>26,383,242</u>	<u>520,077</u>	<u>(116,787)</u>	<u>26,786,532</u>
Less accumulated depreciation for:				
Buildings	1,422,075	169,944	(70,463)	1,521,556
Improvements other than buildings	2,437,780	630,235	-	3,068,015
Equipment and vehicles	213,255	29,138	(21,637)	220,756
Total accumulated depreciation	<u>4,073,110</u>	<u>829,317</u>	<u>(92,100)</u>	<u>4,810,327</u>
Total capital assets being depreciated, net	<u>22,310,132</u>	<u>(309,240)</u>	<u>(24,687)</u>	<u>21,976,205</u>
Discretely presented component unit capital assets, net	<u>\$ 25,561,293</u>	<u>(133,235)</u>	<u>(509,031)</u>	<u>24,919,027</u>
Total depreciation expense - discretely presented component unit				<u>\$ 829,317</u>



#### (4) Long-Term Liabilities

##### Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes	\$ 44,385,000	17,415,000	(11,780,000)	50,020,000	9,130,000
Urban renewal term loan note	13,291,667	-	(966,667)	12,325,000	12,325,000
Settlement agreement	-	6,000,000	-	6,000,000	2,300,000
HUD loan	690,000	-	(15,000)	675,000	15,000
Compensated absences	3,080,108	2,234,636	(2,145,055)	3,169,689	1,982,780
Net OPEB liability	1,335,862	299,280	(154,860)	1,480,282	-
Net pension liability	503,985	78,300	(70,470)	511,815	-
Total	\$ 63,286,622	26,027,216	(15,132,052)	74,181,786	25,752,780
Business type activities:					
Sewer revenue capital loan notes	\$ 5,160,000	-	(187,000)	4,973,000	193,000
SWAP loan	26,000	-	(26,000)	-	-
Compensated absences	384,182	308,145	(314,886)	377,441	250,999
Net OPEB liability	192,138	44,720	(23,140)	213,718	-
Net pension liability	73,015	11,700	(10,530)	74,185	-
Total	\$ 5,835,335	364,565	(561,556)	5,638,344	443,999

##### General Obligation Bonds/Notes Payable

General obligation bonds/notes have been issued for governmental activities. The portion of unmatured general obligation bonds/notes accounted for in governmental activities and serviced by the Debt Service Fund totaled \$50,020,000 at June 30, 2013. General obligation bonds/notes bear interest at rates ranging from .50% to 5.6% per annum and mature in varying annual amounts ranging from \$50,000 to \$2,950,000, with final maturities due in the year ending June 30, 2027.

On November 28, 2012, the City issued \$14,880,000 of general obligation bonds with interest at rates ranging from 2.00% to 3.00% per annum to provide funds to pay the costs of street improvements, repairs to traffic control devices; sidewalk and pedestrian underpass and overpass improvements; extensions and improvements to facilities used for the collection, treatment and disposal of sewage and industrial waste; acquisition and construction of facilities useful for the control and elimination of sources of air, water and noise pollution; acquisition, construction and improvements to waterways and real and personal property damaged by floods or high waters; equipping public safety and public works departments, including ambulances, ambulance equipment and a geographic computer data base system suitable for automated mapping and facilities management; acquisition and improvement to cemetery facilities; rehabilitation and improvement of parks; acquisition and demolition of dilapidated or dangerous buildings and structures; and remediation, restoration, repair and replacement of property, buildings, equipment and public facilities damaged by disaster as defined in Chapter 29C.2 of the Code of Iowa.

On May 15, 2013, the City issued \$2,535,000 of general obligation refunding capital loan notes with an interest rate of 2.00% per annum for a crossover refunding of the general obligation bonds issued April 10, 2006. The City entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes were

converted to U.S. Treasury Securities. These securities were placed in an escrow account for the express purpose of paying the \$2,585,000 of principal on the refunded general obligation bonds when they become callable on June 1, 2014 and the interest falling due on the bonds on or before June 1, 2014. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the City. The transactions, balances and liabilities of the escrow account are recorded by the City since the refunded debt is not considered extinguished.

The City refunded the bonds to reduce its total debt service payments by approximately \$252,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$245,000.

During the year ended June 30, 2013, principal payments of \$11,780,000 and interest payments of \$1,688,039 were made by the City on general obligation bonds/notes.

#### Urban Renewal Term Loan Note

On February 18, 2011, the City issued a \$14,500,000 urban renewal term loan note through U.S. Bank National Association, the proceeds of which were used to retire the outstanding urban renewal capital loan note. The term loan note bears interest at a variable rate, adjusted monthly. Principal and interest payments are amortized over fifteen years and are due in monthly installments of \$80,556 beginning on April 30, 2011, with a final balloon payment due on March 31, 2014.

Principal and interest on this note are secured as follows:

- (1) Bass Pro Shop lease rental payments,
- (2) Mortgage and Security Agreement, in favor of the holder of the note, granting a first lien on the project improvements and land,
- (3) County annual appropriation economic development grant,
- (4) Iowa West Foundation, Inc. guaranty and
- (5) Certain annual appropriations totaling \$10,243,220 to be made by the City.

During the year ended June 30, 2013, principal payments of \$966,667 and interest payments of \$301,615 were made by the City.

The City has pledged future Bass Pro Shop lease rental income and contributions from the City, County and Iowa West Foundation, net of specified operating expenditures, to repay the urban renewal term loan note issued in February 2011. Annual principal and interest payments on the note are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the note is \$12,499,413. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$1,268,282 and \$1,233,071, respectively.

#### Settlement Agreement

On October 17, 2013, a stipulation of dismissal with prejudice was brought before the United States District Court for the Southern District of Iowa, Central Division, which dismissed a suit against the City of Council Bluffs and others. The dismissal with prejudice resulted in a settlement agreement making the City liable for \$6,000,000, plus interest at 1.377% per annum. The settlement will be paid from the General Fund.

Details of the settlement agreement payable at June 30, 2013 are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,300,000	-	2,300,000
2015	491,722	36,849	528,571
2016	484,395	44,176	528,571
2017	491,065	37,506	528,571
2018	497,827	30,744	528,571
2019-2021	1,734,991	50,725	1,785,716
Total	\$ 6,000,000	200,000	6,200,000

#### Sewer Revenue Capital Loan Notes

On May 2, 2012, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$5,160,000 of sewer revenue capital loan notes with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the sewer utility system. The City drew down funds from the IFA upon request to reimburse the City for costs as they were incurred. At June 30, 2013, the City had drawn down the entire authorized amount. An initiation fee of 1% of the authorized borrowing for the sewer revenue capital loan notes was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue capital loan notes drawn by the City.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay the sewer revenue capital loan notes. The notes are payable solely from sewer customer net revenues. Annual principal and interest payments on the notes are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the notes at June 30, 2013 is \$6,607,170. For the current year, interest paid and total net loss, (operating revenues less operating expenses plus depreciation expense), were \$31,018 and \$(154,120), respectively.

The resolution providing for the issuance of the sewer revenue capital loan notes issued under the loan agreement between the City, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (2) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

The City's net revenues for the year ended June 30, 2013 were less than the required 110% of note principal and interest falling due during the year.

Governmental activities:

Details of general obligation bonds/notes payable at June 30, 2013 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2013
General obligation bonds:						
Essential corporate purpose	Apr 10, 2006	4.000-4.200%	June 1, 2020	\$ 100,000-2,950,000	8,220,000	2,950,000
Corporate purpose	May 1, 2007	4.000	June 1, 2020	100,000-2,100,000	8,965,000	4,685,000
Essential corporate purpose	May 1, 2007	3.700-4.000	June 1, 2020	155,000-240,000	2,150,000	1,480,000
Corporate purpose	Jun 23, 2008	3.250-4.000	June 1, 2021	140,000-805,000	7,615,000	5,535,000
Essential corporate purpose	Jun 9, 2009	2.100-5.600	June 1, 2024	50,000-660,000	7,165,000	5,870,000
Essential corporate purpose	Aug 11, 2010	1.000-3.650	June 1, 2025	115,000 - 805,000	7,300,000	5,645,000
Essential corporate purpose	Oct 12, 2011	2.000	June 1, 2019	415,000 - 490,000	3,165,000	2,750,000
Essential corporate purpose	Nov 28, 2012	2.000-3.000	June 1, 2027	825,000-1,945,000	14,880,000	12,935,000
General obligation capital loan notes:						
Essential corporate purpose	Mar 18, 2010	2.000-2.500	June 1, 2015	690,000 - 780,000	3,685,000	1,540,000
Essential corporate purpose	Apr 24, 2012	0.500-1.500	June 1, 2019	485,000 - 1,065,000	4,095,000	4,095,000
Essential corporate purpose	May 15, 2013	2.000	June 1, 2020	395,000-450,000	2,535,000	2,535,000
Total governmental activities						<u>\$ 50,020,000</u>

Details of the urban renewal revenue term loan note payable at June 30, 2013 are as follows:

Obligation	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2013
Term loan note	Feb 18, 2011	2.2937% *	Feb 18, 2014	\$ 966,667 - 12,325,000	14,500,000	<u>12,325,000</u>

\* Rate is variable with 225 basis points added to the 30-day LIBOR index, adjusted monthly.

A summary of the annual principal and interest payments to maturity is as follows:

Year Ending June 30,	General Obligation Bonds/Notes			Urban Renewal Revenue Term Loan Note		
	Principal	Interest	Total	Principal	Interest*	Total
2014	\$ 9,130,000	1,558,866	10,688,866	12,325,000	174,413	12,499,413
2015	6,360,000	1,284,003	7,644,003	-	-	-
2016	4,785,000	1,125,268	5,910,268	-	-	-
2017	4,555,000	987,230	5,542,230	-	-	-
2018	4,360,000	854,138	5,214,138	-	-	-
2019-2023	14,870,000	2,428,173	17,298,173	-	-	-
2024-2027	5,960,000	414,535	6,374,535	-	-	-
Total	<u>\$ 50,020,000</u>	<u>8,652,213</u>	<u>58,672,213</u>	<u>12,325,000</u>	<u>174,413</u>	<u>12,499,413</u>

\* Annual interest payments are estimated since the interest rate on this note varies.

Business Type Activities:

Details of the sewer revenue capital loan notes payable at June 30, 2013 are as follows:

Obligation	Date of Issue	Interest Rates *	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2013
Sewer revenue capital loan note	May 2, 2012	3.00%	Jun 1, 2032	\$ 187,000 - 344,000	5,160,000	<u>4,973,000</u>

\* The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance.

A summary of the annual principal and interest payments to maturity is as follows:

Year Ending June 30,	Sewer Revenue Capital Loan Notes		
	Principal	Interest	Total
2014	\$ 193,000	149,170	342,170
2015	199,000	143,400	342,400
2016	206,000	137,430	343,430
2017	213,000	131,250	344,250
2018	220,000	124,860	344,860
2019-2023	1,211,000	520,980	1,731,980
2024-2027	1,420,000	327,150	1,747,150
2028-2032	1,311,000	99,930	1,410,930
Total	<u>\$ 4,973,000</u>	<u>1,634,170</u>	<u>6,607,170</u>

At June 30, 2013, the general obligation debt issued by the City did not exceed its legal debt margin, computed as follows:

Actual assessed value as of January 1, 2011 (unaudited)	<u>\$ 4,253,206,166</u>
Debt limit - 5% of total actual valuation	\$ 212,660,308
Less debt applicable to debt limit:	
General obligation debt outstanding	(50,020,000)
Tax increment indebtedness	(28,415,691)
Legal settlement	(6,000,000)
Plus funds on hand available to service debt:	
Debt Service Fund balance	4,857,245
Tax Increment Financing Fund balance	<u>360,118</u>
Legal debt margin	<u>\$ 133,441,980</u>

**(5) U.S. Department of Housing and Urban Development (HUD) Loan**

HUD Loan to City

On August 20, 2007, the City entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to borrow \$750,000 under the provisions of the HUD Section 108 Loan Guarantee Program. The loan, for the purpose discussed below, is evidenced by a promissory note with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. Interest is payable quarterly on the loan and principal is due annually for twenty years, beginning August 1, 2008 and ending August 1, 2027. During the year ended June 30, 2013, the City paid \$15,000 of principal and \$3,240 of interest on the loan. Below is a summary of the annual principal and interest payments to maturity.

Year Ending June 30,	Principal	Interest *	Total
2014	\$ 15,000	3,137	18,137
2015	15,000	3,065	18,065
2016	20,000	2,970	22,970
2017	25,000	2,852	27,852
2018	30,000	2,709	32,709
2019-2023	220,000	10,598	230,598
2024-2028	350,000	3,564	353,564
Total	\$ 675,000	28,895	703,895

\* Annual interest payments are estimated since the interest rate on this loan varies (the interest rate at June 30, 2013 is approximately .48% per annum).

#### Note Receivable to City

On September 7, 2007, the City entered into a \$750,000 leverage loan agreement with TC-Council Bluffs QEI, LLC, a Delaware limited liability company (obligor) for investment through NDC New Markets Investments XXVIII, L.P. for 117 Pearl Street, LLC, qualifying as a QALICB under section 45D of the Internal Revenue Code. The purpose of the agreement was to loan the HUD loan proceeds to assist with the redevelopment of the former NonPareil building in conjunction with the Pottawattamie County Development Corporation and J Development. The Section 108 funds were loaned through NDC New Markets Investments XXVIII, L.P. to accommodate the infusion of new market tax credits. The loan to the obligor is evidenced by a promissory note to the City with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. The note is secured by an assignment and pledge for security purposes of the partnership interests of all the obligor's interest in NDC New Markets Investments XXVIII, L.P.

