



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

NEWS RELEASE

FOR RELEASE \_\_\_\_\_ December 24, 2014

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 \$105,476,517 for the year ended June 30, 2014, a 1.6% increase over the prior year. Revenues included \$42,321,617 in property and other city tax, \$5,466,119 from tax increment financing, \$25,442,816 from charges for service, \$11,780,332 from operating grants, contributions and restricted interest, \$3,457,434 from capital grants, contributions and restricted interest, \$8,921,770 from local option sales tax, \$2,679,437 from hotel/motel tax, \$3,125,722 from gaming wager tax, \$266,405 from unrestricted investment earnings and \$2,014,865 from other general revenues.

Expenses for City operations totaled \$103,292,385 for the year ended June 30, 2014, a .4% increase over the prior year, and included \$31,070,833 for public safety, \$15,609,496 for public works and \$15,094,903 for general government. Expenses for business type activities totaled \$14,479,509.

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/1420-0732-B00F.pdf>.

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# **City of Council Bluffs, Iowa**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2014**

Prepared by:

City of Council Bluffs Finance Department



**City of Council Bluffs**

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

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**City of Council Bluffs**



# INTRODUCTORY SECTION





FINANCE DEPARTMENT  
(712) 328-4605

December 4, 2014

To the Residents of Council Bluffs, Iowa, Mayor Matt 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, 2014. 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, 2014 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, 2014 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.

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 – Council Bluffs is not only the largest city in southwest Iowa but it also has an alternate identity as the largest suburb in the metropolitan Omaha area. The city supports a large agricultural community in Pottawattamie County, is developing as a technology center due to favorable utility rates and ready access to utility providers, and will benefit from its strategic location on Interstate Highways 80 and 29. These multiple factors coupled with ongoing major improvements to the area's transportation network will stimulate the local economy for the next five to seven years.

Governmental Transition - During the past fiscal year, the City elected a new Mayor and one new City Council member. In addition, three department heads retired. A new Fire Chief, a new Chief Information Officer and a new Police Chief assumed their responsibilities in the past year. Similar transition will take place in the human resources and finance departments in the upcoming year.

Statewide Legislation – The state of Iowa continues to establish policy and enact legislation that impact the financial well being of its cities. Commercial property tax reform, property taxation of multi-unit residential buildings, police and fire retirement systems, traffic enforcement methodology, and environmental administration all contribute to an increasing impact of the hand of state government on municipalities and their ability to efficiently provide needed services to their residents.

### 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, 2013. This was the third 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.

Sincerely yours,



Arthur W. Hill CPA, CIA  
Finance Director

**City of Council Bluffs**



Government Finance Officers Association

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

Presented to

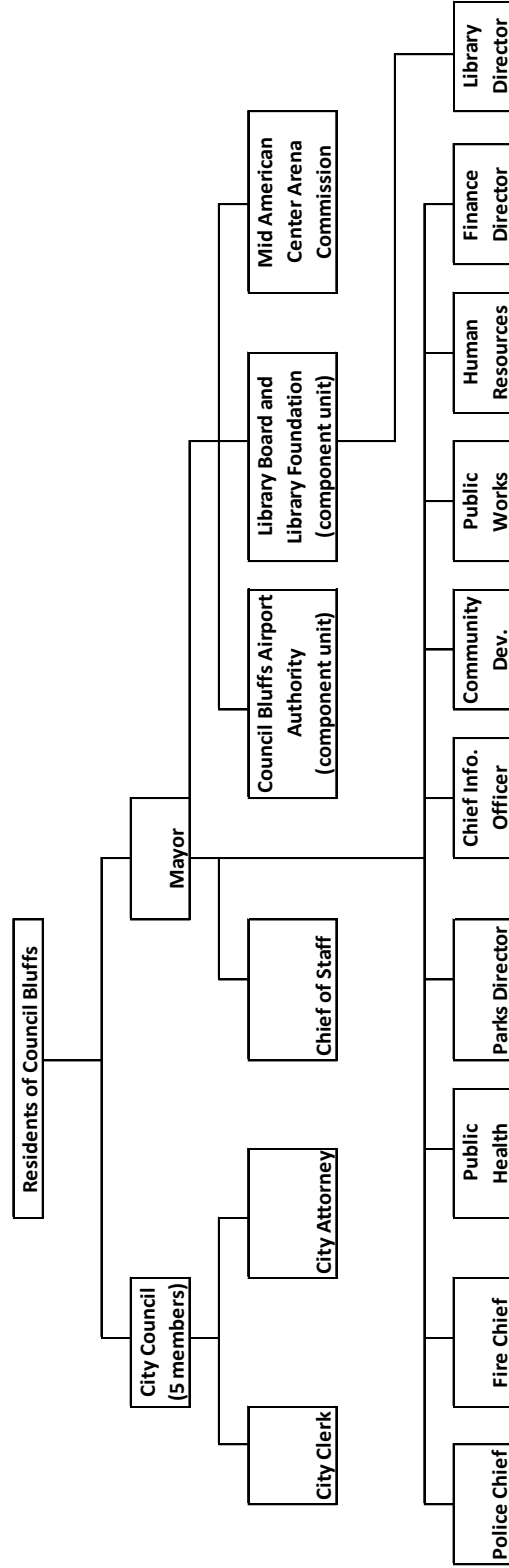
**City of Council Bluffs  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

City of Council Bluffs, Iowa  
 City Organizational Chart  
 June 30, 2014



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, 2014**

### **Mayor**

**Matthew Walsh**

### **City Council Members**

**Lynne Branigan, Melissa Head, Albert Ringgenberg**

**Nate Watson, Sharon White**

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

**Timothy Carmody** – Police Chief    **Justin James** – Fire Chief

**Marcy Worden** – City Clerk    **Ellen Stageman** – Acting Human Resources Director

**Wendy Schultz** – Chief of Staff    **Greg Reeder** - Public Works Director

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

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

**Mark Howard** – Chief Information Officer    **Donn Dierks** – Public Health Director

**Arthur Hill** – Finance Director



# FINANCIAL SECTION



**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, 2014, 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, 2014, 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 78 through 84 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, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included on pages 86 through 91 and 137 through 139, 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 94 through 135 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 November 24, 2014 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

November 24, 2014



**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, 2014**

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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, 2014. We encourage readers to consider information in this section along with information we presented in the letter of transmittal found on pages 2 through 4.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Council Bluffs exceeded liabilities at June 30, 2014 by \$404,987,564.
- The City's net position increased \$2,184,132 during the year. The net position associated with governmental activities decreased \$6,267,287 and the net position associated with business type activities increased \$8,451,419.
- The City's overall long-term liabilities increased to \$62,573,127, an increase of \$8,949,776 during the year. The general obligation bond/note portion of indebtedness increased \$1,500,000.

**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, liabilities and deferred inflows of resources 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 and deferred inflows of resources 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 tax revenues. 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, 2014 and 2013.

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 103,332,598	111,966,323	6,849,612	7,278,090	110,182,210	119,244,413
Capital assets	279,538,459	281,176,313	144,863,921	136,094,021	424,402,380	417,270,334
Total assets	382,871,057	393,142,636	151,713,533	143,372,111	534,584,590	536,514,747
Long-term liabilities	57,554,426	48,429,006	5,018,701	5,194,345	62,573,127	53,623,351
Other liabilities	17,189,992	30,808,620	986,989	921,342	18,176,981	31,729,962
Total liabilities	74,744,418	79,237,626	6,005,690	6,115,687	80,750,108	85,353,313
Deferred inflows of resources	48,846,918	48,358,002	-	-	48,846,918	48,358,002
Net position:						
Net investment in						
capital assets	246,057,967	242,739,159	140,083,921	131,121,021	386,141,888	373,860,180
Restricted	25,626,688	30,005,228	-	-	25,626,688	30,005,228
Unrestricted	(12,404,934)	(7,197,379)	5,623,922	6,135,403	(6,781,012)	(1,061,976)
Total net position	\$ 259,279,721	265,547,008	145,707,843	137,256,424	404,987,564	402,803,432

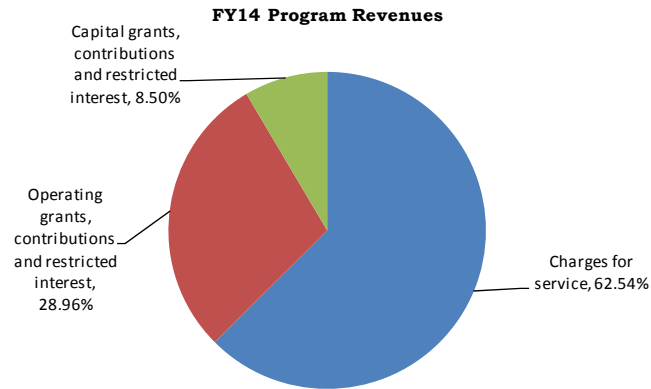
Net position of governmental activities decreased approximately \$6.3 million, or 2.4%, from fiscal year 2013. Net position of business type activities increased approximately \$8.4 million, or 6.2%, over fiscal year 2013. Capital assets of governmental activities decreased \$1.6 million, or 0.6%, from fiscal year 2013, primarily due to the completion of infrastructure projects that subsequently were contributed to business type activity funds. Capital assets of business type activities increased approximately \$8.8 million, or 6.4%, over fiscal year 2013, primarily due to ongoing improvements to the sanitary sewer and storm sewer infrastructure. Long-term liabilities of governmental activities increased \$9.1 million, or 18.8%, from fiscal year 2013, primarily due to the classification of a term loan note due in the fiscal year. That balance had been classified as due within one year at June 30, 2013. The note was refinanced in the amount of \$11.6 million and added \$8.5 million in long term debt at June 30, 2014.