Principal on this note receivable is fully due and payable to the City no later than June 1, 2015. Prior to that date, the obligor shall make quarterly payments of accrued interest only, commencing on September 1, 2007 and continuing until June 1, 2015. During the year ended June 30, 2013, \$4,432 of interest was paid to the City on the note.

#### **(6) Restricted Fund Balances**

The detail of fund balances restricted for specific purposes at June 30, 2013 is as follows:

Purpose	Special Revenue			Total
	General	Bass Pro Shop	Nonmajor	
Insurance	\$ 1,111,952	-	-	1,111,952
Employee benefits	4,522,850	-	-	4,522,850
Home program	-	-	246,048	246,048
Drainage	-	-	616,982	616,982
Library	-	-	250,799	250,799
Other	47,021	261,539	113,951	422,511
	\$ 5,681,823	261,539	1,227,780	7,171,142

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Nonmajor (Road Use Tax Fund)	General	\$ 1,022,912
Bass Pro Shop	Special Revenue:	
	Tax Increment Financing	787,458
Local Option Sales Tax	General	67,130
Debt Service	Special Revenue:	
	Tax Increment Financing	417,042
	City Local Option Sales Tax	612,000
		1,029,042
Capital Projects	General	2,593,803
	Special Revenue:	
	City Local Option Sales Tax	3,528,000
		6,121,803
Enterprise:	Special Revenue:	
Sewer	Tax Increment Financing	111,641
Total		\$ 9,139,986

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move tax increment financing revenues from the Special Revenue, Tax Increment Financing Fund to the Special Revenue, Bass Pro Shop Fund to fulfill the City's obligation under an economic development agreement with Bass Pro Outdoor World, L.L.C., 3) transfer funds between the Special Revenue, City Local Option Sales Tax Fund and the Capital Projects Fund and 4) move revenues from the General Fund with collection authorization to the Special Revenue, Nonmajor – Road Use Tax Fund for the cost of authorized employee benefits incurred.

During the year ended June 30, 2013, the City made a one-time transfer from the General Fund to the Capital Projects Fund to provide partial funding for various projects.

**(8) Pension and Retirement Benefits**

Iowa Public Employees Retirement System

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$1,276,096, \$1,165,078 and \$986,219, respectively, equal to the required contributions for each year.

## Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing multiple-employer defined benefit retirement system administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Des Moines, Iowa 50322.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate may not be less than 26.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$3,769,244, \$3,453,811 and \$2,722,105, respectively, which met the required minimum contributions for each year.

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

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 443 active and 37 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded fully-insured plan with Wellmark. 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.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds primarily fund OPEB costs.

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 367,000
Interest on net OPEB obligation	76,000
Adjustment to annual required contribution	(99,000)
Annual OPEB cost	344,000
Contributions made	(178,000)
Increase in net OPEB obligation	166,000
Net OPEB obligation beginning of year	1,528,000
Net OPEB obligation end of year	<u>\$ 1,694,000</u>



For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the City contributed \$178,000 to the medical plan. Plan members eligible for benefits contributed \$432,000, or 70.8% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 458,000	8.9%	\$ 1,340,000
2012	407,000	53.8	1,528,000
2013	344,000	51.7	1,694,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$3,472,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,472,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,955,000 and the ratio of the UAAL to covered payroll was 13.4%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPSI and IPERS Actuarial valuation reports.

Projected claim costs of the medical plan are \$598 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

#### **(10) Supplemental Pension Plan**

Plan Description - The City provides a single-employer defined benefit supplemental pension (severance pay) benefit to eligible employees. Currently, all union employees who have completed five years of continuous service with the City and non-union employees who have completed one year of continuous service with the City and who do not voluntarily resign and are not discharged for cause are eligible for this benefit.

There are 433 active members in the plan as of June 30, 2013. The pension benefit is defined in terms of hourly rates of pay by employee, payable in one lump sum upon retirement or termination. The benefit (severance pay) is paid based on the following continuous service requirements:

Years of Service	Amount of Severance	
	40 Hour Schedule	56 Hour Schedule
More than 1, but less than 5	40 hours pay	56 hours pay
More than 5, but less than 10	80 hours pay	112 hours pay
More than 10, but less than 15	120 hours pay	168 hours pay
More than 15	160 hours pay	224 hours pay

Funding Policy - Contribution requirements for the plan are established and may be amended by the City. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds are used for funding all the pension benefits. The City makes all the contributions.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual pension cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net pension obligation:

Annual required contribution	\$ 97,000
Interest on net pension obligation	29,000
Adjustment to annual required contribution	(36,000)
Annual pension cost (expense)	90,000
Pension payments made	(81,000)
Increase in net pension obligation	9,000
Net pension obligation beginning of year	577,000
Net pension obligation end of year	<u>\$ 586,000</u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2008. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the City contributed \$81,000 to the pension plan. The City's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 88,000	75.6%	\$ 588,000
2012	88,000	112.5%	577,000
2013	90,000	90.0%	586,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$763,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$763,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,955,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Supplemental Pension Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. An inflation rate of 3% and rate of interest return of 5% are assumed for purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPRSI and IPERS Actuarial valuation reports.

The projected salary increase rate, which includes a 3% inflation factor, was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

**(11) Transit Authority Agreement**

The City has contracted for transit service on a regular, scheduled basis over certain routes within the City. The contract provides the City shall pay the net operating cost of service over these routes within the City. During the year ended June 30, 2013, the City paid \$411,889 under this contract.

**(12) Industrial Development Revenue Bonds**

The City has issued a total of \$47,780,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the City.

**(13) Employee Health Insurance Plan**

The Iowa Governmental Health Care Plan was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Iowa Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the deductible of \$2,500/\$5,000 per single/family plan with a maximum out of pocket expense of \$5,000/\$10,000 per single/family plan. The deductible and maximum out of pocket expense for the City is reduced by the deductible amount paid by the employee of \$100/\$300 per single/family plan and employee maximum out of pocket expense of \$1,000/\$2,000 per single/family plan. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Iowa Governmental Health Care Plan Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Liberty Bank, Council Bluffs, Iowa and Iowa Governmental Health Care Plan administers the plan funds. The City records the plan assets and related liabilities of the health plan in the General Fund. The City's contribution to the plan for the year ended June 30, 2013 was \$6,687,157.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2013 total \$158,000, which is for incurred but not reported (IBNR) and reported but not paid claims, which is included in accounts payable in these financial statements. The amounts are based on actuarial estimates of the amounts necessary to pay prior year

and current year claims and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2013 and June 30, 2012 is as follows:

	2013	2012
Unpaid claims as of beginning of year	\$ 150,000	150,000
Incurring claims (including claims incurred but not reported as of June 30)	7,628,435	7,283,924
Payments on claims	(7,620,435)	(7,283,924)
Unpaid claims as of year end	\$ 158,000	150,000

**(14) Construction Commitments**

Construction commitments at June 30, 2013 totaled \$14,868,683 which will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants and local funds on hand.

**(15) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance and \$500,000 self-insured retention on liability and auto coverage only and \$500,000 on worker's compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2013, the City became liable under a settlement agreement for \$6,000,000 plus interest, an amount exceeding coverage limitations. Settled claims from these risks did not exceed commercial insurance coverage during fiscal years 2012 or 2011.

**(16) CDBG Installment Loan Escrow Fund**

During the year ended June 30, 1977, the City received funding for an individual housing rehabilitation loan program from the U.S. Department of Housing and Urban Development. These funds were subsequently loaned to individuals in the City. The loans receivable and loan payments received from the individuals are accounted for in the Special Revenue, CDBG Grant Fund. The Special Revenue, CDBG Installment Loan Escrow Fund receives a portion of loan payments for payment of property tax and insurance. Active loans during the year ended June 30, 2013 carry an interest rate of 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2013, there were 71 active loans with a total outstanding principal balance of \$659,083, which is included in loans receivable in these financial statements.

**(17) Urban Renewal Development Agreements**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$29,527,006. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2013, the City rebated \$3,550,179 of incremental property tax to developers, which included \$3,545,744 for principal and \$4,435 for interest. The total cumulative principal amount rebated on the agreements is \$9,294,163. The outstanding balance on the agreements at June 30, 2013 was \$19,932,843.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

## **(18) Economic Development Agreements**

### Mid-American Recreation & Convention Complex

On July 24, 2001, the City entered into an agreement with the Council Bluffs Community Betterment Foundation, the Iowa West Foundation (IWF), the Southwest Iowa Foundation and Harvey's Casino Resorts to develop a project known as the Mid-American Recreation & Convention Complex. As part of this agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts, up to a maximum of \$5,000,000, to reimburse the IWF for some of the project costs. Excess hotel/motel tax collections are those remaining after the City has satisfied certain other commitments of these funds. The City's obligation under this agreement will expire at the earliest of December 31, 2015 or when the IWF has been fully reimbursed. During the year ended June 30, 2013, the City paid \$567,016 to the IWF pursuant to this agreement.

### Bass Pro Outdoor World, L.L.C.

On October 22, 2004, the City entered into an agreement with Pottawattamie County, the Iowa West Foundation, the Southwest Iowa Foundation and the Council Bluffs Community Betterment Foundation (CBF) to develop an outdoor world retail facility. The project was financed and constructed by the CBF for use and occupancy by Bass Pro Outdoor World, L.L.C., lessee (Bass Lease). As part of this agreement, the City will own and maintain the facility and issued a \$17,000,000 urban renewal revenue capital loan note to reimburse CBF for some of the project costs. As discussed in Note 4, in February 2011, the City issued a \$14,500,000 urban renewal term loan note to retire the \$17,000,000 urban renewal capital loan note. The term loan note is secured in various forms by the development agreement participants. Pursuant to the agreement, the City established a Trust Account through First National Bank of Omaha as trustee. Deposits into this account include all sources of funding securing the note and all lease payments required under the Bass Lease. Funds in the trust account are to be used to pay real estate tax on the property, retire the urban renewal term loan note and pay operating and maintenance expenses related to the facility. This trust account is reported by the City in the Special Revenue, Bass Pro Fund.

During the year ended June 30, 2013, the City transferred \$787,458 into this fund from the Special Revenue, Tax Increment Financing Fund to fulfill part of its obligation under the agreement.

### City of Council Bluffs Area Chamber of Commerce

On March 26, 2008, the City entered into an agreement with the City of Council Bluffs Area Chamber of Commerce (Chamber of Commerce). As part of the agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts to the Chamber of Commerce for the purpose of promoting the City as both a convention site and a visitor attraction. The City's obligation under this agreement commenced on July 1, 2008 and terminated on June 30, 2013. Pursuant to the agreement, the City is to pay \$400,000 in the first year of the agreement, with a 7.5% increase in funding in each of the following four years.

During the year ended June 30, 2013, the City paid \$534,000 to the Chamber of Commerce as part of its obligation under the agreement.

### **(19) Mid-America Recreation & Convention Complex**

The Mid-America Recreation & Convention Complex (the Complex) provides space for conventions, concerts, sporting events, meetings and other performances. The Complex was built with funding from the Southwest Iowa Foundation and, upon completion, ownership of the Complex was transferred to the City. The City has entered into a management agreement with Harrah's Iowa Arena Management, LLC (Harrahs) to manage the operations of the Complex. The City is contractually obligated to fund all liabilities and expenses of the Complex and periodically provides funding to Harrahs to pay obligations when due. During the year ended June 30, 2013, the City paid \$1,245,000 to Harrahs as part of its obligation under the agreement. Following is a condensed operating statement for activities managed by Harrahs for the year ended June 30, 2013.

Operating revenues:	
Event revenue	\$ 460,045
Retail revenue	1,892,335
Total revenue	<u>2,352,380</u>
Operating expenses:	
Event expenses:	
Cost of sales - events	41,521
Cost of sales - other retail	939,095
Security	31,498
Total event operating expenses	<u>1,012,114</u>
Property expenses:	
Administrative and general	507,365
Facility operations	995,530
Marketing and promotions	387,691
Miscellaneous	178,782
Total property expenses	<u>2,069,368</u>
Total operating expenses	<u>3,081,482</u>
Operating income (loss)	(729,102)
Non-operating expenses:	
Capital outlay	<u>(228,155)</u>
Net income (loss)	<u><u>\$ (957,257)</u></u>

The management agreement between the City and Harrahs provides for Harrahs to earn a management fee equal to 50% of the amount by which the net operating income (loss) for such fiscal year exceeds the net operating loss threshold of \$700,000.

**Management Fee Calculation:**

Net operating loss	\$ (729,102)
Net operating loss threshold	<u>(700,000)</u>
Net operating loss less than net operating loss threshold	<u>\$ (29,102)</u>
50% of the amount the net operating income/loss exceeds the net operating loss threshold	<u>\$ -</u>

**(20) Pending Litigation**

The City is a defendant in two lawsuits for which the probability and amount of loss, if any, is undeterminable.

**(21) Subsequent Event**

On October 17, 2013, a stipulation of dismissal with prejudice was brought before the United States District Court for the Southern District of Iowa, Central Division that dismissed a suit against the City and others. The dismissal with prejudice resulted in a settlement agreement making the City liable for \$6,000,000, plus interest at 1.377% per annum. Per the terms of the agreement, the City must make payments totaling \$2,300,000 in October 2013 and annual payments of \$528,571 on July 1 from 2014 to 2019. A final payment of \$728,574 is to be made on July 1, 2020



**City of Council Bluffs**

REQUIRED  
SUPPLEMENTARY  
INFORMATION



**City of Council Bluffs**

City of Council Bluffs

Budgetary Comparison Schedule  
of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual – Governmental Funds and Enterprise Funds

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Property tax	\$ 38,696,748	-	38,696,748
Tax increment financing	5,251,749	-	5,251,749
Other city tax	17,857,809	-	17,857,809
Licenses and permits	4,213,087	-	4,213,087
Use of money and property	895,147	2,355	897,502
Intergovernmental	13,479,981	-	13,479,981
Charges for service	5,761,464	9,696,692	15,458,156
Special and drainage assessments	292,432	-	292,432
Miscellaneous	7,823,739	523,419	8,347,158
Total receipts	94,272,156	10,222,466	104,494,622
Disbursements:			
Public safety	29,365,778	-	29,365,778
Public works	7,679,021	-	7,679,021
Health and social services	609,935	-	609,935
Culture and recreation	9,517,123	-	9,517,123
Community and economic development	6,743,807	-	6,743,807
General government	15,924,535	-	15,924,535
Debt service	15,011,523	-	15,011,523
Capital projects	17,602,500	-	17,602,500
Business type activities	-	13,464,298	13,464,298
Total disbursements	102,454,222	13,464,298	115,918,520
Excess (deficiency) of receipts over (under) disbursements	(8,182,066)	(3,241,832)	(11,423,898)
Other financing sources (uses), net	18,252,416	7,031,916	25,284,332
Excess of receipts and other financing sources over disbursements and other financing uses	10,070,350	3,790,084	13,860,434
Balance beginning of year	45,235,298	133,466,340	178,701,638
Balance end of year	\$ 55,305,648	137,256,424	192,562,072

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Actual Variance
39,141,100	39,141,100	(444,352)
5,457,333	5,457,333	(205,584)
20,380,575	20,380,575	(2,522,766)
961,850	961,850	3,251,237
393,107	393,107	504,395
16,877,870	16,877,870	(3,397,889)
15,724,680	15,724,680	(266,524)
140,000	140,000	152,432
5,563,500	8,063,500	283,658
104,640,015	107,140,015	(2,645,393)
29,988,554	29,988,554	622,776
7,845,330	7,845,330	166,309
630,072	630,072	20,137
6,748,813	6,748,813	(2,768,310)
9,996,738	9,996,738	3,252,931
10,617,736	14,117,736	(1,806,799)
8,849,635	13,749,635	(1,261,888)
33,300,000	29,140,000	11,537,500
11,056,111	14,256,111	791,813
119,032,989	126,472,989	10,554,469
(14,392,974)	(19,332,974)	7,909,076
14,800,000	19,740,000	5,544,332
407,026	407,026	13,453,408
29,159,329	29,159,329	149,542,309
29,566,355	29,566,355	162,995,717

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City of Council Bluffs

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2013

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 following required public notice and hearing for all funds except Agency Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's budget is prepared on a GAAP basis.

Formal and legal budgetary control is based upon nine major classes of expenditures/expenses 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 expenditures/expenses required to be budgeted include expenditures/expenses for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the aggregated functions level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$7,440,000. This budget amendment is reflected in the final budget amounts.

During the year ended June 30, 2013, expenditures in the culture and recreation, general government and debt service functions exceeded the amounts budgeted.

City of Council Bluffs

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 3,543	3,543	0.00%	\$27,837	12.7%
2011	Jul 1, 2009	-	4,073	4,073	0.00	25,794	15.8
2012	Jul 1, 2011	-	3,800	3,800	0.00	25,611	14.8
2013	Jul 1, 2012	-	3,472	3,472	0.00	25,955	13.4

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.



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City of Council Bluffs

Schedule of Funding Progress for the  
Supplemental Pension Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2008	-	\$ 5,859	5,859	0.00%	\$ 27,837	21.0%
2011	Jul 1, 2010	-	744	744	0.00	25,794	2.9
2012	Jul 1, 2010	-	744	744	0.00	25,611	2.9
2013	Jul 1, 2012	-	763	763	0.00	25,955	2.9

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

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City of Council Bluffs

Schedule of Employer Contributions for the  
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2011	\$ 465,000	40,700	8.8%
2012	427,000	219,000	51.3
2013	367,000	178,000	48.5

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

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City of Council Bluffs  
Schedule of Employer Contributions for the  
Supplemental Pension Plan

Required Supplementary Information

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2011	\$ 95,000	66,600	70.0%
2012	95,000	99,000	104.2
2013	97,000	81,000	83.5

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

# SUPPLEMENTARY INFORMATION



## COMBINING FINANCIAL STATEMENTS

### Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues legally restricted to expenditure for particular purposes.

**The Road Use Tax Fund** accounts for the operation of street maintenance. Financing is provided by the City's share of state gasoline taxes received on a per capita basis.

**The CDBG Grant Fund** accounts for community development grant and other resources to provide resources to community based organizations for program and administrative costs. Funding is provided by federal community development block grants and a portion of the recurring monthly payments from property owners in the program.

**The HOME Program Fund** accounts for loans made to participants in the community home loan program. Ongoing funding for this program is provided by recurring monthly payments of principal and interest from property owners in the program.

**The CDBG Installment Loan Escrow Fund** accounts for costs of property insurance and property taxes on residential properties financed by the community home loan program. Funding for these expenses is provided by a portion of the recurring monthly payments from property owners in the program.

**The Mosquito Creek #22 Fund** accounts for costs of maintenance and operations in the Mosquito Creek drainage district. Funding is provided from assessments to the property owners in the district.

**The Sieck #32 Fund** accounts for costs of maintenance and operations in the Sieck drainage district. Funding is provided from assessments to the property owners in the district.

**The West Lewis #35 Fund** accounts for costs of maintenance and operations in the West Lewis drainage district. Funding is provided from assessments to the property owners in the district.

**The Lake Manawha SSMID Fund** accounts for the maintenance and repair operations of the Lake Manawa special improvement district, a retail and commercial area. Funding is provided by assessments to property owners within the district.

**The Library Memorial and Gifts Fund** accounts for supplemental costs of operations and acquisitions of materials for the Council Bluffs Public Library. Financing for the fund is provided by gifts and memorials from private citizens and organizations.

### Nonmajor Permanent Fund

Permanent Funds are used to report resources legally restricted to the extent only earnings, and not principal, may be used for purposes to support the City's programs.

**The Fairview Cemetery Perpetual Care Fund** accounts for funds received and held for improvements to the Fairview Cemetery.

City of Council Bluffs  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

	Special Revenue				
	CDBG				
	Installment				
	Road Use Tax	CDBG Grant	HOME Program	Loan Escrow	Mosquito Creek #22
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 4,082,530	107,953	219,700	9,542	202,461
Receivables:					
Accounts	3,267	-	-	2,661	-
Special and drainage assessments	-	-	-	-	71,143
Loans	-	659,083	-	-	-
Due from other governments	509,801	220,505	49,348	-	369
Inventories	844,870	-	-	-	-
<b>Total assets</b>	<b>\$ 5,440,468</b>	<b>987,541</b>	<b>269,048</b>	<b>12,203</b>	<b>273,973</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 67,238	24,879	500	3,250	-
Salaries and benefits payable	47,452	6,074	-	-	-
Due to other governments	360	70	22,500	-	-
Deferred revenue	100,000	-	-	-	71,143
Total liabilities	215,050	31,023	23,000	3,250	71,143
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Inventories	844,870	-	-	-	-
Restricted for:					
Street and sewer maintenance and improvements	4,380,548	-	-	-	-
Community development block grant purposes	-	956,518	-	-	-
Other purposes	-	-	246,048	8,953	202,830
Total fund balances	5,225,418	956,518	246,048	8,953	202,830
<b>Total liabilities and fund balances</b>	<b>\$ 5,440,468</b>	<b>987,541</b>	<b>269,048</b>	<b>12,203</b>	<b>273,973</b>

See accompanying independent auditor's report.

Drainage Districts					Permanent	
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total	Fairview Cemetery Perpetual Care	Total
157,670	252,780	150,425	296,782	5,479,843	59,920	5,539,763
-	-	-	-	5,928	-	5,928
35,373	64,560	-	-	171,076	-	171,076
-	-	-	-	659,083	-	659,083
675	3,413	-	91	784,202	-	784,202
-	-	-	-	844,870	-	844,870
193,718	320,753	150,425	296,873	7,945,002	59,920	8,004,922
386	-	45,427	46,074	187,754	-	187,754
-	-	-	-	53,526	-	53,526
-	-	-	-	22,930	-	22,930
35,373	64,560	-	-	271,076	-	271,076
35,759	64,560	45,427	46,074	535,286	-	535,286
-	-	-	-	-	59,920	59,920
-	-	-	-	844,870	-	844,870
-	-	-	-	4,380,548	-	4,380,548
-	-	-	-	956,518	-	956,518
157,959	256,193	104,998	250,799	1,227,780	-	1,227,780
157,959	256,193	104,998	250,799	7,409,716	59,920	7,469,636
193,718	320,753	150,425	296,873	7,945,002	59,920	8,004,922



City of Council Bluffs

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

Year ended June 30, 2013

	Road Use Tax	CDBG Grant	HOME Program	CDBG Installment Loan Escrow	Mosquito Creek #22
Revenues:					
Licenses and permits	\$ 130,425	-	-	-	-
Intergovernmental	6,035,401	720,136	393,480	-	-
Charges for service	5,063	11,567	-	-	-
Special and drainage assessments	48	-	-	-	71,283
Miscellaneous	7,465	27,202	60,714	26,901	-
Total revenues	6,178,402	758,905	454,194	26,901	71,283
Expenditures:					
Operating:					
Public safety	-	-	-	-	24,234
Public works	6,210,340	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	466,895	394,846	26,901	-
General government	556,637	-	-	-	-
Total expenditures	6,766,977	466,895	394,846	26,901	24,234
Excess (deficiency) of revenues over (under) expenditures	(588,575)	292,010	59,348	-	47,049
Other financing sources:					
Operating transfers in	1,022,912	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	434,337	292,010	59,348	-	47,049
Fund balances beginning of year	4,791,081	664,508	186,700	8,953	155,781
Fund balances end of year	\$ 5,225,418	956,518	246,048	8,953	202,830

See accompanying independent auditor's report.

Special Revenue					Permanent	
Drainage Districts					Fairview Cemetery Perpetual Care	Total
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total		
-	-	-	-	130,425	-	130,425
-	-	-	-	7,149,017	-	7,149,017
-	-	-	-	16,630	-	16,630
36,457	64,643	120,001	-	292,432	-	292,432
-	-	-	258,766	381,048	-	381,048
36,457	64,643	120,001	258,766	7,969,552	-	7,969,552
32,116	17,452	-	-	73,802	-	73,802
-	-	-	-	6,210,340	-	6,210,340
-	-	-	279,857	279,857	-	279,857
-	-	85,149	-	973,791	-	973,791
-	-	-	-	556,637	-	556,637
32,116	17,452	85,149	279,857	8,094,427	-	8,094,427
4,341	47,191	34,852	(21,091)	(124,875)	-	(124,875)
-	-	-	-	1,022,912	-	1,022,912
4,341	47,191	34,852	(21,091)	898,037	-	898,037
153,618	209,002	70,146	271,890	6,511,679	59,920	6,571,599
157,959	256,193	104,998	250,799	7,409,716	59,920	7,469,636

**City of Council Bluffs**

## **COMBINING FINANCIAL STATEMENTS**

### **Agency Funds**

Agency Funds account for the receipt and disbursement of various resources collected by the City, acting in the capacity of an agent, for distribution to other governmental units or organizations.

Funds previously accounted for as agency funds were eliminated as of July 1, 2012 and the related activity for these funds is now accounted for in the General Fund.

City of Council Bluffs  
Combining Schedule of Changes in Assets and Liabilities  
Agency Funds

Year ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
Section 8:				
Assets:				
Cash and pooled investments	\$ 20,408	-	20,408	-
Due from other governments	21,731	-	21,731	-
Total assets	<u>\$ 42,139</u>	<u>-</u>	<u>42,139</u>	<u>-</u>
Liabilities:				
Due to other governments	\$ 10,179	-	10,179	-
Trusts payable	31,960	-	31,960	-
Total liabilities	<u>\$ 42,139</u>	<u>-</u>	<u>42,139</u>	<u>-</u>
Municipal Housing:				
Assets:				
Due from other governments	\$ 29,918	-	29,918	-
Liabilities:				
Due to other governments	\$ 29,918	-	29,918	-
Trusts payable	-	-	-	-
Total liabilities	<u>\$ 29,918</u>	<u>-</u>	<u>29,918</u>	<u>-</u>
Total:				
Assets:				
Cash and pooled investments	\$ 20,408	-	20,408	-
Due from other governments	51,649	-	51,649	-
Total assets	<u>\$ 72,057</u>	<u>-</u>	<u>72,057</u>	<u>-</u>
Liabilities:				
Due to other governments	\$ 40,097	-	40,097	-
Trusts payable	31,960	-	31,960	-
Total liabilities	<u>\$ 72,057</u>	<u>-</u>	<u>72,057</u>	<u>-</u>

See accompanying independent auditor's report.

**City of Council Bluffs**

City of Council Bluffs

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Funds

For the Last Ten Years

				Modified
	2013	2012	2011	2010
Revenues:				
Property tax	\$ 38,696,748	38,829,292	37,867,393	37,103,962
Tax increment financing	5,251,749	4,780,170	6,059,684	3,222,809
Other city tax	17,857,809	17,790,350	17,937,503	15,726,929
Licenses and permits	4,213,087	3,529,560	3,289,876	3,199,381
Use of money and property	895,147	829,778	922,502	968,615
Intergovernmental	13,479,981	25,879,633	20,417,261	13,957,826
Charges for service	5,761,464	3,295,521	3,561,999	3,543,339
Special and drainage assessments	292,432	295,695	161,225	341,278
Miscellaneous	7,823,739	12,459,968	6,059,423	7,399,559
Total	\$ 94,272,156	107,689,967	96,276,866	85,463,698
Expenditures:				
Operating:				
Public safety	\$ 29,365,778	28,235,501	27,054,108	25,267,311
Public works	7,679,021	5,945,192	7,116,807	6,354,312
Health and social services	609,935	584,156	544,420	524,986
Culture and recreation	9,517,123	6,347,573	6,188,577	6,029,643
Community and economic development	6,743,807	5,399,216	5,525,461	4,346,981
General government	15,924,535	26,036,435	13,862,324	10,022,944
Debt service	15,011,523	9,346,212	9,471,774	12,631,833
Capital projects	17,602,500	21,841,438	33,015,979	29,890,156
Total	\$ 102,454,222	103,735,723	102,779,450	95,068,166

See accompanying independent auditor's report.