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 \$4.4 million, or 14.6%, from fiscal year 2013. This decrease is primarily due to fewer funds held at June 30, 2014 which are restricted for street and sewer maintenance and improvements.

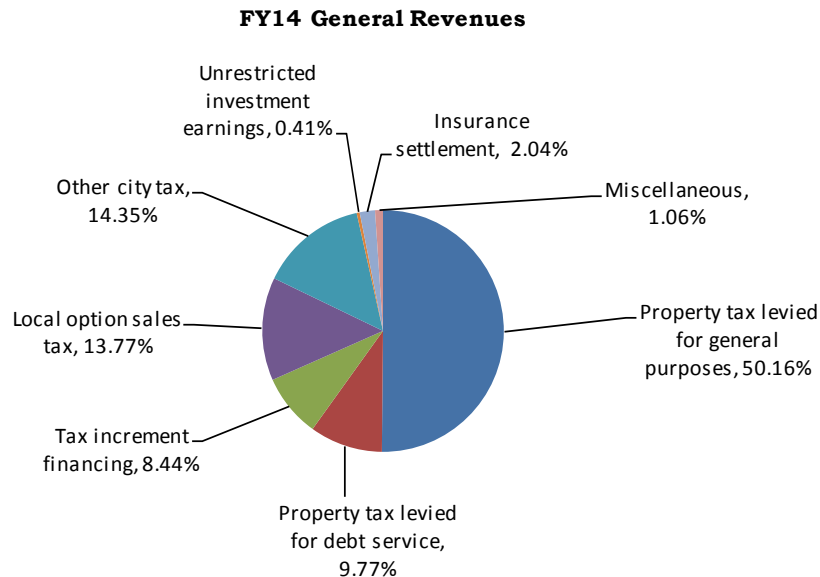
Total unrestricted net position, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is at a deficit of approximately \$6.8 million. This is an increase of approximately \$5.7 million over the prior year unrestricted net position, which was at a deficit of approximately \$1.1 million. The decrease in unrestricted net assets arose primarily as the City continued to make commitments to its sewer infrastructure, in part with funds generated by the local option sales tax.

	Governmental		Business Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 14,958,030	13,240,498	10,484,786	10,220,111	25,442,816	23,460,609
Operating grants, contributions and restricted interest	11,770,641	10,902,095	9,691	-	11,780,332	10,902,095
Capital grants, contributions and restricted interest	3,457,434	3,891,282	-	2,182,683	3,457,434	6,073,965
General revenues:						
Property tax levied for:						
General purposes	32,503,566	31,858,165	-	-	32,503,566	31,858,165
Debt service	6,327,266	6,940,528	-	-	6,327,266	6,940,528
Tax increment financing	5,466,119	5,251,542	-	-	5,466,119	5,251,542
Local option sales tax	8,921,770	7,911,136	-	-	8,921,770	7,911,136
Hotel motel tax	2,679,437	2,539,232	-	-	2,679,437	2,539,232
Gaming wager tax	3,125,722	3,539,033	-	-	3,125,722	3,539,033
Other city tax	3,490,785	3,463,114	-	-	3,490,785	3,463,114
Unrestricted investment earnings	266,405	238,082	-	-	266,405	238,082
Insurance settlement	1,319,001	-	-	-	1,319,001	-
Gain on disposition of capital assets	-	-	5,901	-	5,901	-
Miscellaneous	687,608	1,672,512	2,355	2,355	689,963	1,674,867
Total revenues	94,973,784	91,447,219	10,502,733	12,405,149	105,476,517	103,852,368
Program expenses:						
Public safety	31,070,833	30,176,722	-	-	31,070,833	30,176,722
Public works	15,609,496	13,994,363	-	-	15,609,496	13,994,363
Health and social services	676,455	649,660	-	-	676,455	649,660
Culture and recreation	14,374,266	11,472,144	-	-	14,374,266	11,472,144
Community and economic development	10,386,218	10,053,869	-	-	10,386,218	10,053,869
General government	15,094,903	21,785,632	-	-	15,094,903	21,785,632
Interest on long-term debt	1,600,705	1,320,753	-	-	1,600,705	1,320,753
Sewer	-	-	9,085,454	8,511,229	9,085,454	8,511,229
Refuse and disposal	-	-	5,394,055	4,953,069	5,394,055	4,953,069
Total expenses	88,812,876	89,453,143	14,479,509	13,464,298	103,292,385	102,917,441
Excess (deficiency) of revenues over (under) expenses	6,160,908	1,994,076	(3,976,776)	(1,059,149)	2,184,132	934,927
Transfers, net	(12,428,195)	(4,849,233)	12,428,195	4,849,233	-	-
Change in net position	(6,267,287)	(2,855,157)	8,451,419	3,790,084	2,184,132	934,927
Net position beginning of year	265,547,008	268,402,165	137,256,424	133,466,340	402,803,432	401,868,505
Net position end of year	\$ 259,279,721	265,547,008	145,707,843	137,256,424	404,987,564	402,803,432

Total revenues reported for the primary government for the year ended June 30, 2014 were \$105,476,517. Program revenues totaled \$40,680,582 for the year ended June 30, 2014. Governmental activities provided \$30,186,105 and business type activities provided \$10,494,477 of program revenues. Revenue from charges for service during fiscal year 2014 was \$25,442,816, accounting for 62.6% of total program revenues. The following charts break down program revenues by source:



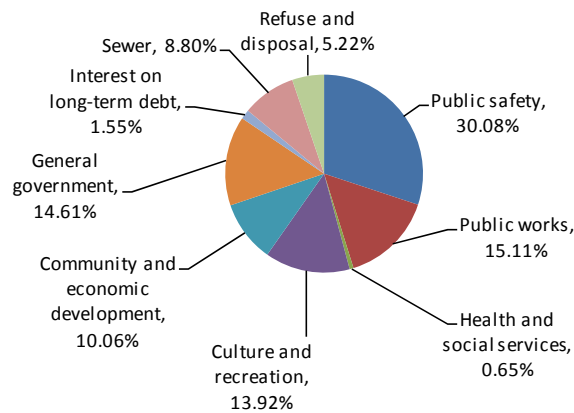
General revenues for the year ended June 30, 2014 totaled \$64,795,935. Governmental activities provided \$64,787,679 and business type activities provided \$8,256 of general revenues. Property tax revenue for fiscal year 2014 totaled \$38,830,832, accounting for 59.9% of general revenues. The following chart illustrates general revenues by source:



Overall revenues increased approximately \$1.6 million, or 1.6%, from fiscal year 2013. The change is primarily the result of a \$2.0 million, or 8.4%, increase in charges for service, an increase of \$1.0 million, or 12.8%, in local option sales tax, a property insurance settlement of \$0.6 million related to prior storm damages and a liability insurance settlement of \$0.7 million. Charges for service increased materially due to permits and fees generated by major construction projects. Local option sales tax rose due to increased retail and commercial activity in the region. Property tax increases were driven by increased taxable valuations from recent building activity. The insurance settlement is compensation for damages sustained to City property during a 2011 hail storm and the legal settlement arose from settlement of a major claim against the City.

Expenses for the primary government for the year ended June 30, 2014 totaled \$103.3 million. This is an increase of 0.36% from the prior year total of \$102.9 million. Expenses for governmental activities totaled \$88.8 million, accounting for 86.0% of total expenses. Business type activities expenses totaled \$14.5 million, or 14.0% of the total. The following chart breaks down expenses by function/program:

**FY14 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 2013 and 2014, 2011 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 \$0.4 million increase arose from small increases in the cost of operations throughout all City operations. Wages increased approximately \$0.8 million, or 2.7%, in accordance with negotiated contracts. This increase was offset by reductions in non-payroll costs throughout City operations.

## 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 \$676,455 and received \$306,912 in revenue, leaving a cost to taxpayers of \$369,543, a decrease of 0.8% from fiscal year 2013, 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 \$88,812,876. Of these costs, \$14,958,030 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 \$15,228,075, leaving a net expense of \$58,626,771 for governmental activities. These expenses were financed by tax revenues, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

	<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>2014</u>	<u>2013</u>
<b>Governmental activities</b>		
Function/Program:		
Public safety	\$ (26,806,248)	(25,432,134)
Public works	(7,324,783)	(7,644,121)
Health and social services	(369,543)	(372,612)
Culture and recreation	(8,965,576)	(5,780,064)
Community and economic development	(6,514,037)	(5,850,536)
General government	(7,137,237)	(15,027,037)
Interest on long-term debt	(1,509,347)	(1,312,764)
Net (expense) revenue of governmental activities	(58,626,771)	(61,419,268)
General revenues and transfers	52,359,484	58,564,111
Change in net position	<u>\$ (6,267,287)</u>	<u>(2,855,157)</u>

Resources available during the year to finance governmental activities totaled \$348,092,597, consisting of net position at July 1, 2013 of \$265,547,008, program revenues of \$30,186,105 and general revenues and transfers of \$52,359,484. During the year, governmental activities expenses totaled \$88,812,876. Governmental activities net position decreased \$6,267,287 to \$259,279,721.