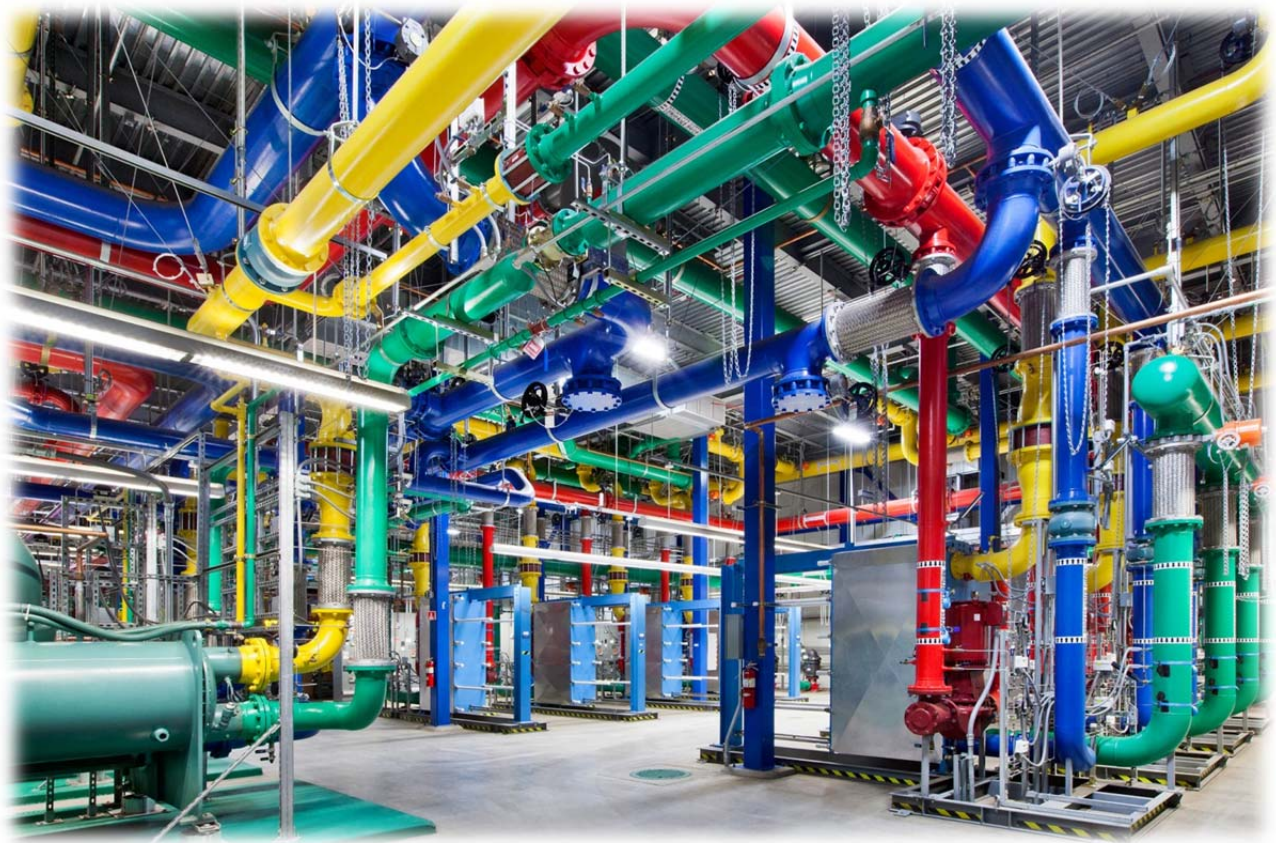
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**City of Council Bluffs**

# STATISTICAL SECTION



**Served by abundant utility capacity, Council Bluffs attracts major investment by technology companies within its city limits and the greater community.**



City of Council Bluffs

Statistical Section

Table of Contents

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

<b><u>Contents</u></b>	<b><u>Schedule</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-14
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17-19

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

City of Council Bluffs

Net Position by Component  
For the Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2013	2012	2011	2010
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 242,739,159	239,751,252	231,096,351	219,535,725
Restricted	30,005,228	35,772,486	30,061,361	23,003,392
Unrestricted	(7,197,379)	(7,121,573)	(10,787,191)	(263,805)
Total governmental activities net position	\$ 265,547,008	268,402,165	250,370,521	242,275,312
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 131,121,021	131,806,236	128,435,537	118,755,228
Unrestricted	6,135,403	1,660,104	2,448,896	5,261,436
Total business-type activities net position	\$ 137,256,424	133,466,340	130,884,433	124,016,664
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 373,860,180	371,557,488	359,531,888	338,290,953
Restricted	30,005,228	35,772,486	30,061,361	23,003,392
Unrestricted	(1,061,976)	(5,461,469)	(8,338,295)	4,997,631
Total primary government net position	\$ 402,803,432	401,868,505	381,254,954	366,291,976

\* Fiscal year 2004 amounts reported include a prior period adjustment made in 2005, to correct the valuation of and reporting for certain capital assets.

\*\* Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

\*\*\* Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.

<b>Fiscal Year</b>					
<b>2009***</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005**</b>	<b>2004*</b>
212,224,136	191,101,228	173,378,490	159,110,952	139,458,058	132,289,727
21,301,756	18,082,904	17,765,773	12,939,617	12,231,403	12,108,559
(4,916,787)	(4,506,740)	758,509	3,175,451	6,383,483	6,020,750
228,609,105	204,677,392	191,902,772	175,226,020	158,072,944	150,419,036
107,488,837	101,199,118	99,533,684	88,862,559	75,903,874	72,636,253
9,469,103	6,804,540	4,146,969	5,325,013	4,259,157	4,590,413
116,957,940	108,003,658	103,680,653	94,187,572	80,163,031	77,226,666
319,712,973	292,300,346	272,912,174	247,973,511	215,361,932	204,925,980
21,301,756	18,082,904	17,765,773	12,939,617	12,231,403	12,108,559
4,552,316	2,297,800	4,905,478	8,500,464	10,642,640	10,611,163
345,567,045	312,681,050	295,583,425	269,413,592	238,235,975	227,645,702

City of Council Bluffs

Changes in Net Position  
For the Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2013	2012	2011	2010
<b>Expenses</b>				
Governmental activities:				
Public safety	\$ 30,176,722	28,913,039	28,501,970	26,540,090
Public works	13,994,363	12,088,663	12,492,324	11,298,900
Health and social services	649,660	516,001	573,385	550,421
Culture and recreation	11,472,144	8,733,154	11,915,556	8,348,868
Community and economic development	10,053,869	7,809,473	7,816,996	6,801,616
General government	21,785,632	26,117,159	14,435,524	10,959,589
Interest on long term debt	1,320,753	2,057,277	2,119,475	2,158,068
Total governmental activities expenses	89,453,143	86,234,766	77,855,230	66,657,552
Business-type activities:				
Sewer system and sewage disposal	8,511,229	8,468,164	8,325,469	7,231,802
Refuse and disposal	4,953,069	4,895,323	4,652,239	4,518,258
Other	-	-	-	67,195
Total business type activities expenses	13,464,298	13,363,487	12,977,708	11,817,255
Total primary government expenses	\$ 102,917,441	99,598,253	90,832,938	78,474,807
<b>Program revenues</b>				
Governmental activities:				
Charges for service:				
Public safety	\$ 3,714,888	3,911,323	3,783,890	4,320,041
Public works	426,878	259,818	432,461	467,447
Health and social services	223,651	106,368	75,729	106,412
Culture and recreation	3,735,755	1,176,034	1,366,821	1,525,874
Community and economic development	788,312	785,428	816,575	797,523
General government	4,351,014	3,686,329	2,888,110	3,575,089
Interest on long term debt	-	-	-	108,432
Operating grants and contributions	10,902,095	22,012,492	12,021,377	10,296,448
Capital grants and contributions	3,891,282	11,925,631	10,968,177	10,812,521
Total governmental activities program revenues	28,033,875	43,863,423	32,353,140	32,009,787
Business type activities:				
Charges for service:				
Sanitary sewer	5,219,683	5,033,254	5,290,548	5,452,663
Refuse and disposal	5,000,428	5,458,948	5,211,310	4,654,118
Other	-	-	-	41,479
Operating grants and contributions	-	-	33,257	247,134
Capital grants and contributions	2,182,683	750,000	369,760	-
Total business type activities program revenues	12,402,794	11,242,202	10,904,875	10,395,394
Total primary government program revenues	\$ 40,436,669	55,105,625	43,258,015	42,405,181
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (61,419,268)	(42,371,343)	(45,502,090)	(34,647,765)
Business type activities	(1,061,504)	(2,121,285)	(2,072,833)	(1,421,861)
Total primary government net expense	\$ (62,480,772)	(44,492,628)	(47,574,923)	(36,069,626)

2009	2008	2007	2006	2005	2004
25,796,311	23,825,855	24,790,690	23,367,537	22,792,665	21,798,898
11,071,569	13,486,989	9,946,764	12,179,474	11,435,866	10,280,196
563,295	561,859	471,757	497,478	1,195,682	1,068,002
9,504,036	7,748,286	6,718,057	6,407,003	7,152,050	3,860,420
7,514,563	7,531,592	5,907,016	14,411,811	5,894,143	2,596,923
10,555,074	10,914,762	10,385,104	6,346,367	6,200,773	3,324,701
2,611,834	3,110,714	3,061,451	2,857,508	2,498,456	2,539,452
67,616,682	67,180,057	61,280,839	66,067,178	57,169,635	45,468,592
8,560,437	7,220,114	7,019,179	6,608,528	6,013,604	5,568,417
4,386,055	3,742,452	3,481,343	3,329,798	3,287,588	3,107,329
2,500	-	-	-	-	-
12,948,992	10,962,566	10,500,522	9,938,326	9,301,192	8,675,746
80,565,674	78,142,623	71,781,361	76,005,504	66,470,827	54,144,338
3,059,464	3,586,990	3,520,866	3,432,067	2,442,490	2,384,158
927,074	726,469	661,459	439,964	766,126	538,464
51,734	154,897	36,552	21,127	174,939	213,718
1,467,869	1,324,002	1,309,207	1,412,165	1,371,588	1,270,990
853,071	852,390	1,148,270	421,634	231,229	149,325
3,448,875	3,616,649	3,492,144	2,149,103	2,535,926	2,690,449
-	-	-	-	85,327	-
11,473,259	11,214,539	10,062,512	11,882,076	9,049,800	8,383,880
22,074,207	9,544,137	16,089,488	31,289,080	8,119,602	72,109,552
43,355,553	31,020,073	36,320,498	51,047,216	24,777,027	87,740,536
5,292,190	5,505,772	5,415,260	5,447,587	5,021,719	4,811,661
4,595,669	3,590,140	3,458,983	3,296,649	3,287,687	2,893,281
28,216	-	-	-	-	-
369,002	144,871	80,102	163,922	219,770	65,089
2,732,966	-	2,547,231	4,318,634	661,474	3,430,090
13,018,043	9,240,783	11,501,576	13,226,792	9,190,650	11,200,121
56,373,596	40,260,856	47,822,074	64,274,008	33,967,677	98,940,657
(24,261,129)	(36,159,984)	(24,960,341)	(15,019,962)	(32,392,608)	42,271,944
69,051	(1,721,783)	1,001,054	3,288,466	(110,542)	2,524,375
(24,192,078)	(37,881,767)	(23,959,287)	(11,731,496)	(32,503,150)	44,796,319



City of Council Bluffs

Changes in Net Position  
For the Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(continued)

	2013	2012	2011	2010
<b>General revenue and other changes in net position</b>				
Governmental activities:				
Property tax levied for general purposes	\$ 31,858,165	32,146,836	30,867,270	29,870,765
Property tax levied for debt service	6,940,528	6,706,224	7,006,599	7,210,156
Tax increment financing	5,251,542	4,780,377	6,058,673	3,223,820
Local option sales tax	7,911,136	8,410,893	8,589,061	7,024,557
Hotel motel tax	2,539,232	2,579,387	2,269,329	2,200,766
Gaming wager tax	3,539,033	3,695,712	3,670,039	3,821,147
Other city tax	3,463,114	3,646,472	3,543,543	2,700,871
Unrestricted investment earnings	238,082	168,082	279,466	341,243
Miscellaneous	1,672,512	2,967,288	116,206	91,724
Gain on disposition of capital assets	-	-	-	-
Transfers	(4,849,233)	(4,698,284)	(8,802,887)	(11,320,521)
Total governmental activities	58,564,111	60,402,987	53,597,299	45,164,528
Business type activities:				
Local option sales tax	-	-	-	-
Unrestricted investment earnings	-	-	180	1,423
Miscellaneous	2,355	2,355	10,397	85,790
Gain (loss) on sale of assets	-	2,553	127,138	-
Transfers	4,849,233	4,698,284	8,802,887	11,320,521
Total business type activities	4,851,588	4,703,192	8,940,602	11,407,734
Total primary government	\$ 63,415,699	65,106,179	62,537,901	56,572,262
<b>Changes in Net Position</b>				
Governmental activities	\$ (2,855,157)	18,031,644	8,095,209	10,516,763
Business type activities	3,790,084	2,581,907	6,867,769	9,985,873
Total primary government	\$ 934,927	20,613,551	14,962,978	20,502,636

\* Fiscal year 2004 amounts reported include a prior period adjustment made in 2005 to correct the valuation of and reporting for certain capital assets.