## Business Type Activities

The cost of all business type activities for the year was \$14,479,509 as shown in the Statement of Activities. The amount charged to users of the systems was \$10,484,786 and \$9,691 was funded from grants and contributions. Net expense for business type activities was \$3,985,032. The net (expense) revenue by business type activity for the years ended June 30, 2014 and 2013 is as follows:

<b>Business Type Activities</b>	Net (Expense) Revenue and Changes in Net Position	
	2014	2013
Sewer	\$ (4,140,148)	(1,108,863)
Refuse and disposal	155,116	47,359
Total net (expense) revenue	(3,985,032)	(1,061,504)
General revenues and transfers	12,436,451	4,851,588
Change in net position	\$ 8,451,419	3,790,084

Resources available during the year to finance business type activities totaled \$160,187,352, consisting of net position at July 1, 2013 of \$137,256,424, program revenues of \$10,494,477 and general revenues and transfers of \$12,436,451. During the year, business type activities expenses totaled \$14,479,509 and business type activities net position increased \$8,451,419 to \$145,707,843.

## 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 \$47,215,877. The combined governmental fund balances decreased \$8,089,771 from 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 \$2,971,961, or 13.3%, from the prior year. Revenues increased \$2,691,709, or 4.6%. Expenditures increased \$5,973,119, or 10.5%, from the prior year.

The fund balance decrease is due to operations in which expenditures rose \$3.3 million more than revenue in the year. Three one-time material components caused the rise in costs. They are (1) repairs to City buildings resulting from a 2011 severe hailstorm, (2) settlement costs of a major claim against the City and (3) property acquisition costs and repair costs resulting from flooding to property along the Missouri River. While property insurance reimbursed the City for much of the repair costs, state and federal grants assisted with much of the flood recovery costs and a small portion of the cost of the claim settlement was reimbursed, the remaining net impact to the City was approximately \$3 million in increased costs which directly impacted the General Fund balance.



- The Special Revenue, Bass Pro Shop Fund balance declined to \$196,475, a 24.9% decrease from the prior year. Revenues increased \$304,660, or 19.2%, and expenditures increased \$11,934,513, or 494.5%. The increase in both revenues and expenditures is directly related to a change in terms for the principal repayment of the term loan note. During the fiscal year, the full balance of a term loan note (\$11.6 million) became due. The city refinanced this amount with a new agreement that called for a similar variable interest rate and a higher fixed principal payment. The accelerated payment schedule will result in full repayment by December 20, 2018.
- The Special Revenue, Tax Increment Financing Fund balance decreased \$198,610 to a fund balance of \$161,508. Tax increment financing revenues rose \$210,664, or 4.0%, due to higher valuations in certain TIF districts. Expenditures for this fund increased 23.2%, or \$841,245, due to an increase in economic development grants resulting from increased valuations.
- The Special Revenue, City Local Option Sales Tax Fund balance significantly decreased, in the amount of \$5,409,157, or 38.0%, from the prior year. The decrease is chiefly due to completion of street and sewer projects with local option sales tax proceeds. Sewer infrastructure projects are then contributed to the business type activity fund.
- The Debt Service Fund balance decreased \$2,609,358 from the prior year, as planned. The decrease is primarily due to repayment of a \$2.6 million advance refunding transaction.
- The Capital Projects Fund balance increased \$1,532,428 over the prior year. The City issued \$7.6 million of general obligation bonds during fiscal year 2014 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 2014 with a \$139,620,576 net position compared to the prior year ending net position of \$131,330,174, an increase of \$8,290,402, or 6.3%. The increase is primarily due to the contribution of investment infrastructure completed in fiscal year 2014.
- The Enterprise, Refuse and Disposal Fund ended fiscal year 2014 with a \$6,087,267 net position compared to the prior year ending net position of \$5,926,250, an increase of \$161,017, or 2.7%. 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. The fund balance is at an adequate level to upgrade capital equipment within the facility as needed.

#### **BUDGETARY HIGHLIGHTS**

The City adopted one budget amendment in the fiscal year ended June 30, 2014. In May 2014, 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 four items. They are: (1) revenues and costs associated with the Mid America Center, (2) costs associated with a liability claim settlement, (3) costs associated with building repairs and property acquisition resulting from weather related disasters and (4) costs associated with a debt transaction. .

In the fiscal year ended June 30, 2014, actual revenues of \$107,095,045 fell below the revised budget revenue of \$109,100,107 by \$2,005,065. This variance arose because anticipated intergovernmental revenue was not received in the expected time frame.

Overall, total expenditures/expenses were \$14,716,252 higher than budgeted amounts. Expenditures/expenses during the year ended June 30, 2014 totaled \$138,484,639. The revised expenditure/expense budget was \$123,768,387. At the conclusion of the fiscal year ended June 30, 2014, capital projects expenditures were \$2,890,062 over budget and comprised 19.6% of the budget variance. The other material reason for the budget variance is that operating cost for the annual Loessfest event were not budgeted because the costs are offset by sponsorships. In addition, the City refinanced a term loan note having a balance of \$11.6 million. This transaction resulted in a debt service expenditure for the principal amount of \$11.6 million. Though the transaction had been planned, because the net impact of the transaction was zero, revenue and expense from the transaction had not been budgeted in the fiscal year.

The City is currently in the process of developing an operating budget for the fiscal year ending June 30, 2016, which will plan to have revenues approximate 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, 2014 were \$424,402,380 (net of accumulated depreciation). See Note 3 to the financial statements for more information about the City's capital assets.

During the fiscal year ending June 30, 2014, the City's investment in capital assets included public safety equipment (two new fire trucks, life safety equipment, police vehicles and related equipment), street infrastructure (south 24<sup>th</sup> street, and various ongoing neighborhood street improvements), public works (trucks, plows and maintenance equipment) and technology infrastructure (public safety reporting and centralized licensing systems).

Capital improvements in business type activities included major investments for the 28<sup>th</sup> street pump station, sewer improvements as part of the neighborhood improvement program, improvements to the East Manawa storm sewer project and the River Road storm outfall project.

### **Long-term Debt**

At June 30, 2014, the City had approximately \$48.52 million of general obligation bonds and notes outstanding versus approximately \$50.02 million last year. The decrease resulted because principal payments on existing bonds exceeded the amount of new general obligation bonds by \$1.5 million. Proceeds of the bond offering are being used for streets and sewer infrastructure improvements, technology infrastructure acquisition, upgrades and renovation to existing parks and trail facilities and public safety equipment. 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 29, 2014, the City issued \$7,630,000 of general obligation 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 2015 calls for revenue and other financing activity of \$119,580,906 and expenditures of \$121,296,608. Currently, City operations are approximating expected results. A large expansion project by a major international technology company is underway in the City. Major expansion of Interstate Highways 80 and 29 is generating a great deal of both construction activity and economic growth.

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 2014 and 2015. Beyond that, some uncertainty exists and future planning will need to include serious analysis when projecting future financial activity.

The Iowa agricultural sector will face challenges in calendar year 2015 that may have an impact on the economy of the region. Because of the City's proximity to the agricultural community and a biofuel production facility, the local economy will be attentive to future agricultural activity.

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, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 36,691,842	4,488,344	41,180,186
Receivables:			
Property tax:			
Delinquent	140,746	-	140,746
Succeeding year	43,220,180	-	43,220,180
Succeeding year tax increment financing	5,626,738	-	5,626,738
Accounts (net of \$2,434,584 allowance for uncollectible accounts in the General Fund)	1,899,592	66,784	1,966,376
Special and drainage assessments	355,167	-	355,167
Customer accounts and unbilled usage	-	1,843,345	1,843,345
Loans	633,694	-	633,694
Due from other governments	6,601,645	164,263	6,765,908
Inventories	1,290,428	286,876	1,577,304
Prepaid items	720,855	-	720,855
Total current assets	<u>97,180,887</u>	<u>6,849,612</u>	<u>104,030,499</u>
Noncurrent assets:			
Note receivable	750,000	-	750,000
Land held for resale	5,401,711	-	5,401,711
Capital assets - nondepreciable	55,462,575	17,077,358	72,539,933
Capital assets - depreciable (net)	224,075,884	127,786,563	351,862,447
Total noncurrent assets	<u>285,690,170</u>	<u>144,863,921</u>	<u>430,554,091</u>
<b>Total assets</b>	<u>382,871,057</u>	<u>151,713,533</u>	<u>534,584,590</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,496,935	406,593	4,903,528
Salaries and benefits payable	677,404	86,718	764,122
Accrued interest payable	140,837	-	140,837
Due to other governments	274,280	3,010	277,290
Unearned revenue	-	42,625	42,625
Current portion due within one year:			
General obligation bonds/notes	6,630,000	-	6,630,000
Revenue bonds/notes	-	199,000	199,000
Term loan note	2,442,105	-	2,442,105
Settlement agreement	491,722	-	491,722
HUD loan	15,000	-	15,000
Capital lease	-	-	-
Compensated absences	2,021,709	249,043	2,270,752
Total current liabilities	<u>17,189,992</u>	<u>986,989</u>	<u>18,176,981</u>
Noncurrent liabilities:			
General obligation bonds/notes	41,890,000	-	41,890,000
Revenue bonds/notes	-	4,581,000	4,581,000
Term loan note	8,547,369	-	8,547,369
Settlement agreement	3,208,278	-	3,208,278
HUD loan	645,000	-	645,000
Capital lease	-	-	-
Compensated absences	1,113,888	125,592	1,239,480
Net OPEB liability	1,639,810	238,190	1,878,000
Net pension liability	510,081	73,919	584,000
Total noncurrent liabilities	<u>57,554,426</u>	<u>5,018,701</u>	<u>62,573,127</u>
<b>Total liabilities</b>	<u>74,744,418</u>	<u>6,005,690</u>	<u>80,750,108</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues:			
Succeeding year property tax	43,220,180	-	43,220,180
Succeeding year tax increment financing	5,626,738	-	5,626,738
<b>Total deferred inflows of resources</b>	<u>48,846,918</u>	<u>-</u>	<u>48,846,918</u>

Component Units	
Airport Authority	Library Foundation
373,934	8,558,797
26,094	-
-	-
-	-
5,315	-
-	-
-	-
-	-
80,563	-
-	-
3,480	-
<u>489,386</u>	<u>8,558,797</u>
-	-
-	-
2,333,029	-
22,040,092	-
<u>24,373,121</u>	<u>-</u>
<u>24,862,507</u>	<u>8,558,797</u>
78,376	-
17,362	-
8,779	-
-	-
3,570	-
-	-
185,000	-
-	-
-	-
862	-
-	-
<u>293,949</u>	<u>-</u>
-	-
2,090,000	-
-	-
-	-
-	-
3,566	-
-	-
-	-
<u>2,093,566</u>	<u>-</u>
<u>2,387,515</u>	<u>-</u>
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

(continued on next page)

City of Council Bluffs  
Statement of Net Position  
(continued)

June 30, 2014

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Net Position</b>			
Net investment in capital assets	246,057,967	140,083,921	386,141,888
Restricted for:			
Nonexpendable:			
Permanent Fund	59,920	-	59,920
Expendable:			
Debt service	2,290,069	-	2,290,069
Bass Pro Shop	196,475	-	196,475
Street and sewer maintenance and improvements	14,816,512	-	14,816,512
Community development block grant programs	1,730,794	-	1,730,794
Employee benefits	4,400,636	-	4,400,636
Library	219,603	-	219,603
Other purposes	1,912,679	-	1,912,679
Unrestricted	(12,404,934)	5,623,922	(6,781,012)
<b>Total net position</b>	<b>\$ 259,279,721</b>	<b>145,707,843</b>	<b>404,987,564</b>

See notes to financial statements.



<u>Component Units</u>	
<u>Airport Authority</u>	<u>Library Foundation</u>
22,093,693	-
-	-
-	-
-	-
-	-
-	-
-	8,558,797
-	-
381,299	-
<u>22,474,992</u>	<u>8,558,797</u>

City of Council Bluffs

Statement of Activities

Year ended June 30, 2014

Functions/Programs:	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 31,070,833	4,042,165	222,420	-
Public works	15,609,496	380,451	5,325,837	2,578,425
Health and social services	676,455	214,352	92,560	-
Culture and recreation	14,374,266	4,480,358	528,266	400,066
Community and economic development	10,386,218	745,089	2,648,149	478,943
General government	15,094,903	5,095,615	2,862,051	-
Interest on long-term debt	1,600,705	-	91,358	-
Total governmental activities	88,812,876	14,958,030	11,770,641	3,457,434
Business type activities:				
Sewer	9,085,454	4,945,306	-	-
Refuse and disposal	5,394,055	5,539,480	9,691	-
Total business type activities	14,479,509	10,484,786	9,691	-
Total primary government	\$ 103,292,385	25,442,816	11,780,332	3,457,434
<b>Component Units:</b>				
Airport Authority	\$ 1,587,215	291,217	-	47,992
Library Foundation	153,435	-	2,058,715	-
Total component units	\$ 1,740,650	291,217	2,058,715	47,992
<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				
Insurance settlement				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year, as restated				
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	
(26,806,248)	-	(26,806,248)	-	-	
(7,324,783)	-	(7,324,783)	-	-	
(369,543)	-	(369,543)	-	-	
(8,965,576)	-	(8,965,576)	-	-	
(6,514,037)	-	(6,514,037)	-	-	
(7,137,237)	-	(7,137,237)	-	-	
(1,509,347)	-	(1,509,347)	-	-	
<u>(58,626,771)</u>	<u>-</u>	<u>(58,626,771)</u>	<u>-</u>	<u>-</u>	
-	(4,140,148)	(4,140,148)	-	-	
-	155,116	155,116	-	-	
<u>-</u>	<u>(3,985,032)</u>	<u>(3,985,032)</u>	<u>-</u>	<u>-</u>	
<u>(58,626,771)</u>	<u>(3,985,032)</u>	<u>(62,611,803)</u>	<u>-</u>	<u>-</u>	
			(1,248,006)	-	
			-	1,905,280	
			<u>(1,248,006)</u>	<u>1,905,280</u>	
\$ 32,503,566	-	32,503,566	570,893	-	
6,327,266	-	6,327,266	-	-	
5,466,119	-	5,466,119	-	-	
8,921,770	-	8,921,770	-	-	
2,679,437	-	2,679,437	-	-	
3,125,722	-	3,125,722	-	-	
3,490,785	-	3,490,785	-	-	
266,405	-	266,405	498	990,846	
1,319,001	-	1,319,001	-	-	
-	5,901	5,901	-	-	
687,608	2,355	689,963	30,227	-	
(12,428,195)	12,428,195	-	-	-	
<u>52,359,484</u>	<u>12,436,451</u>	<u>64,795,935</u>	<u>601,618</u>	<u>990,846</u>	
(6,267,287)	8,451,419	2,184,132	(646,388)	2,896,126	
<u>265,547,008</u>	<u>137,256,424</u>	<u>402,803,432</u>	<u>23,121,380</u>	<u>5,662,671</u>	
<u>\$ 259,279,721</u>	<u>145,707,843</u>	<u>404,987,564</u>	<u>22,474,992</u>	<u>8,558,797</u>	

**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 rent and City, County and Iowa West Foundation contributions to pay interest and principal on the City’s urban renewal term loan note debt and maintenance of the Bass Pro Shop.

**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, 2014

	Special Revenue			
	General	Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$16,586,625	144,669	158,952	7,534,332
Receivables:				
Property tax:				
Delinquent	119,065	-	-	-
Succeeding year	36,545,943	-	-	-
Succeeding year tax increment financing	-	-	5,626,738	-
Accounts (net)	1,554,635	51,806	5,575	-
Special and drainage assessments	183,390	-	-	-
Loans	-	-	-	-
Note	750,000	-	-	-
Due from other governments	3,093,164	-	2,556	1,789,578
Due from other funds	48,861	-	-	43,603
Inventories	302,685	-	-	-
Prepaid items	720,855	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$59,905,223</b>	<b>196,475</b>	<b>5,793,821</b>	<b>9,367,513</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,647,854	-	5,575	430,513
Salaries and benefits payable	615,036	-	-	-
Due to other governments	273,969	-	-	17
Due to other funds	-	-	-	-
Total liabilities	<u>2,536,859</u>	<u>-</u>	<u>5,575</u>	<u>430,530</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	36,545,943	-	-	-
Succeeding year tax increment financing	-	-	5,626,738	-
Other	1,501,473	-	-	126,253
Total deferred inflows of resources	<u>38,047,416</u>	<u>-</u>	<u>5,626,738</u>	<u>126,253</u>

Debt Service	Capital Projects	Nonmajor	Total
2,176,455	4,038,085	6,052,724	36,691,842
21,681	-	-	140,746
6,674,237	-	-	43,220,180
-	-	-	5,626,738
-	284,936	2,640	1,899,592
-	-	171,777	355,167
-	-	633,694	633,694
-	-	-	750,000
71,262	390,517	1,254,568	6,601,645
-	-	-	92,464
-	-	987,743	1,290,428
-	-	-	720,855
-	4,960,042	441,669	5,401,711
8,943,635	9,673,580	9,544,815	103,425,062
-	2,296,544	116,449	4,496,935
-	-	62,368	677,404
-	294	-	274,280
-	-	92,464	92,464
-	2,296,838	271,281	5,541,083
6,674,237	-	-	43,220,180
-	-	-	5,626,738
21,681	-	171,777	1,821,184
6,695,918	-	171,777	50,668,102

(continued on next page)

City of Council Bluffs

Balance Sheet  
Governmental Funds  
(continued)

June 30, 2014

	Special Revenue			
	General	Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (continued)</b>				
Fund balances:				
Nonspendable:				
Cemetary perpetual care	-	-	-	-
Inventories	302,685	-	-	-
Prepaid insurance	720,855	-	-	-
Note receivable	750,000	-	-	-
Restricted for:				
Street and sewer maintenance and improvements	-	-	-	8,810,730
Debt service	-	-	161,508	-
Community development block grant programs	-	-	-	-
Capital projects	-	-	-	-
Other purposes	5,233,950	196,475	-	-
Unassigned	12,313,458	-	-	-
Total fund balances	19,320,948	196,475	161,508	8,810,730
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$59,905,223</b>	<b>196,475</b>	<b>5,793,821</b>	<b>9,367,513</b>

See notes to financial statements.