\*\* Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

\*\*\* Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.

2009***	2008	2007	2006	2005**	2004*
26,464,281	25,273,906	24,034,452	22,497,883	21,105,126	19,663,475
6,804,838	6,584,767	6,220,880	5,783,551	5,698,312	5,797,342
4,983,734	3,548,580	1,384,337	1,230,247	902,756	794,607
3,540,379	3,814,009	2,032,485	1,435,178	2,909,653	2,815,048
2,263,735	2,328,532	2,151,729	2,062,865	1,719,166	1,761,773
4,199,317	4,469,440	4,798,056	4,988,435	4,879,035	4,492,079
3,174,102	2,739,342	2,711,601	2,926,783	2,706,908	2,463,128
733,812	771,465	1,256,656	796,565	478,686	198,245
132,778	58,645	114,552	869,830	1,847,941	1,963,644
-	26,093	105,709	-	-	-
(4,104,134)	(680,175)	(3,173,334)	(1,777,675)	3,089,805	(2,081,606)
48,192,842	48,934,604	41,637,123	40,813,662	45,337,388	37,867,735
4,646,303	3,492,325	5,252,871	6,810,075	4,116,833	3,711,052
49,787	66,324	32,822	-	-	-
82,562	133,170	33,000	-	194,729	627,339
2,445	1,672,794	-	1,226	-	(810,216)
4,104,134	680,175	3,173,334	1,777,675	(3,089,805)	2,081,606
8,885,231	6,044,788	8,492,027	8,588,976	1,221,757	5,609,781
57,078,073	54,979,392	50,129,150	49,402,638	46,559,145	43,477,516
23,931,713	12,774,620	16,676,782	25,793,700	12,944,780	80,139,679
8,954,282	4,323,005	9,493,081	11,877,442	1,111,215	8,134,156
32,885,995	17,097,625	26,169,863	37,671,142	14,055,995	88,273,835

City of Council Bluffs

Fund Balances of Governmental Funds  
For the Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2013	2012	2011	2010
<b>General fund</b>				
Unreserved	\$ -	-	-	2,727,002
Reserved	-	-	-	12,639,788
Nonspendable	1,817,606	1,814,002	2,814,123	-
Restricted	5,681,823	8,976,226	7,125,557	-
Unassigned	14,793,480	13,158,934	10,859,733	-
Total general fund	\$ 22,292,909	23,949,162	20,799,413	15,366,790
<b>All other government funds</b>				
Reserved	\$ -	-	-	6,662,488
Unreserved, reported in:				
Special revenue funds	-	-	-	17,211,816
Debt service funds	-	-	-	(271,325)
Capital project funds	-	-	-	(3,673,134)
Nonspendable	904,790	1,121,924	1,189,228	-
Restricted	32,107,949	26,298,322	23,406,432	-
Unassigned	-	(6,134,110)	(8,275,436)	-
Total all other government funds	\$ 33,012,739	21,286,136	16,320,224	19,929,845

Fiscal Year					
2009	2008	2007	2006	2005	2004
2,543,090	2,536,773	2,561,128	2,216,550	1,816,004	453,426
7,710,769	8,538,408	7,553,502	5,508,843	3,712,845	4,497,598
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,253,859	11,075,181	10,114,630	7,725,393	5,528,849	4,951,024
13,998,654	17,843,931	13,790,062	1,857,415	2,056,696	3,394,573
15,814,057	11,734,490	7,325,141	6,951,890	5,708,205	5,738,200
-	-	-	-	-	-
1,640,977	665,266	2,775,806	9,122,810	10,212,432	6,893,818
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,453,688	30,243,687	23,891,009	17,932,115	17,977,333	16,026,591

City of Council Bluffs

Changes in Fund Balances of Governmental Funds  
For the Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2013	2012	2011	2010
Revenues:				
Property tax	\$ 38,696,748	38,829,292	37,867,393	37,103,962
Tax increment financing	5,251,749	4,780,170	6,059,684	3,222,809
Other taxes	17,857,809	17,790,350	17,937,503	15,726,929
Licenses and permits	4,213,087	3,529,560	3,289,876	3,199,381
Use of money and property	895,147	829,778	922,602	968,615
Intergovernmental	13,479,981	25,879,633	20,417,261	13,332,409
Charges for service	5,761,464	3,295,521	3,561,999	3,543,339
Special and drainage assessments	292,432	295,695	161,225	341,278
Miscellaneous	7,823,739	12,459,968	6,059,423	7,399,559
Total revenue	94,272,156	107,689,967	96,276,966	84,838,281
Expenditures:				
Current:				
Public safety	29,365,778	28,235,501	27,054,108	25,267,311
Public works	7,679,021	5,945,192	7,116,807	6,354,312
Health and social services	609,935	584,156	544,420	524,986
Culture and recreation	9,517,123	6,347,573	6,188,577	6,029,643
Community and economic development	6,743,807	5,399,216	5,525,461	4,346,981
General government	15,924,535	26,036,435	13,862,324	10,022,944
Debt service				
Principal	12,746,667	7,161,667	7,354,755	10,374,393
Interest	1,989,654	2,063,224	2,077,776	2,171,805
Debt related expense	275,202	121,321	39,243	85,635
Capital projects	17,602,500	21,841,438	33,015,979	29,890,156
Total expenditures	102,454,222	103,735,723	102,779,450	95,068,166
Excess (deficit) of revenue over (under) expenditures	(8,182,066)	3,954,244	(6,502,484)	(10,229,885)
Other financing sources (uses)				
General obligation bonds issued	14,880,000	3,165,000	7,300,000	3,685,000
General obligation capital loan notes issued	2,535,000	4,095,000	-	-
Premium (discount) on general obligation bonds/notes issued	949,057	109,056	(5,981)	60,965
Urban renewal note issued	-	-	14,500,000	-
HUD loan proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Capital lease purchase agreement	-	-	-	-
General obligation bonds/notes refunded	-	(3,165,000)	-	(3,700,000)
Urban renewal revenue note redeemed	-	-	(14,326,210)	-
Operating transfers in	9,028,345	10,910,089	9,870,682	15,429,490
Operating transfers out	(9,139,986)	(10,952,728)	(9,012,905)	(14,583,631)
Total other financing sources (uses)	18,252,416	4,161,417	8,325,586	891,824
Net change in fund balances	\$ 10,070,350	8,115,661	1,823,102	(9,338,061)
Debt service as a percentage of noncapital expenditures	16.0%	10.5%	11.3%	16.0%

2009	2008	2007	2006	2005	2004
33,308,384	31,830,399	30,233,157	28,381,903	26,346,058	24,963,919
4,983,734	3,548,580	1,384,337	1,230,247	902,756	794,607
13,203,713	13,325,303	11,720,071	11,413,261	12,687,008	12,023,106
3,345,559	3,455,394	3,510,264	1,051,748	1,176,222	982,507
1,422,391	1,795,827	2,073,470	1,624,075	818,897	388,327
10,693,866	16,273,844	12,020,294	12,479,002	12,739,275	12,374,149
3,827,025	3,298,632	3,317,768	3,819,763	3,284,574	3,145,863
220,241	210,925	203,542	111,622	1,034	1,374
6,319,096	7,756,828	10,863,550	11,684,092	6,591,318	4,401,510
77,324,009	81,495,732	75,326,453	71,795,713	64,547,142	59,075,362
24,800,095	24,185,898	24,010,444	23,582,483	22,882,165	21,331,574
6,974,369	7,113,721	6,826,252	8,313,984	9,706,538	10,796,327
515,800	503,210	488,102	508,110	1,196,578	1,429,313
7,180,312	5,685,981	5,349,274	5,219,482	4,602,801	4,629,009
5,181,333	4,144,240	3,481,043	22,419,715	5,027,689	2,914,913
9,146,234	9,620,991	9,426,637	5,298,251	4,967,337	5,375,981
9,518,793	8,587,544	7,793,266	6,955,077	12,802,500	5,345,875
2,604,476	3,185,539	3,199,372	2,814,874	2,450,482	2,497,401
24,157	4,800	13,471	64,445	51,450	45,833
19,216,601	21,197,403	21,149,556	18,272,003	12,150,551	8,498,096
85,162,170	84,229,327	81,737,417	93,448,424	75,838,091	62,864,322
(7,838,161)	(2,733,595)	(6,410,964)	(21,652,711)	(11,290,949)	(3,788,960)
9,600,000	7,615,000	11,115,000	8,220,000	10,655,000	4,500,000
-	-	-	-	-	-
16,484	51,081	139,475	46,214	-	-
-	-	-	17,000,000	-	-
-	750,000	-	-	-	-
-	30,505	197,372	-	26,826	-
120,302	154,651	107,353	-	83,936	-
(2,400,000)	-	-	(3,825,000)	-	-
-	-	-	-	-	-
18,290,724	15,721,160	18,125,900	15,510,709	20,632,796	12,161,797
(17,400,670)	(14,275,573)	(14,926,005)	(13,147,886)	(17,579,042)	(14,243,403)
8,226,840	10,046,824	14,759,095	23,804,037	13,819,516	2,418,394
388,679	7,313,229	8,348,131	2,151,326	2,528,567	(1,370,566)
17.1%	17.0%	16.7%	14.1%	24.7%	17.9%

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City of Council Bluffs

Governmental Activities Tax Revenues By Source  
For the Last Ten Fiscal Years

Fiscal Year	Property Tax	Tax Increment Financing	Local Option Sales Tax *	Hotel Motel Tax	Utility Excise Tax
2004	\$25,460,817	794,607	2,815,048	1,761,773	2,358,870
2005	26,803,438	902,756	2,909,653	1,719,166	2,406,477
2006	28,281,434	1,230,247	1,435,178	2,062,865	2,421,693
2007	30,255,332	1,384,337	2,032,485	2,151,729	2,471,168
2008	31,858,673	3,548,580	3,814,009	2,328,532	2,464,338
2009	33,269,119	4,983,734	3,540,379	2,263,735	3,195,266
2010	37,080,921	3,223,820	7,024,557	2,200,766	3,324,177
2011	37,867,393	6,058,673	8,589,061	2,269,329	3,312,717
2012	38,853,060	4,780,377	8,410,893	2,579,387	3,373,996
2013	38,798,693	5,251,542	7,911,136	2,539,232	3,374,122

\* For fiscal year 2004 through 2009, local option sales tax was also recorded in business type activities as follows:

2004	3,711,052
2005	4,116,823
2006	6,810,075
2007	5,252,871
2008	3,492,325
2009	4,646,303

Gaming Wager Tax	Pari-mutuel Wager Tax	Total
4,492,079	110,606	37,793,800
4,879,035	99,601	39,720,126
4,988,435	92,940	40,512,792
4,798,056	94,659	43,187,766
4,469,440	96,715	48,580,287
4,199,317	72,282	51,523,832
3,821,147	35,784	56,711,172
3,670,039	96,357	61,863,569
3,695,712	135,659	61,829,084
3,539,033	88,992	61,502,750



City of Council Bluffs

Assessed and Taxable Value of Property  
For the Last Nine Years  
(Expressed in Millions)

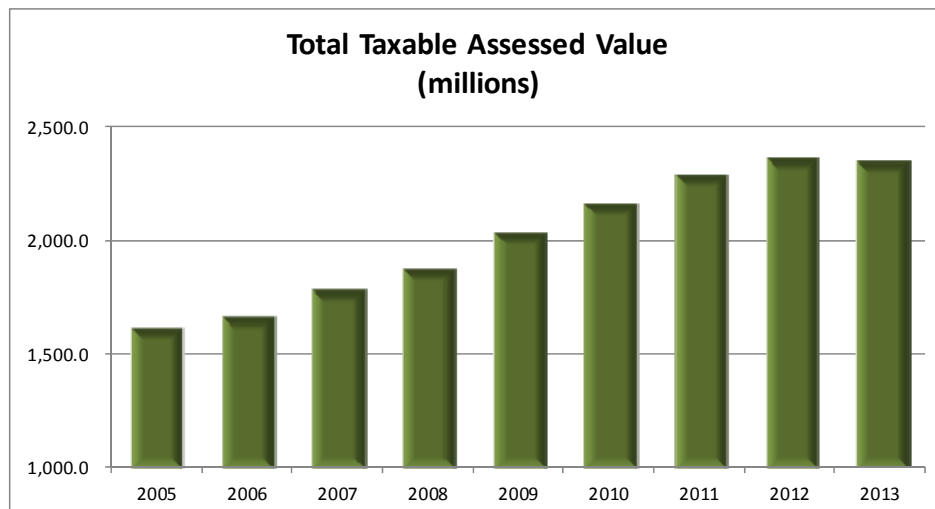
Assessment Date January 1,	Fiscal Year Ended June 30,	Residential	Commercial	Industrial	Railroad	Utilities
2003	2005	\$ 786.1	622.9	51.5	8.6	159.6
2004	2006	800.1	654.5	59.2	8.4	152.1
2005	2007	883.7	681.0	60.9	8.9	161.5
2006	2008	902.6	739.7	73.8	9.5	160.0
2007	2009	964.8	797.5	69.0	9.7	206.0
2008	2010	1,016.8	867.8	71.5	9.4	208.3
2009	2011	1,060.7	950.1	76.4	10.2	202.0
2010	2012	1,107.1	970.5	77.2	11.0	209.3
2011	2013	1,106.9	954.8	73.5	13.0	208.6

Source: Pottawattamie County Assessor and City of Council Bluffs budget.