Debt Service	Capital Projects	Nonmajor	Total
-	-	59,920	59,920
-	-	987,743	1,290,428
-	-	-	720,855
-	-	-	750,000
-	-	5,249,285	14,060,015
2,247,717	-	-	2,409,225
-	-	1,730,794	1,730,794
-	7,376,742	-	7,376,742
-	-	1,165,990	6,596,415
-	-	(91,975)	12,221,483
<u>2,247,717</u>	<u>7,376,742</u>	<u>9,101,757</u>	<u>47,215,877</u>
<u>8,943,635</u>	<u>9,673,580</u>	<u>9,544,815</u>	<u>103,425,062</u>

**Exhibit D**

## City of Council Bluffs

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

June 30, 2014

**Total governmental fund balances (page 35)** \$ 47,215,877

**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 \$410,112,095 and the accumulated depreciation is \$130,573,636.

279,538,459

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

1,821,184

Long-term liabilities, including bonds/notes payable, loan payable, settlement agreement payable, compensated absences payable, net OPEB liability, net pension liability and accrued interest 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	\$ (48,520,000)	
Urban renewal term loan note	(10,989,474)	
Settlement agreement	(3,700,000)	
HUD loan	(660,000)	
Compensated absences	(3,135,597)	
Net OPEB liability	(1,639,810)	
Net pension liability	(510,081)	
Accrued interest payable	(140,837)	(69,295,799)

**Net position of governmental activities (page 26)**

\$259,279,721

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, 2014

	Special Revenue			
	General	Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Revenues:				
Property tax	\$ 32,603,297	-	-	-
Tax increment financing	-	-	5,466,119	-
Other city tax	8,759,230	-	-	8,921,770
Licenses and permits	4,226,304	-	-	-
Use of money and property	257,667	602,984	-	-
Intergovernmental	4,398,827	192,560	23,147	974,968
Charges for service	6,868,472	-	-	-
Special and drainage assessments	-	-	-	-
Miscellaneous	4,578,003	1,100,000	-	158,446
Total revenues	61,691,800	1,895,544	5,489,266	10,055,184
Expenditures:				
Operating:				
Public safety	30,865,047	-	-	-
Public works	1,625,613	-	-	-
Health and social services	646,717	-	-	-
Culture and recreation	11,170,145	-	-	-
Community and economic development	899,216	1,147,193	4,469,243	-
General government	17,738,884	-	-	-
Debt service:				
Principal redeemed	-	12,935,526	-	-
Interest paid	-	265,347	-	-
Miscellaneous debt expenditures	-	-	-	-
Capital projects	-	-	-	6,736,444
Total expenditures	62,945,622	14,348,066	4,469,243	6,736,444
Excess (deficiency) of revenues over (under) expenditures	(1,253,822)	(12,452,522)	1,020,023	3,318,740
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Term loan note issued	-	11,600,000	-	-
Premium on general obligation bonds issued	-	-	-	-
Transfers in	-	787,458	-	-
Transfers out	(1,718,139)	-	(1,218,633)	(8,727,897)
Total other financing sources (uses)	(1,718,139)	12,387,458	(1,218,633)	(8,727,897)
Change in fund balances	(2,971,961)	(65,064)	(198,610)	(5,409,157)
Fund balances beginning of year	22,292,909	261,539	360,118	14,219,887
Fund balances end of year	\$ 19,320,948	196,475	161,508	8,810,730

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
6,350,263	-	-	38,953,560
-	-	-	5,466,119
536,714	-	-	18,217,714
-	-	151,469	4,377,773
3,290	-	6,400	870,341
96,244	354,509	7,420,732	13,460,987
-	-	5,288	6,873,760
-	-	293,198	293,198
-	1,875,553	372,756	8,084,758
6,986,511	2,230,062	8,249,843	96,598,210
-	-	90,613	30,955,660
-	-	6,181,442	7,807,055
-	-	-	646,717
-	-	211,073	11,381,218
-	-	849,550	7,365,202
-	-	613,530	18,352,414
9,130,000	-	-	22,065,526
1,558,866	-	-	1,824,213
38,348	40,293	-	78,641
-	16,792,040	-	23,528,484
10,727,214	16,832,333	7,946,208	124,005,130
(3,740,703)	(14,602,271)	303,635	(27,406,920)
-	7,630,000	-	7,630,000
-	-	-	11,600,000
-	315,046	-	315,046
1,131,175	8,243,492	1,328,486	11,490,611
-	(53,839)	-	(11,718,508)
1,131,175	16,134,699	1,328,486	19,317,149
(2,609,528)	1,532,428	1,632,121	(8,089,771)
4,857,245	5,844,314	7,469,636	55,305,648
2,247,717	7,376,742	9,101,757	47,215,877

## 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, 2014

**Change in fund balances - Total governmental funds (page 39)** \$ (8,089,771)

***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. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 9,177,687	
Depreciation/amortization expense	<u>(10,815,541)</u>	(1,637,854)

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

Property tax	(122,728)	
Other	<u>(1,430,861)</u>	(1,553,589)

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 repayments exceeded issuances, as follows:

Issued	(19,230,000)	
Repaid	<u>24,380,526</u>	5,150,526

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	34,092	
Net OPEB expense	(159,528)	
Net pension expense	1,734	
Interest on long-term debt	<u>(12,897)</u>	<u>(136,599)</u>

**Change in net position of governmental activities (page 29)** \$ (6,267,287)

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, 2014

	Business Type Activities - Enterprise		
	Sewer	Refuse and Disposal	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 2,044,385	2,443,959	4,488,344
Receivables:			
Accounts	24,453	42,331	66,784
Customer accounts and unbilled usage	627,661	1,215,684	1,843,345
Due from other governments	772	163,491	164,263
Inventories	245,288	41,588	286,876
Total current assets	<u>2,942,559</u>	<u>3,907,053</u>	<u>6,849,612</u>
Noncurrent assets:			
Capital assets - nondepreciable	16,716,736	360,622	17,077,358
Capital assets - depreciable (net)	125,414,939	2,371,624	127,786,563
Total noncurrent assets	<u>142,131,675</u>	<u>2,732,246</u>	<u>144,863,921</u>
<b>Total assets</b>	<u>145,074,234</u>	<u>6,639,299</u>	<u>151,713,533</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	57,256	349,337	406,593
Salaries and benefits payable	68,530	18,188	86,718
Due to other governments	3,010	-	3,010
Unearned revenue	-	42,625	42,625
Revenue notes	199,000	-	199,000
Compensated absences	190,519	58,524	249,043
Total current liabilities	<u>518,315</u>	<u>468,674</u>	<u>986,989</u>
Noncurrent liabilities:			
Revenue notes	4,581,000	-	4,581,000
Compensated absences	93,648	31,944	125,592
Net OPEB liability	198,435	39,755	238,190
Net pension liability	62,260	11,659	73,919
Total noncurrent liabilities	<u>4,935,343</u>	<u>83,358</u>	<u>5,018,701</u>
<b>Total liabilities</b>	<u>5,453,658</u>	<u>552,032</u>	<u>6,005,690</u>
<b>Net Position</b>			
Net investment in capital assets	137,351,675	2,732,246	140,083,921
Unrestricted	2,268,901	3,355,021	5,623,922
<b>Total net position</b>	<u>\$139,620,576</u>	<u>6,087,267</u>	<u>145,707,843</u>

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, 2014

	Business Type Activities - Enterprise		
	Sewer	Refuse and Disposal	Total
Operating revenues:			
Charges for service	\$ 4,925,387	4,980,340	9,905,727
Miscellaneous	19,919	559,140	579,059
Total operating revenues	4,945,306	5,539,480	10,484,786
Operating expenses:			
Sewer system and sewage disposal	5,644,957	-	5,644,957
Refuse disposal	-	5,138,096	5,138,096
Depreciation	3,266,945	255,959	3,522,904
Total operating expenses	8,911,902	5,394,055	14,305,957
Operating income (loss)	(3,966,596)	145,425	(3,821,171)
Non-operating revenues (expenses):			
Land rent	2,355	-	2,355
State grant	-	9,691	9,691
Gain on disposal of capital asset	-	5,901	5,901
Interest expense	(161,120)	-	(161,120)
Miscellaneous debt expense	(12,432)	-	(12,432)
Total non-operating revenues (expenses)	(171,197)	15,592	(155,605)
Net income (loss) before contributions and transfers	(4,137,793)	161,017	(3,976,776)
Contributions and transfers:			
Capital contributions	12,200,298	-	12,200,298
Transfers in	227,897	-	227,897
Total contributions and transfers	12,428,195	-	12,428,195
Change in net position	8,290,402	161,017	8,451,419
Net position beginning of year	131,330,174	5,926,250	137,256,424
Net position end of year	\$ 139,620,576	6,087,267	145,707,843

See notes to financial statements.

**City of Council Bluffs**

**Exhibit I**

## City of Council Bluffs

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2014

	Business Type Activities - Enterprise		
	Sewer	Refuse and Disposal	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 4,983,014	4,780,598	9,763,612
Cash received from other sources	-	579,618	579,618
Cash paid for personal services	(4,048,849)	(1,118,746)	(5,167,595)
Cash paid to suppliers	(1,398,520)	(4,014,505)	(5,413,025)
Net cash provided by (used for) operating activities	(464,355)	226,965	(237,390)
Cash flows from noncapital financing activities:			
Land rent	2,355	-	2,355
State grant	-	9,691	9,691
Transfers from other funds	227,897	-	227,897
Net cash provided by noncapital financing activities	230,252	9,691	239,943
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	-	25,000	25,000
Acquisition of capital assets	(92,554)	(19,051)	(111,605)
Principal paid on sewer revenue capital loan notes	(193,000)	-	(193,000)
Interest and fees paid on sewer revenue capital loan notes	(173,552)	-	(173,552)
Net cash provided by (used for) capital and related financing activities	(459,106)	5,949	(453,157)
Net increase (decrease) in cash and cash equivalents	(693,209)	242,605	(450,604)
Cash and cash equivalents beginning of year	2,737,594	2,201,354	4,938,948
Cash and cash equivalents end of year	\$ 2,044,385	2,443,959	4,488,344

City of Council Bluffs

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2014

	Business Type Activities - Enterprise		
	Sewer	Refuse and Disposal	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (3,966,596)	145,425	(3,821,171)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	3,266,945	255,959	3,522,904
Decrease in accounts receivable	34,286	118,967	153,253
Increase in customer accounts receivable and unbilled usage	(1,559)	(259,247)	(260,806)
(Increase) decrease in due from other governments	4,981	(59,462)	(54,481)
(Increase) decrease in inventories	162,094	(22,186)	139,908
Increase (decrease) in accounts payable	(981)	16,370	15,389
Increase in salaries and benefits payable	22,193	4,427	26,620
Decrease in due to other governments	(820)	(64)	(884)
Increase in unearned revenue	-	20,478	20,478
Increase (decrease) in compensated absences	(4,554)	1,748	(2,806)
Increase in net OPEB liability	19,872	4,600	24,472
Decrease in net pension liability	(216)	(50)	(266)
Total adjustments	3,502,241	81,540	3,583,781
Net cash provided by (used for) operating activities	\$ (464,355)	226,965	(237,390)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, capital assets of \$12,200,298 were contributed to the Enterprise, Sewer Fund by the governmental funds. The total trade-in value of equipment deleted from Enterprise Funds was \$92,085.

See notes to financial statements.

**City of Council Bluffs**

City of Council Bluffs

Notes to Financial Statements

June 30, 2014

**(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, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* 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* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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.

Special Revenue:

The 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 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 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:

Enterprise:

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

The 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 year. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales 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 position 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 non-operating 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 are 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, Deferred Inflows of Resources 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, 2014 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, 2012 assessed

property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

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 and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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 extending 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

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, 2014. 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.

Deferred Inflows of Resources – 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 inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the culture and recreation, general government, debt service and capital projects functions.

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

Primary Government

The City's deposits in banks at June 30, 2014 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, 2014, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$200,125, 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, 2014 consist of mutual funds with a fair value of \$8,558,797.

### (3) Capital Assets

Capital assets activity for the year ended June 30, 2014 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/amortized:				
Land	\$ 35,247,378	2,160,939	-	37,408,317
Construction in progress	26,399,440	5,407,983	(13,753,165)	18,054,258
Total capital assets not being depreciated/amortized	61,646,818	7,568,922	(13,753,165)	55,462,575
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	22,655,204	2,698,331	(1,273,648)	24,079,887
Infrastructure, road network and other	161,775,448	12,771,449	-	174,546,897
Intangibles	577,037	-	-	577,037
Total capital assets being depreciated/amortized	340,453,388	15,469,780	(1,273,648)	354,649,520
Less accumulated depreciation/amortization for:				
Buildings	27,928,603	2,857,845	-	30,786,448
Improvements other than buildings	14,623,164	1,327,665	-	15,950,829
Equipment and vehicles	16,033,829	1,963,098	(1,165,798)	16,831,129
Infrastructure, road network and other	61,847,551	4,620,029	-	66,467,580
Intangibles	490,746	46,904	-	537,650
Total accumulated depreciation/amortization	120,923,893	10,815,541	(1,165,798)	130,573,636
Total capital assets being depreciated/amortized, net	219,529,495	4,654,239	(107,850)	224,075,884
Governmental activities capital assets, net	\$ 281,176,313	12,223,161	(13,861,015)	279,538,459
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,441,912	-	-	6,441,912
Construction in progress	4,442,477	8,890,231	(2,697,262)	10,635,446
Total capital assets not being depreciated	10,884,389	8,890,231	(2,697,262)	17,077,358
Capital assets being depreciated:				
Buildings	22,798,184	-	-	22,798,184
Improvements other than buildings	6,884,135	-	-	6,884,135
Equipment and vehicles	13,858,573	224,589	(352,350)	13,730,812
Infrastructure, sewer network	129,420,628	6,007,330	-	135,427,958
Total capital assets being depreciated	172,961,520	6,231,919	(352,350)	178,841,089
Less accumulated depreciation for:				
Buildings	10,757,184	402,721	-	11,159,905
Improvements other than buildings	1,457,200	125,365	-	1,582,565
Equipment and vehicles	8,667,663	628,601	(220,266)	9,075,998
Infrastructure, sewer network	26,869,841	2,366,217	-	29,236,058
Total accumulated depreciation	47,751,888	3,522,904	(220,266)	51,054,526
Total capital assets being depreciated, net	125,209,632	2,709,015	(132,084)	127,786,563
Business type activities capital assets, net	\$ 136,094,021	11,599,246	(2,829,346)	144,863,921



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

Governmental activities:	
Public safety	\$ 1,062,897
Public works	4,732,231
Health and social services	27,023
Culture and recreation	2,664,806
Community and economic development	2,204,469
General government	124,115
Total depreciation/amortization expense - governmental activities	<u>\$ 10,815,541</u>

Business type activities:	
Sewer	\$ 3,266,945
Refuse and Disposal	255,959
Total depreciation expense - business type activities	<u>\$ 3,522,904</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Discretely Presented Component Unit:</b>				
<b>Airport Authority:</b>				
Capital assets not being depreciated:				
Land	\$ 2,192,064	-	-	2,192,064
Construction in progress	750,758	67,871	(677,664)	140,965
Total capital assets not being depreciated	<u>2,942,822</u>	<u>67,871</u>	<u>(677,664)</u>	<u>2,333,029</u>
Capital assets being depreciated:				
Buildings	7,254,931	222,650	-	7,477,581
Improvements other than buildings	19,196,903	677,664	-	19,874,567
Equipment and vehicles	334,698	-	-	334,698
Total capital assets being depreciated	<u>26,786,532</u>	<u>900,314</u>	<u>-</u>	<u>27,686,846</u>
Less accumulated depreciation for:				
Buildings	1,521,556	175,707	-	1,697,263
Improvements other than buildings	3,068,015	630,955	-	3,698,970
Equipment and vehicles	220,756	29,765	-	250,521
Total accumulated depreciation	<u>4,810,327</u>	<u>836,427</u>	<u>-</u>	<u>5,646,754</u>
Total capital assets being depreciated, net	<u>21,976,205</u>	<u>63,887</u>	<u>-</u>	<u>22,040,092</u>
Discretely presented component unit capital assets, net	<u>\$ 24,919,027</u>	<u>131,758</u>	<u>(677,664)</u>	<u>24,373,121</u>
Total depreciation expense - discretely presented component unit				<u>\$ 836,427</u>

#### (4) Long-Term Liabilities

##### Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes	\$ 50,020,000	7,630,000	(9,130,000)	48,520,000	6,630,000
Urban renewal term loan note	12,325,000	-	(12,325,000)	-	-
Term loan note	-	11,600,000	(610,526)	10,989,474	2,442,105
Settlement agreement	6,000,000	-	(2,300,000)	3,700,000	491,722
HUD loan	675,000	-	(15,000)	660,000	15,000
Compensated absences	3,169,689	2,203,505	(2,237,597)	3,135,597	2,021,709
Net OPEB liability	1,480,282	296,514	(136,986)	1,639,810	-
Net pension liability	511,815	76,296	(78,030)	510,081	-
Total	\$ 74,181,786	21,806,315	(26,833,139)	69,154,962	11,600,536
Business type activities:					
Sewer revenue capital loan notes	\$ 4,973,000	-	(193,000)	4,780,000	199,000
Compensated absences	377,441	292,666	(295,472)	374,635	249,043
Net OPEB liability	213,718	45,486	(21,014)	238,190	-
Net pension liability	74,185	11,704	(11,970)	73,919	-
Total	\$ 5,638,344	349,856	(521,456)	5,466,744	448,043

##### Governmental Activities:

##### 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 \$48,520,000 at June 30, 2014. 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 \$2,100,000, with final maturities due in the year ending June 30, 2027.

On April 29, 2014, the City issued \$7,630,000 of general obligation bonds with interest at rates ranging from 2% to 3% to provide funds to pay the costs related to the opening, widening, extending, grading and draining of the right-of-way of streets, highways, avenues, alleys, public grounds and market places, and the construction, reconstruction and repairing of street and sidewalk improvements; the acquisition, installation and repair of signage, street lighting and traffic control devices; and the acquisition of real estate needed for any of the foregoing purposes: the acquisition, construction, reconstruction, extension, improvement and equipping of works and facilities useful for the collection, treatment and disposal of sewage and industrial waste in a sanitary manner, and for the collection and disposal of surface waters and streams; equipping of the fire department; the acquisition of ambulances and ambulance equipment; the rehabilitation and improvement of parks already owned, including facilities, equipment, and improvements commonly found in city parks; and the acquisition, construction, reconstruction, improvement, repair and equipping of waterworks, water mains, and extensions and real and personal property, useful for providing potable water to residents of a city.

During the year ended June 30, 2014, principal payments of \$9,130,000 and interest payments of \$1,558,866 were made by the City on general obligation bonds/notes.

Term Loan Note

On March 28, 2014, the City issued a \$11,600,000 urban renewal term loan note through U.S. Bank National Association, the proceeds of which were used to retire the outstanding urban renewal term 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 \$203,509 beginning on April 20, 2014, with a final payment due on December 20, 2018.

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 \$6,693,393 to be made by the City.

During the year ended June 30, 2014, principal payments of \$610,526 and interest payments of \$57,578 on the note 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 term loan note issued in March 2014. 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 \$11,564,256. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$668,104 and \$1,535,809, 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.

During the year ended June 30, 2014, payments of \$2,300,000 were made by the City.