Does not include tax-exempt property.

Data for fiscal year 2004 is not presented as it was not readily available.

\* Tax rates are per \$1,000 of taxable valuation



<u>Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate *</u>	<u>Total Assessed Value</u>	<u>Total Taxable Value as % of Assessed Value</u>
(7.1)	1,621.6	\$ 17.7667	2,495.4	65.0%
(6.9)	1,667.4	18.3940	2,590.5	64.4%
(6.8)	1,789.2	18.2940	2,893.1	61.8%
(6.7)	1,878.9	18.1900	3,098.8	60.6%
(6.6)	2,040.4	18.0879	4,428.8	46.1%
(6.5)	2,167.3	17.9732	4,142.7	52.3%
(6.4)	2,293.0	17.8511	4,367.6	52.5%
(6.3)	2,368.8	17.8511	4,352.6	54.4%
(6.2)	2,350.6	17.8504	4,253.2	55.3%

City of Council Bluffs  
Property Tax Rates  
Direct and Overlapping Governments  
For the Last Eight Fiscal Years

Fiscal Year ended	City of Council Bluffs, Iowa			Overlapping Pottawattamie County, Iowa		
	Operating Levy Rate *	Debt Service Levy Rate *	Total City Levy Rate *	Operating Levy Rate *	Debt Service Levy Rate *	Total County Levy Rate *
2006	\$ 14.7140	3.6800	18.3940	6.7036	0.4234	7.1270
2007	14.6140	3.6800	18.2940	6.6192	0.3854	7.0046
2008	14.5900	3.6000	18.1900	6.5521	0.3653	6.9174
2009	14.5879	3.5000	18.0879	6.4546	0.5352	6.9898
2010	14.5120	3.4612	17.9732	6.4472	0.8319	7.2791
2011	14.7430	3.1081	17.8511	6.4621	0.9279	7.3900
2012	14.9121	2.9390	17.8511	6.5070	0.8674	7.3744
2013	14.8234	3.0270	17.8504	6.6585	0.8595	7.5180
Year Over Year Change in Levy Rate	City of Council Bluffs			Pottawattamie County	Council Bluffs Community Schools	
2006	3.5%			3.1%	4.2%	
2007	-0.5%			-1.7%	4.6%	
2008	-0.6%			-1.2%	0.9%	
2009	-0.6%			1.0%	0.7%	
2010	-0.6%			4.1%	0.0%	
2011	-0.7%			1.5%	10.6%	
2012	0.0%			-0.2%	0.0%	
2013	0.0%			1.9%	-7.7%	

Source: City of Council Bluffs tax rates from the Iowa Department of Management tax levy certification reports;  
County Auditor tax levy reports; Pottawattamie County - other overlapping jurisdictions.  
Data for fiscal years 2004 and 2005 is not presented as it was not readily available.

\* Per \$1,000 of taxable valuation

Rates				
Council Bluffs Community School District				
Operating Levy Rate *	Debt Service Levy Rate *	Total (CB) School Levy Rate *	Iowa Western Comm. College and other levies *	Total Direct & Overlapping Levy Rates *
15.0700	0.7400	15.8100	1.1929	42.5239
15.8600	0.6700	16.5300	1.0644	42.8930
16.0449	0.6320	16.6769	1.3002	43.0845
16.1872	0.6135	16.8007	1.2064	43.0848
16.1500	0.6503	16.8003	1.2705	43.3231
18.0591	0.5273	18.5864	1.1381	44.9656
18.0768	0.5084	18.5852	1.1498	44.9605
16.6510	0.5066	17.1576	1.4623	43.9883
All Other Levies		Total Tax Levy		
4.5%		3.7%		
-10.8%		0.9%		
22.2%		0.4%		
-7.2%		0.0%		
5.3%		0.6%		
-10.4%		3.8%		
1.0%		0.0%		
27.2%		-2.2%		

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City of Council Bluffs

Principal Area Taxpayers  
Current Year and Nine Years Ago  
(Expressed in Millions)

Taxpayer	Also Known As	2013				
		Assessed Value 01/01/2011	Total Tax Paid	Rank	% of Total Assessed Value	% of Total City Tax Collections
Mid American Energy		\$ 148.0	6.07	1	6.30%	9.87%
HBR Reality Company, Inc.	Horseshoe Casino	94.0	3.90	2	4.00%	6.34%
Ameristar Casino		61.5	2.71	3	2.62%	4.41%
Harveys Iowa Management Company	Harrahs Casino	54.9	2.38	4	2.34%	3.87%
Bass Pro Shops		25.6	1.20	5	1.09%	1.95%
KIMCO Metro Crossing		23.5	0.94	6	1.00%	1.53%
Dearborn Properties	Mall of the Bluffs	22.5	0.99	7	0.96%	1.61%
Tetra LLC	Google	22.0	0.87	8	0.94%	1.41%
Blue Star Foods Inc.	Conagra	18.7	0.77	9	0.80%	1.25%
Black Hills Corporation	Black Hills Energy	13.3	0.58	10	0.57%	0.94%
Walmart		-	-	-	-	-
QWEST Communications		-	-	-	-	-
Griffin Pipe		-	-	-	-	-

Source of 2013 data: Series 2012A Official Statement dated September 15, 2012.

Source of 2004 data: Series 2005A - Official Statement dated April 14, 2005

adjusted for subsequent business combinations.

Tax paid data for fiscal year 2004 is not presented as it was not readily available.

2004			
Assessed Value		Rank	% of Total
01/01/2002			Assessed Value
\$	114.8	1	5.08%
	24.8	5	1.10%
	62.8	2	2.78%
	51.9	3	2.30%
	-	-	-
	-	-	-
	38.0	4	1.68%
	-	-	-
	8.5	8	0.38%
	15.4	6	0.68%
	8.1	9	0.36%
	8.9	7	0.39%
	8.0	10	0.35%

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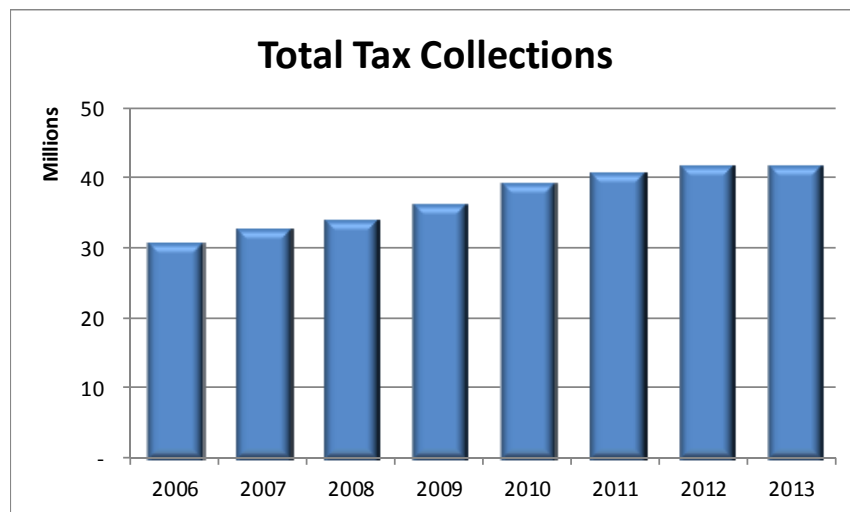
City of Council Bluffs  
Property Tax Levies and Collections  
For the Last Eight Fiscal Years  
(Expressed in Millions)

Assessment Date of January 1,	Fiscal Year Ended	Total Tax Levy	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	% Collected - Trailing Three Years
1/1/2004	2006	30.79	30.99	100.6%	-
1/1/2005	2007	34.69	33.00	95.1%	-
1/1/2006	2008	34.52	34.45	99.8%	98.4%
1/1/2007	2009	37.27	36.71	98.5%	97.8%
1/1/2008	2010	39.36	39.64	100.7%	99.7%
1/1/2009	2011	41.45	41.19	99.4%	99.5%
1/1/2010	2012	42.79	42.22	98.7%	99.6%
1/1/2011	2013	42.51	42.17	99.2%	99.1%

\* Taxable valuations can be found in Schedule 6.

\*\* Tax Levy rates can be found in Schedule 7.

Data for fiscal years 2004 and 2005 is not presented as it was not readily available.



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Year Over Year Change in Levied Taxes	Year Over Year Change In Taxable Valuation *	Year Over Year Change in City Levy Tax Rate **
-	2.8%	3.50%
12.7%	7.3%	-0.5%
-0.5%	5.0%	-0.6%
8.0%	8.6%	-0.6%
5.6%	6.2%	-0.6%
5.3%	5.8%	-0.7%
3.2%	3.3%	0.0%
-0.7%	-0.8%	0.0%



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City of Council Bluffs

Ratios of Outstanding Debt by Type  
For the Last Ten Fiscal Years  
(Expressed in Millions)

Fiscal year ended June 30,	Governmental Activities				
	General Obligation Bonds	General Obligation Notes	Capital Leases	Urban Renewal Term Loan Note	Other Debt
2004	22.86	31.54	-		-
2005	28.96	23.29	0.08		-
2006	34.52	19.18	0.07	16.76	-
2007	41.00	17.05	0.13	16.26	-
2008	43.83	13.78	0.21	15.73	0.75
2009	46.49	9.36	0.25	15.17	0.73
2010	39.93	6.12	0.14	14.58	0.72
2011	43.49	3.00	0.06	14.26	0.70
2012	38.02	6.37	-	13.29	0.69
2013	41.85	8.17	-	12.33	6.68

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

\* Personal income and population data can be found in Schedule 15, Demographic and Economic Statistics. These rates are calculated using personal income and population for the prior calendar year.

Business Type Activities				Total Primary Government	Percentage of Personal Income*	Debt Per Capita*	Per Capita Income*
General Obligation Bonds	General Obligation Notes	Revenue Capital Loan Notes	Capital Leases				
-	2.00	-	-	56.40	2.73%	961	36,956
-	5.35	-	-	57.68	2.64%	977	38,164
1.22	-	-	-	71.75	3.16%	1,207	40,476
0.48	-	-	0.14	75.06	3.08%	1,245	42,231
0.23	-	-	0.07	74.60	2.95%	1,245	43,988
-	-	-	-	72.10	2.72%	1,195	41,505
-	-	-	-	61.57	2.46%	1,020	42,606
-	-	-	-	61.56	2.32%	989	44,470
-	-	-	-	58.40	2.10%	935	44,470
-	-	4.97	-	74.00	2.68%	1,191	-

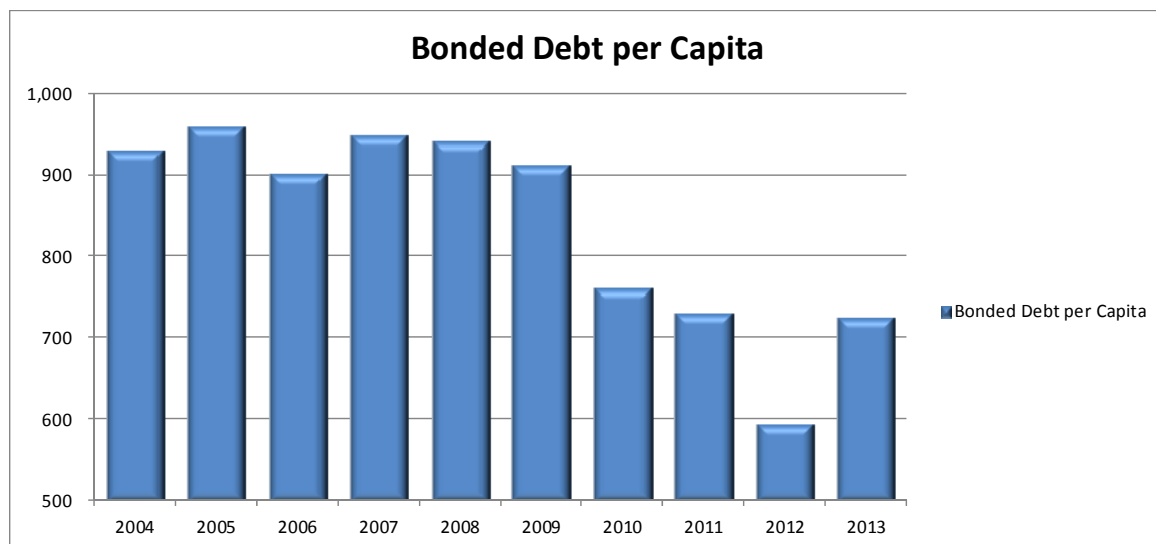
## City of Council Bluffs

Ratios of General Bonded Debt Outstanding  
For the Last Ten Fiscal Years  
(Expressed in Millions)

Fiscal year ended June 30,	General Obligation Bonds/Notes	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Total Taxable Assessed Value	Net Bonded Debt as % of Assessed Value	Net Bonded Debt per Capita	Population*
2004	\$ 56.40	1.70	54.70	1,630.3	3.36%	933	58,656
2005	57.60	0.77	56.83	1,621.6	3.50%	962	59,062
2006	54.92	1.15	53.77	1,667.3	3.22%	904	59,453
2007	58.53	1.24	57.29	1,789.2	3.20%	951	60,271
2008	57.84	1.26	56.58	1,878.8	3.01%	944	59,944
2009	55.85	0.72	55.13	2,040.4	2.70%	914	60,318
2010	46.05	-	46.05	2,167.3	2.12%	763	60,391
2011	46.49	0.96	45.53	2,292.9	1.99%	732	62,230
2012	44.39	7.13	37.26	2,368.8	1.57%	596	62,466
2013	50.02	4.86	45.16	2,350.6	1.92%	727	62,115

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

\* Population can be found Schedule 15, Demographic and Economic Statistics.