Details of the settlement agreement payable at June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	504,681	23,890	528,571
2020-2021	1,230,310	26,835	1,257,145
Total	\$ 3,700,000	200,000	3,900,000

### Sewer Revenue Capital Loan Notes

On May 2, 2012, the City entered into an agreement with the Iowa Finance Authority (IFA) for \$5,160,000 of sewer revenue capital loan notes with interest at 3% 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 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, 2014 is \$6,265,000. For the current year, principal and interest paid and total net loss, (operating revenues less operating expenses plus depreciation expense), were \$342,170 and \$(699,651), 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, 2014 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, 2014 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2014
General obligation bonds:						
Corporate purpose	May 1, 2007	4.000%	June 1, 2020	\$ 100,000-2,100,000	8,965,000	3,215,000
Essential corporate purpose	May 1, 2007	3.700-4.000	June 1, 2020	155,000-240,000	2,150,000	1,295,000
Corporate purpose	Jun 23, 2008	3.250-4.000	June 1, 2021	140,000-805,000	7,615,000	4,940,000
Essential corporate purpose	Jun 9, 2009	2.100-5.600	June 1, 2024	50,000-660,000	7,165,000	5,435,000
Essential corporate purpose	Aug 11, 2010	1.000-3.650	June 1, 2025	115,000-805,000	7,300,000	5,215,000
Essential corporate purpose	Oct 12, 2011	2.000	June 1, 2019	415,000-490,000	3,165,000	2,325,000
Essential corporate purpose	Nov 28, 2012	2.000-3.000	June 1, 2027	825,000-1,945,000	14,880,000	12,110,000
Essential corporate purpose	Apr 29, 2014	2.000-3.000	June 1, 2026	570,000-1,000,000	7,630,000	7,630,000
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	780,000
Essential corporate purpose	Apr 24, 2012	0.500-1.500	June 1, 2019	485,000-1,065,000	4,095,000	3,040,000
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>\$ 48,520,000</u>

Details of the term loan note payable at June 30, 2014 are as follows:

Obligation	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2014
Term loan note	Mar 28, 2014	2.251% *	Dec. 20, 2018	\$ 1,335,526-2,442,105	11,600,000	<u>10,989,474</u>

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

Year Ending June 30,	General Obligation Bonds/Notes			Term Loan Note		
	Principal	Interest	Total	Principal	Interest*	Total
2015	\$ 6,630,000	1,497,466	8,127,466	2,442,105	229,328	2,671,433
2016	5,785,000	1,315,905	7,100,905	2,442,105	167,562	2,609,667
2017	5,355,000	1,157,868	6,512,868	2,442,105	112,473	2,554,578
2018	4,930,000	1,000,775	5,930,775	2,442,105	57,385	2,499,490
2019	4,915,000	860,303	5,775,303	1,221,054	8,034	1,229,088
2020-2024	15,820,000	2,325,780	18,145,780	-	-	-
2025-2027	5,085,000	266,100	5,351,100	-	-	-
Total	<u>\$ 48,520,000</u>	<u>8,424,197</u>	<u>56,944,197</u>	<u>10,989,474</u>	<u>574,782</u>	<u>11,564,256</u>

Business Type Activities:

Details of the sewer revenue capital loan notes payable at June 30, 2014 are as follows:

Obligation	Date of Issue	Interest Rates *	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2014
Sewer revenue capital loan note	May 2, 2012	3.00%	Jun 1, 2032	\$187,000 - 344,000	5,160,000	<u>4,780,000</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,	Principal	Interest	Total
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	227,000	118,260	345,260
2020-2024	1,250,000	484,650	1,734,650
2025-2029	1,466,000	284,550	1,750,550
2030-2032	999,000	60,600	1,059,600
Total	<u>\$ 4,780,000</u>	<u>1,485,000</u>	<u>6,265,000</u>

At June 30, 2014, 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, 2012 (unaudited)	<u>\$ 4,385,467,895</u>
Debt limit - 5% of total actual valuation	\$ 219,273,395
Less debt applicable to debt limit:	
General obligation debt outstanding	(48,520,000)
Tax increment indebtedness	(23,501,531)
Legal settlement	(3,700,000)
Plus funds on hand available to service debt:	
Debt Service Fund balance	2,247,717
Tax Increment Financing Fund balance	<u>161,508</u>
Legal debt margin	<u>\$ 145,961,089</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, 2014, the City paid \$15,000 of principal and \$2,838 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
2015	\$ 15,000	2,757	17,757
2016	20,000	2,671	22,671
2017	25,000	2,564	27,564
2018	30,000	2,436	32,436
2019	35,000	2,287	37,287
2020-2024	245,000	8,484	253,484
2025-2028	290,000	1,966	291,966
Total	\$ 660,000	23,165	683,165

\* Annual interest payments are estimated since the interest rate on this loan varies (the interest rate at June 30, 2014 is approximately .43% 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, 2014, \$3,468 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, 2014 is as follows:

Purpose	Special Revenue			Total
	Bass Pro			
	General	Shop	Nonmajor	
Insurance	\$ 785,231	-	-	785,231
Employee benefits	4,400,636	-	-	4,400,636
Home program	-	-	139,200	139,200
Drainage	-	-	699,567	699,567
Library	-	-	219,603	219,603
Other	48,083	196,475	107,620	352,178
	<u>\$ 5,233,950</u>	<u>196,475</u>	<u>1,165,990</u>	<u>6,596,415</u>

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Nonmajor (Road Use Tax)	General	\$ 1,241,674
	General	32,973
	Capital Projects	53,839
		<u>86,812</u>
Bass Pro Shop	Special Revenue:	
	Tax Increment Financing	787,458
Debt Service	Special Revenue:	
	Tax Increment Financing	431,175
	City Local Option Sales Tax	700,000
		<u>1,131,175</u>
Capital Projects	General	443,492
	Special Revenue:	
	City Local Option Sales Tax	7,800,000
		<u>8,243,492</u>
Enterprise:	Special Revenue:	
Sewer	City Local Option Sales Tax	227,897
Total		<u>\$ 11,718,508</u>

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, 2014, the City made a transfer from the General Fund to the Capital Projects Fund to provide partial funding for various projects.



**(8) Interfund Assets/Liabilities**

The detail of due to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Nonmajor (CDBG Grant)	\$ 48,861
Special Revenue: City Local Option Sales Tax	Nonmajor (Levee Certification Improvement)	43,603
Total		<u>\$ 92,464</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(9) 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 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,355,093, \$1,276,096 and \$1,165,078, 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 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$4,480,402, \$3,769,244 and \$3,453,811, respectively, which met the required minimum contributions for each year.

**(10) 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 445 active and 34 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, 2014, 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	85,000
Adjustment to annual required contribution	(110,000)
Annual OPEB cost	342,000
Contributions made	(158,000)
Increase in net OPEB obligation	184,000
Net OPEB obligation beginning of year	1,694,000
Net OPEB obligation end of year	\$ 1,878,000

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, 2014.

For the year ended June 30, 2014, the City contributed \$158,000 to the medical plan. Plan members eligible for benefits contributed \$383,000, 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
2012	\$ 407,000	53.8%	\$ 1,528,000
2013	344,000	51.7	1,694,000
2014	342,000	46.2	1,878,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, 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, 2014, 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 MFPRSI 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.

**(11) 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 445 active members in the plan as of June 30, 2014. 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, 2014, 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	(38,000)
Annual pension cost (expense)	88,000
Pension payments made	(90,000)
Increase in net pension obligation	(2,000)
Net pension obligation beginning of year	586,000
Net pension obligation end of year	<u>\$ 584,000</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, 2014.

For the year ended June 30, 2014, the City contributed \$90,000 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
2012	\$ 88,000	112.5%	\$ 577,000
2013	90,000	90.0	586,000
2014	97,000	102.3	584,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, 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, 2014, 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.

**(12) 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, 2014, the City paid \$442,985 under this contract.

**(13) 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.

**(14) 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, 2014 was \$6,940,898.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2014 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, 2014 and June 30, 2013 is as follows:

	2014	2013
Unpaid claims as of beginning of year	\$ 158,000	150,000
Incurred claims (including claims incurred but not reported as of June 30)	7,941,648	7,628,435
Payments on claims	(7,941,648)	(7,620,435)
Unpaid claims as of year end	<u>\$ 158,000</u>	<u>158,000</u>

**(15) Construction Commitments**

Construction commitments at June 30, 2014 totaled \$14,029,484 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.

**(16) 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. Settled claims from these risks did not exceed commercial insurance coverage during fiscal years 2014 or 2012, although in 2013 the City became liable under a settlement agreement for \$6,000,000 plus interest, an amount exceeding coverage limitations.

**(17) 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, 2014 carry an interest rate of 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2014, there were 72 active loans with a total outstanding principal balance of \$630,619, which is included in loans receivable in these financial statements.

**(18) 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 \$34,472,081. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2014, the City rebated \$4,446,097 of incremental property tax to developers, which included \$4,443,297 for principal and \$2,800 for interest. The total cumulative principal amount rebated on the agreements is \$13,369,460. The outstanding balance on the agreements at June 30, 2014 was \$20,622,308.

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.

**(19) 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, 2014, the City paid \$304,360 to the IWF pursuant to this agreement. The total cumulative amount paid under this agreement is \$2,240,679.

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. 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. As discussed in Note 4, in March 2014, the City issued a \$11,600,000 term loan note to retire the \$14,500,000 urban renewal term 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, 2014, 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 December 3, 2013, the City entered into an agreement with the Council Bluffs Convention and Visitors Bureau (CVB). As part of the agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts to the CVB for the purpose of promoting the City as both a convention site, a sports venue and a visitor attraction. The City's obligation under this agreement commenced on January 1, 2014 and terminates on June 30, 2015. Pursuant to the agreement, the City paid \$299,507 in the year ended June 30, 2014 and is scheduled to pay \$505,000 in the year ended June 30, 2015.



**(20) 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, 2014, the results of operations did not require additional funding from the City under the terms of the agreement. Following is a condensed operating statement for activities managed by Harrahs for the year ended June 30, 2014.