## City of Council Bluffs

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

(Expressed in Millions)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Council Bluffs direct debt	\$ 69.03	100.00%	\$ 69.03
Overlapping:			
Pottawattamie County	18.99	57.0%	10.82
Council Bluffs Community Schools	76.56	92.8%	71.05
Lewis Central Community Schools	12.06	68.3%	8.24
Iowa Western Community College	79.33	30.5%	24.20
Subtotal, overlapping debt	186.94		114.31
Total direct and overlapping debt	\$ 255.97		\$ 183.34

Source: Pottawattamie County Auditor

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

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City of Council Bluffs

Legal Debt Margin Information  
For the Last Ten Fiscal Years  
(Expressed in Millions)

	2013	2012	2011	2010
Debt Limit	\$ 212.66	217.63	218.89	207.13
Total net debt applicable to limit	79.22	69.33	81.30	70.59
Legal debt margin	\$ 133.44	148.30	137.59	136.54
Total net debt applicable to the limit as a percentage of debt limit	37.3%	31.9%	37.1%	34.1%

Note: Under the State of Iowa Constitution, the City's outstanding general obligation debt shall not exceed 5% of total assessed property value.

2009	2008	2007	2006	2005	2004
221.44	155.49	145.21	144.99	124.72	121.68
79.26	83.17	87.14	70.46	71.32	54.42
142.18	72.32	58.07	74.53	53.40	67.26
35.8%	53.5%	60.0%	48.6%	57.2%	44.7%

## Legal Debt Margin Calculation for Fiscal Year 2013

Actual Assessed valuation as of January 1, 2011	\$	4,253.20
Debt Limit - 5% of assessed valuation		212.66
Debt applicable to debt limit:		
General obligation bonds/notes		50.02
Settlement agreement		6.00
Tax increment indebtedness		28.42
Balance in Debt Service Fund		(4.86)
Balance in Special Revenue, Tax Increment Financing Fund		(0.36)
Total net debt applicable to limit		79.22
Legal Debt margin	\$	133.44

**City of Council Bluffs**

## City of Council Bluffs

Pledged Revenue Coverage  
For the Last Eight Fiscal Years  
(Expressed in Thousands)

**Urban Renewal Capital Loan and Term Loan Note:**

Fiscal Year	Gross Revenue	Less:		Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
		Applicable Operating Expenses				
2006	\$ 1,173	87		1,086	732	1.4836
2007	1,623	4		1,619	1,571	1.0306
2008	2,862	1,082		1,780	1,412	1.2606
2009	1,621	1,120		501	986	0.5081
2010	1,972	1,129		843	800	1.0538
2011	2,112	1,417		695	731	0.9508
2012	2,634	1,343		1,291	1,295	0.9969
2013	2,378	1,145		1,233	1,268	0.9724

Note: Details regarding the City's outstanding urban renewal capital loan and term loan note debt can be found in Note 4 of the notes to financial statements. Gross revenue includes both operating and non-operating revenue and transfers from the City of Council Bluffs. Operating expenses do not include interest expense, depreciation or amortization of bond issue costs.

The City had no urban renewal note debt prior to fiscal year 2006 for which there were pledged revenues.

**Sewer Revenue Capital Loan Notes:**

Fiscal Year	Gross Revenue	Less:		Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
		Applicable Operating Expenses				
2013	\$ 5,220	5,374		(154)	31	-

Note: Details regarding the City's outstanding sewer revenue capital loan notes can be found in Note 4 of the notes to financial statements. Gross revenue includes operating revenue. Operating expenses exclude depreciation.

The City had no sewer revenue debt prior to fiscal year 2013.



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City of Council Bluffs

Demographic and Economic Statistics  
For the Last Ten Calendar Years

Year	Population	Per Capita Personal Income	Personal Income (Expressed in millions)	Median Age	Unemployment Rate	Council Bluffs School Enrollment
2003	58,656	\$ 35,256	\$ 2,068	34.6	4.3%	9,889
2004	59,062	36,961	2,183	34.6	4.4%	9,820
2005	59,453	38,165	2,269	35.6	4.4%	9,662
2006	60,271	40,483	2,440	35.6	3.4%	9,478
2007	59,944	42,223	2,531	35.6	3.3%	9,407
2008	60,318	43,984	2,653	35.6	3.6%	9,296
2009	60,391	41,512	2,507	35.6	5.1%	9,212
2010	62,230	42,600	2,651	35.9	5.2%	9,207
2011	62,466	44,472	2,778	37.5	5.0%	9,125
2012	62,115	44,466	2,762	37.5	4.5%	8,945

Sources:

School Enrollment Data: Certified Enrollment "Row 7" per Iowa Department of Education ([educateiowa.gov](http://educateiowa.gov))  
e.g. data reported for 2013 is amount reported on October 1, 2012 for the 2012-2013 school (and fiscal) year ending June 30, 2013.

Population Data: 2010 to 2012 data from United States Census Bureau - ([quickfacts.census.gov](http://quickfacts.census.gov))

Population Data: 2002 to 2009 data from United States Census Bureau - (Quicklinks - Population Estimates ([quickfacts.census.gov](http://quickfacts.census.gov)))

Personal Income Data: Per capita for Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve Bank Economic Research ([research.stlouisfed.org](http://research.stlouisfed.org))

Unemployment Rate Data: Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve Bank Economic Research ([research.stlouisfed.org](http://research.stlouisfed.org))

<u>Lewis Central School Enrollment</u>	<u>Combined School Enrollment</u>
2,497	12,386
2,465	12,285
2,479	12,141
2,560	12,038
2,499	11,906
2,559	11,855
2,582	11,794
2,586	11,793
2,613	11,738
2,596	11,541

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City of Council Bluffs  
Principal Area Employers  
Current Year and Nine Years Ago

Employer	2013		
	Full Time Equivalent Employees	Rank	% of Total City Employment (1)
Iowa Western Community College	1,431	1	4.7%
Council Bluffs Community Schools	1,300	2	4.3%
Tyson Foods	1,000	3	3.3%
Horseshoe Casino (FKA Bluffs Run Casino)	979	4	3.2%
Ameristar Casino and Hotel	864	5	2.8%
Hy-Vee Food Stores	764	6	2.5%
Jennie Edmundson Memorial Hospital	716	7	2.3%
Harrah's Casino	515	9	1.7%
Walmart	604	8	2.0%
City of Council Bluffs	487	10	1.6%
Alegent Health/Mercy Hospital	-	-	-
Omaha Standard	-	-	-

(1) Based on "labor force" total of 30,560  
per the Iowa Department of Workforce Development, May 2013

(2) Based on "labor force" total of 31,430  
per the Iowa Department of Workforce Development, May 2004

Source of 2013 data: Series 2012A Official Statement dated September 15, 2012

Source of 2004 data: Series 2005A - Official Statement dated April 14, 2005,  
adjusted for subsequent business combinations.

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2004		
Employees	Rank	% of Total City Employment (2)
-	-	-
1,250	2/3	4.0%
1,300	1	4.1%
711	6	2.3%
1,250	2/3	4.0%
-	-	-
832	5	2.6%
1,111	4	3.5%
650	8	2.1%
454	9	1.4%
675	7	2.1%
350	10	1.1%

**City of Council Bluffs**

City of Council Bluffs

Full Time Equivalent City Government Employees  
by Function/Program

For the Last Eight Years

<b>Function/Program</b>	2013	2012	2011	2010	2009	2008	2007	2006
Public Safety								
Police	142.2	140.3	137.9	139.3	137.9	132.9	130.4	129.9
Fire	107.7	107.9	107.7	109.9	100.0	100.0	100.0	103.0
Animal Control	6.7	7.1	7.3	7.8	5.8	6.0	5.8	6.1
Building Inspections	7.0	6.7	7.0	5.9	8.0	8.0	8.0	8.0
Public Works	54.4	54.4	55.1	54.4	65.7	55.7	62.5	66.0
Health and Social Services	6.0	5.9	6.1	6.4	5.7	5.7	5.7	5.7
Culture and Recreation								
Library	24.0	22.6	23.1	23.1	23.0	26.1	23.7	23.2
Parks and Recreation	28.5	28.3	27.5	27.4	23.7	22.7	26.0	26.0
Community and Economic Development	9.0	9.3	10.5	10.4	9.5	10.5	10.5	10.5
General Government								
Mayor's Office	2.1	2.0	2.0	2.1	2.0	2.0	2.0	2.0
City Clerk, Finance and Treasurer	21.3	21.5	21.5	21.5	20.6	19.6	22.2	19.7
City Attorney	5.6	5.8	6.0	6.3	7.6	6.6	6.6	6.6
Human Resources	3.0	3.0	3.0	3.1	3.0	2.8	2.8	2.8
Building Maintenance	5.6	6.3	6.3	5.8	5.0	5.0	5.0	5.0
Business Type Activity								
Sewer Operations	51.6	52.4	51.4	50.1	52.3	51.8	54.5	54.0
Sanitation and Recycling	12.3	12.4	12.4	11.5	12.4	12.1	12.2	12.4
Total Full Time Equivalents	487.0	485.9	484.8	485.0	482.2	467.5	477.9	480.9

Data is based on amounts budgeted annually.

Source of 2006-2009 data: City of Council Bluffs annual budget package.

Source of 2010-2013 data: City of Council Bluffs payroll records

Data for fiscal years 2004 and 2005 is not presented as it was not readily available.

Data for years 2010-2013 is based on total hours worked, which includes overtime hours.

Data for years 2006-2009 is based on budgeted FTE equivalents, which does not include overtime hours.

City of Council Bluffs

Operating Indicators  
by Function/Program  
(Calendar Year)

Function/Program	2012	2011	2010	2009
<b>Public Safety</b>				
Police:				
Traffic accidents	1,747	1,722	698	731
Traffic citations	6,807	11,277	15,172	10,095
Traffic warnings	5,911	4,777	4,185	2,318
Parking violations	3,980	3,353	3,952	3,147
Cases	1,654	1,680	1,880	2,211
Arrests and charges	5,873	6,531	6,908	6,470
Fire:				
Fire responses	345	301	267	314
Medical responses	5,842	5,215	5,222	5,190
HazMat responses	254	254	222	198
False alarms	548	522	549	497
Mutual aid responses	7	35	30	8
Other responses	892	874	639	641
Total responses	7,888	7,201	6,929	6,848
Responses per day	21.6	19.7	19.0	18.8
Fire Department average response time	5 min. 24 sec.	5 min. 28 sec.	5 min. 25 sec.	5 min. 22 sec.
Building Inspections:				
Permits issued	6,274	4,902	1,090	1,532
Value of permits (millions)	213.1	115.4	85.8	101.5
<b>Culture and Recreation</b>				
Library:				
Attendance	337,049	436,136	414,137	297,706
Circulation	600,736	619,326	600,372	574,727
Collection size	195,252	200,241	194,452	193,967
Registered borrowers	46,750	51,840	51,072	51,673
Meeting room use by community organizations	994	430	635	149
Reference questions	33,119	43,555	52,290	51,479
Attendance per day	963	1,195	1,135	816
Circulation per day	1,716	1,697	1,645	1,575

2008	2007	2006	2005	2004	2003
1,542	2,069	2,116	2,040	3,784	4,120
12,127	12,950	17,431	16,894	20,448	17,248
3,397	3,070	4,237	3,299	3,946	3,037
2,985	3,734	4,868	4,176	5,513	6,689
1,946	2,083	2,274	2,581	2,724	2,702
6,315	6,948	6,805	6,977	n/a	5,304
290	296	350	328	330	340
5,193	5,168	4,828	4,666	4,589	4,615
217	213	176	208	192	210
554	504	534	423	395	385
25	119	156	62	69	116
620	522	490	380	455	475
6,899	6,822	6,534	6,067	6,030	6,141
18.8	18.7	17.9	16.6	16.5	16.8
4 min. 54 sec.	4 min. 57 sec.	3 min. 45 sec.	4 min. 53 sec.	4 min. 49 sec.	4 min. 7 sec.
2,169	884	900	946	913	874
157.0	226.7	96.2	163.6	84.3	86.0
274,364	268,736	254,109	238,574	291,744	267,018
513,918	470,346	459,765	445,499	435,776	431,003
176,278	168,155	168,756	164,255	157,340	155,382
51,295	50,096	49,797	49,213	49,213	44,530
952	810	227	199	357	154
49,355	48,399	42,369	40,679	37,912	31,879
750	736	696	654	797	732
1,404	1,289	1,260	1,221	1,191	1,181



City of Council Bluffs

Operating Indicators  
by Function/Program  
(continued)

	2012	2011	2010	2009	2008
<b>Parks and recreation participation</b>					
Golf complex attendance	44,370	40,000	90,460	-	-
Swimming pool attendance	55,385	58,080	57,794	-	-
Youth softball teams	110	131	98	-	-
Adult softball teams	106	91	110	-	-
Tournaments conducted	19	32	34	-	-
Youth soccer teams	12	-	378	-	-
Youth football teams	22	29	31	-	-
Bayliss Park concerts	14	16	10	-	-
Bayliss Park movie series	11	10	10	-	-
<b>Zoning Board of Adjustments</b>					
Regular meetings	8	7	7	10	6
Variance	9	9	8	9	3
Conditional Use Permit	6	7	3	4	6
Conditional Use Permit Revocation	1	10	2	28	33
Administrative Appeal	-	-	-	1	-
Total meetings and cases	24	33	20	52	48
<b>Historic Preservation Commission</b>					
Regular Meetings	4	6	9	8	9
HP Design Review	7	5	10	16	15
Total meetings and cases	11	11	19	24	24
<b>Administrative Actions</b>					
Lot Line Adjustments	7	18	16	12	20
Parcel Splits	3	4	3	5	1
Offers to Buy City Property	13	7	7	6	9
Zoning Compliants Investigated	208	234	159	195	236
Review of Existing CU Permits	-	-	147	150	154
Total administrative actions	231	263	332	368	420

2007	2006	2005	2004	2003
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5	8	10	7	6
6	6	12	4	7
3	4	7	4	6
-	-	-	-	-
-	-	1	-	-
14	18	30	15	19
9	5	4	6	7
19	11	4	6	9
28	16	8	12	16
30	34	29	28	38
8	4	3	5	8
5	4	5	7	5
37	-	-	-	-
-	-	-	-	-
80	42	37	40	51

## City of Council Bluffs

Operating Indicators  
by Function/Program  
(continued)

<b>City Planning Commission</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Regular meetings	9	9	10	10
Subdivisions (Prelim, Final, Replat)	-	3	3	6
Planned Commercial	2	-	1	1
Planned Residential	1	1	-	-
Zoning Text Amendments	3	3	8	2
Subdivision Text Amendments	-	-	-	-
Rezoning	6	9	12	9
Street & Alley Vacations	6	2	10	8
Historic Preservation	-	-	-	-
Miscellaneous Cases	-	-	3	4
Urban Renewal	-	-	3	2
Urban Revitalization	-	-	4	-
Annexation	1	-	2	1
Comp Plan Amendments	-	-	1	-
Appeals	-	-	1	-
Right-of-Way Encroachemnts	-	-	1	1
Temporary Use Permits	-	-	2	-
Total CPC Meetings and Cases	28	27	61	44
<b>Sewer</b>				
Sewer system customers	20,386	21,499	-	-

\* Information provided on a calendar year basis.

\*\* Information provided on a fiscal year basis.

## Sources:

Police – Reports published annually by the Council Bluffs Police Department

Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency and National Fire Association.

Building – Council Bluffs Building Department’s “Blue Prince”, an information gathering system.

Library – City’s information filings to the State Library of Iowa.

Parks – Internal operating records based on registration data, point of sale system data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.

2008	2007	2006	2005	2004	2003
11	12	12	11	11	11
6	8	8	14	5	5
6	12	9	5	7	7
6	2	3	1	1	-
1	7	2	2	3	-
-	-	-	-	-	-
15	18	17	18	14	15
10	17	13	12	10	8
-	-	-	1	-	1
4	6	1	3	3	4
2	6	3	5	3	5
-	-	-	-	1	-
1	2	2	1	-	2
-	-	-	-	-	2
-	-	1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62	90	71	73	58	60
-	-	-	-	-	-

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City of Council Bluffs  
Capital Asset Statistics by Function/Program  
For the Last Ten Years

Function/Program	2013	2012	2011	2010
<b>Public Safety</b>				
Police Stations	1	1	1	1
<b>Fire/Ambulance</b>				
Stations	5	5	5	5
Engines in service	4	4	4	4
Quints in service	3	3	3	3
Ambulances in service	3	3	3	3
Special use apparatus	6	6	6	6
<b>Public Works</b>				
Miles of streets - paved	301	301	297	-
Miles of streets - unpaved	1	1	1	-
Miles of Federal levees	28	28	28	-
Street lights	1,309	1,207	4,000	-
Intersections with traffic signals	94	94	94	-
Pedestrian crossings with signals	14	14	14	-
<b>Culture &amp; Recreation</b>				
City parks	39	26	26	26
Historic monuments	11	10	10	10
Football fields	5	4	4	4
Golf courses	2	2	2	2
Swimming pools	2	2	2	2
Soccer fields	23	23	23	23
Baseball diamonds	20	20	20	20
Tennis courts	16	15	15	15
Skate parks	2	2	2	2
Trails (miles)	40	37	37	40
Library buildings	1	1	1	1
<b>Sewer</b>				
Miles of sanitary sewer	279	279	274	-

Sources:

Police - Reports published annually by the Council Bluffs Police Department  
Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency, and National Fire Association.  
Building - Council Bluffs Building Department's "Blue Prince", an information gathering system.  
Library - City's information filings to the State Library of Iowa  
Parks - Internal operating records based on registration data, point of sale system data, and observations of attendance for Bayliss Park events  
Data not presented was not readily available

2009	2008	2007	2006	2005	2004
1	1	1	1	1	1
5	5	5	5	5	5
4	4	4	4	4	4
3	3	3	3	3	3
3	3	3	3	3	3
6	6	6	6	6	6
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	1	1	1	1	1
-	-	-	-	-	-

**City of Council Bluffs**

## **FINANCIAL ASSISTANCE SECTION**

### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTS ON COMPLIANCE AND INTERNAL CONTROLS SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



**Once the heart of Council Bluffs, Bayliss Park now serves the community as a downtown park, providing attractive water features and a memorial to veterans who have served the country.**





City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/Entitlement Grants (\$89,463 provided to subrecipients)	14.218	B-11-MC-19-0005	\$ 491,796
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-IA-0105	5,697
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1366	13,135
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1152	44,661
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2195	68,832
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0474	72,039
			198,667
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2012	24,066
U.S. Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796701-1	48,375
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796801-1	9,159
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97712001-0	116,411
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97728101-0	30,206
			204,151
Total direct			924,377
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRPG-211	50,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11-NSP-022	439,299
			489,299
City of Omaha:			
Home Investment Partnerships Program (\$100,000 provided to subrecipients)	14.239	FY2008	100,000
Home Investment Partnerships Program (\$132,300 provided to subrecipients)	14.239	FY2009	132,300
Home Investment Partnerships Program (\$161,180 provided to subrecipients)	14.239	FY2010	161,180
			393,480

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Project Safe Neighborhoods	16.609	11-PSN-SD06	15,088
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories (\$39,877 provided to subrecipients)	16.803	10 JAG/ARRA-42283	97,283
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-1642(645)-71-78	220,417
Highway Planning and Construction	20.205	STPU-1642(662)--86-78	621,786
			842,203
Omaha Metro Area Transit:			
Federal Transit - Formula Grants	20.507	NE-90-X094-00	280,077
Federal Transit - Formula Gants	20.507	NE-90-2013	63,774
			343,851
Iowa Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-164-13	16,163
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 12-03, Task 03	5,300
State and Community Highway Safety	20.600	PAP 13-03, Task 03	14,567
			19,867
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Grants	93.268	5883I420	1,499
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2013-ELC08	353
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2014-ELC08	840
			1,193
Public Health Immunization Infrastructure	93.539	5883I420	2,300
HIV Prevention Activities Health Department Based	93.940	5882AP05	5,179
HIV Prevention Activities Health Department Based	93.940	5883AP05	7,770
			12,949

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Department of Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1998-DR-IA	45,821
Hazard Mitigation Grant Program (HMPG)	97.039	HMGP-DR-1998-0026-01	2,025
Hazard Mitigation Grant Program(HMPG)	97.039	HMGP-DR-1930-0034-01	945,757
			<u>947,782</u>
Total indirect			<u>3,228,778</u>
Total			<u>\$ 4,153,155</u>

Although there were no current year program expenditures, there is a \$675,000 loan balance in the Community Development Block Grant/Section 108 Loan Guarantee Program, CFDA Number 14.248, from previous years for which the federal government has imposed continuing requirements.

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Council Bluffs and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE**  
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Auditor of State

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2013. The financial statements of the Council Bluffs Airport Authority are included in these financial statements as a discretely presented component unit. This report does not include the results of testing of internal control over financial reporting or compliance and other matters reported on in the financial statements of the Council Bluffs Airport Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Council Bluffs' internal control over financial reporting to determine the audit procedures 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 Council Bluffs' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

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 Council Bluffs' financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-13 through II-E-13 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Council Bluffs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which 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, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


### The City of Council Bluffs' Responses to the Findings


The City of Council Bluffs' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Council Bluffs' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Council Bluffs during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 4, 2013



**OFFICE OF AUDITOR OF STATE  
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Mary Mosiman, CPA  
Auditor of State

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

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Council Bluffs, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Council Bluffs' major federal programs for the year ended June 30, 2013. The City of Council Bluffs' 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 grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Council Bluffs' 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 U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Council Bluffs' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Council Bluffs' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Council Bluffs 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, 2013.


## Report on Internal Control Over Compliance


The management of the City of Council Bluffs 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 Council Bluffs' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 4, 2013



City of Council Bluffs  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
  - CFDA Number 14.239 – Home Investment Partnerships Program
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 97.039 – Hazard Mitigation Grant Program (HMGP)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Council Bluffs did not qualify as a low-risk auditee.

City of Council Bluffs  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-13 Financial Reporting – During the audit, we identified a material amount of bond/note proceeds understated in the City's financial statements. Adjustments were subsequently made by the City to properly reflect the proceeds in the financial statements.

Recommendation – The City should implement procedures to ensure all bond/note proceeds are properly accounted for in the City's financial statements.

Response – We erroneously reported the net amount of proceeds from the general obligation bond/note issuances consistent with past cash basis accounting procedures. We are fully aware that the proper accounting treatment is to report debt issuance costs and premium separate from the bond/note proceeds and will do so correctly on future transactions.

Conclusion – Response accepted.

II-B-13 Receipts – Although an initial listing of cash and checks received in the mail is prepared by someone independent of recording receipts, there is no evidence the listing is later compared to the receipts record by an independent person.

Recommendation – Procedures should be established to ensure the initial receipts listing is compared to recorded receipts by someone independent of recording receipts.

Response - We will review the operations related to our cash receipts function and where appropriate will adopt procedures that provide for greater separation of duties and assign more tasks on a rotating basis to enhance internal controls. This review will be completed by January 31, 2014.

Conclusion – Response accepted.

II-C-13 Purchasing Policy for Services – The City has a purchasing policy covering printing, supplies, equipment and materials. The policy includes procedures for advertising for bids, accepting/rejecting bids, obtaining deposits on bids, purchases less than \$25,000, purchase of specific makes/brands, emergency/negotiated purchases and surplus property. However, the City does not have a policy covering the purchase of services.

Recommendation – The City should establish a policy covering the purchase of services to ensure the City receives the best quality and price for purchased services.

Response – Using state administrative procedures as a guideline, we will prepare a purchasing policy draft that addresses both goods and services for the City of Council Bluffs. A draft of the procedure will be prepared and presented for

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Mayoral approval by February 28, 2014 and will be presented to the City Council for adoption in March 2014.

Conclusion – Response accepted.

- II-D-13 Journal Entries and Transfers - There was no documentation journal entries were reviewed and approved by an independent person.

Recommendation – To strengthen controls, journal entries should be reviewed and approved by an independent person.

Response – Our general ledger software has a workflow feature that requires, and then documents general journal entry approval. We installed this feature in October 2013 and all general journal entries now have electronic documentation of approval.

Conclusion – Response accepted.

- II-E-13 Mid America Center – The Mid America Center has established a “cash short/over” account used when an incorrect amount is collected from a customer or guest. The account is used for balancing revenues. During the year ended June 30, 2013, five departments had cash short amounts as follows: entertainment \$2,814, box office \$1,070, property general \$2,078, banquet food \$138 and concessions \$4,665, for a total of \$10,765.

Recommendation – The Mid America Center should establish procedures to ensure correct amounts are collected and recorded. Variances should be resolved timely.

Response – A procedure is in place to record cash variances by individual team member. This policy was put into effect April 2013. During the change in management and operational procedures, variances between recorded revenue and funds received did occur. Steps to more effectively record revenue were subsequently established and now provide a greater level of internal control.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Council Bluffs  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-13 Certified Budget – Expenditures during the year ended June 30, 2013 exceeded the amounts budgeted in the culture and recreation, general government and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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.

Response – In each instance, specific transactions gave rise to the variances to budget and in each case, the transaction had prior City Council authorization. General government costs exceeded budget due to property acquisitions in the area impacted by the 2011 flood. These purchases closed late in the fiscal year and had not been anticipated when preparing the budget amendment. In the debt service function, underwriting costs had been netted against the bond premium and not included among debt service costs when preparing the budget amendment. In future bond offerings, we will record gross proceeds and costs. The culture and recreation function included activity related to the Mid America Center, previously recorded in the general government function. The adoption of this accounting treatment arose after the budget amendment had been prepared. In addition, the City incurred costs for the dedication of Tom Hanafan Rivers Edge Park. Because much of these costs were reimbursed, the budget was not amended for these costs. The City will amend the budget in the future prior to expenditures exceeding the budget.

Conclusion – Response accepted.

- IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-13 Business Transactions – No business transactions between the City and City officials or employees for the year ended June 30, 2013 were noted.
- IV-E-13 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-13 City Council Minutes – No transactions were found which we believe should have been approved in the City Council minutes but were not.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

IV-G-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-13 Revenue Notes - The City's sewer revenue capital loan note resolution, Section 19, requires the City impose rates for all services rendered by the system that produce net revenues equal to at least 110% of the principal and interest requirements of the next succeeding fiscal year. The City's fiscal 2013 net sewer operating loss (excluding depreciation) of \$154,120 is less than 110% of the \$342,120 of sewer revenue note principal and interest due during fiscal year 2014.

Recommendation – The City should consult bond counsel to determine the disposition of this matter.

Response – The City is considering options regarding sources of funding principal and interest payments in the future. Options may include a transfer from sales tax revenue or rate increases for sanitary sewer services. We will consult with our bond counsel for advice on disposition of this matter in the near future.

Conclusion – Response accepted.



**Council Bluffs seeks to enhance the quality of life for its residents through recreational facilities and cultural events. The Omaha Symphony performs as part of the dedication weekend of Loessfest Festival in spring 2013.**