Operating revenues:	
Event revenue	\$ 725,174
Retail revenue	2,369,350
Total revenue	<u>3,094,524</u>
Operating expenses:	
Event expenses:	
Cost of sales - events	21,732
Cost of sales - other retail	1,023,324
Security	27,681
Total event operating expenses	<u>1,072,737</u>
Property expenses:	
Administrative and general	539,776
Facility operations	910,353
Marketing and promotions	633,133
Miscellaneous	97,008
Total property expenses	<u>2,180,270</u>
Total operating expenses	<u>3,253,007</u>
Operating income (loss)	(158,483)
Non-operating expenses:	
Capital outlay	(217,262)
Management fee	(270,000)
Total non-operating expenses	<u>(487,262)</u>
Net income (loss)	<u>\$ (645,745)</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	\$(158,483)
Net operating loss threshold	<u>(700,000)</u>
Net operating loss less than net operating loss threshold	<u>\$ 541,517</u>
50% of the amount the net operating income/loss exceeds the net operating loss threshold	<u>\$ 270,759</u>

The City has paid \$270,000 of the management fee and plans to pay the remaining portion once the City's Comprehensive Annual Financial Report has been issued.

**(21) Restatement**

As a result of adopting GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, unamortized bond issuance costs which were previously reported as assets have been expensed for the Airport Authority a discretely presented component unit, as follows:

Net position at June 30, 2013, as previously reported	\$23,141,833
Unamortized bond issuance costs expensed	<u>(20,453)</u>
Net position at July 1, 2013, as restated	<u>\$23,121,380</u>

**(22) Deficit Fund Balance**

The Special Revenue, Levee Certification Improvement Fund had a deficit fund balance of \$91,975 at June 30, 2014. The deficit balance will be eliminated through the receipt of a State grant and transfers from the Special Revenue, City Local Option Sales Tax Fund.

**(23) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for each of the government's proportionate share of the employee pension plans.

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, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
<b>Receipts:</b>			
Property tax	\$ 38,953,560	-	38,953,560
Tax increment financing	5,466,119	-	5,466,119
Other city tax	18,217,714	-	18,217,714
Licenses and permits	4,377,773	-	4,377,773
Use of money and property	870,341	2,355	872,696
Intergovernmental	13,460,987	9,691	13,470,678
Charges for service	6,873,760	9,905,727	16,779,487
Special and drainage assessments	293,198	-	293,198
Miscellaneous	8,084,758	579,059	8,663,817
Total receipts	96,598,210	10,496,832	107,095,042
<b>Disbursements:</b>			
Public safety	30,955,660	-	30,955,660
Public works	7,807,055	-	7,807,055
Health and social services	646,717	-	646,717
Culture and recreation	11,381,218	-	11,381,218
Community and economic development	7,365,202	-	7,365,202
General government	18,352,414	-	18,352,414
Debt service	23,968,380	-	23,968,380
Capital projects	23,528,484	-	23,528,484
Business type activities	-	14,479,509	14,479,509
Total disbursements	124,005,130	14,479,509	138,484,639
Excess (deficiency) of receipts over (under) disbursements	(27,406,920)	(3,982,677)	(31,389,597)
Other financing sources (uses), net	19,317,149	12,434,096	31,751,245
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(8,089,771)	8,451,419	361,648
Balance beginning of year	55,305,648	137,256,424	192,562,072
Balance end of year	\$ 47,215,877	145,707,843	192,923,720

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
39,457,916	39,457,916	(504,356)
5,607,840	5,607,840	(141,721)
18,140,734	18,140,734	76,980
3,711,060	3,711,060	666,713
838,300	838,300	34,396
15,851,098	15,851,098	(2,380,420)
13,346,059	16,446,059	333,428
140,000	140,000	153,198
8,557,100	8,907,100	(243,283)
105,650,107	109,100,107	(2,005,065)
30,987,388	30,987,388	31,728
10,016,645	10,016,645	2,209,590
652,998	652,998	6,281
7,026,488	10,976,488	(404,730)
9,937,256	8,670,584	1,305,382
8,654,111	14,854,111	(3,498,303)
8,099,853	12,428,525	(11,539,855)
18,750,422	20,638,422	(2,890,062)
11,443,226	14,543,226	63,717
105,568,387	123,768,387	(14,716,252)
81,720	(14,668,280)	(16,721,317)
-	7,950,000	23,801,245
81,720	(6,718,280)	7,079,928
179,096,805	371,658,877	(179,096,805)
179,178,525	364,940,597	(172,016,877)

City of Council Bluffs

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2014

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. 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 \$18,200,000. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, expenditures in the culture and recreation, general government, debt service and capital projects 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	0.0%	\$27,837	12.7%
2011	Jul 1, 2009	-	4,073	4,073	0.0	25,794	15.8
2012	Jul 1, 2011	-	3,800	3,800	0.0	25,611	14.8
2013	Jul 1, 2012	-	3,472	3,472	0.0	25,955	13.4
2014	Jul 1, 2012	-	3,472	3,472	0.0	25,955	13.4

See Note 10 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.

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	0.0%	\$ 27,837	21.0%
2011	Jul 1, 2010	-	744	744	0.0	25,794	2.9
2012	Jul 1, 2010	-	744	744	0.0	25,611	2.9
2013	Jul 1, 2012	-	763	763	0.0	25,955	2.9
2014	Jul 1, 2012	-	763	763	0.0	25,955	2.9

See Note 11 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
2012	\$ 427,000	219,000	51.3%
2013	367,000	178,000	48.5
2014	367,000	158,000	43.1

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  
Supplemental Pension Plan

Required Supplementary Information

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2012	\$ 95,000	99,000	104.2%
2013	97,000	81,000	83.5
2014	97,000	90,000	92.8

See Note 11 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 tax 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 Levee Certification Improvement Fund** accounts for costs associated with the City's long term improvements to its federal levee system as required by FEMA to maintain current flood protection status. The fund's primary revenue source will be the State of Iowa in the form of state sales tax incremental financing provided for flood protection improvements.

**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, 2014

	Special Revenue				
	CDBG				
	Road Use Tax	CDBG Grant	HOME Program	Installment Loan Escrow	Levee Certification Improvement
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 4,859,602	-	108,852	8,499	-
Receivables:					
Accounts	640	-	2,000	-	-
Special and drainage assessments	-	-	-	-	-
Loans	-	630,619	-	3,075	-
Due from other governments	480,126	738,075	29,348	-	-
Inventories	987,743	-	-	-	-
Land held for resale	-	441,669	-	-	-
<b>Total assets</b>	<b>6,328,111</b>	<b>1,810,363</b>	<b>140,200</b>	<b>11,574</b>	<b>-</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 35,658	24,422	1,000	4,398	48,372
Salaries and benefits payable	55,425	6,286	-	-	-
Due to other funds	-	48,861	-	-	43,603
Total liabilities	91,083	79,569	1,000	4,398	91,975
Deferred inflows of resources:					
Unavailable revenues - other	-	-	-	-	-
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Inventories	987,743	-	-	-	-
Restricted for:					
Street and sewer maintenance and improvements	5,249,285	-	-	-	-
Community development block grant purposes	-	1,730,794	-	-	-
Other purposes	-	-	139,200	7,176	-
Unassigned	-	-	-	-	(91,975)
Total fund balances	6,237,028	1,730,794	139,200	7,176	(91,975)
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,328,111</b>	<b>1,810,363</b>	<b>140,200</b>	<b>11,574</b>	<b>-</b>

See accompanying independent auditor's report.



Drainage Districts						Permanent	
Mosquito Creek #22	Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total	Fairview Cemetery Perpetual Care	Total
238,378	158,029	298,068	100,444	220,932	5,992,804	59,920	6,052,724
-	-	-	-	-	2,640	-	2,640
71,229	36,066	64,482	-	-	171,777	-	171,777
-	-	-	-	-	633,694	-	633,694
5,291	574	1,154	-	-	1,254,568	-	1,254,568
-	-	-	-	-	987,743	-	987,743
-	-	-	-	-	441,669	-	441,669
314,898	194,669	363,704	100,444	220,932	9,484,895	59,920	9,544,815
-	1,270	-	-	1,329	116,449	-	116,449
219	219	219	-	-	62,368	-	62,368
-	-	-	-	-	92,464	-	92,464
219	1,489	219	-	1,329	271,281	-	271,281
71,229	36,066	64,482	-	-	171,777	-	171,777
-	-	-	-	-	-	59,920	59,920
-	-	-	-	-	987,743	-	987,743
-	-	-	-	-	5,249,285	-	5,249,285
-	-	-	-	-	1,730,794	-	1,730,794
243,450	157,114	299,003	100,444	219,603	1,165,990	-	1,165,990
-	-	-	-	-	(91,975)	-	(91,975)
243,450	157,114	299,003	100,444	219,603	9,041,837	59,920	9,101,757
314,898	194,669	363,704	100,444	220,932	9,484,895	59,920	9,544,815

City of Council Bluffs

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

Year ended June 30, 2014

	Road Use Tax	CDBG Grant	HOME Program	CDBG Installment Loan Escrow	Levee Certification Improvement
<b>Revenues:</b>					
Licenses and permits	\$ 151,469	-	-	-	-
Uses of money and property	6,400	-	-	-	-
Intergovernmental	6,187,717	1,233,015	-	-	-
Charges for service	238	5,050	-	-	-
Special and drainage assessments	-	-	-	-	-
Miscellaneous	127,109	26,951	25,000	13,819	-
Total revenues	6,472,933	1,265,016	25,000	13,819	-
<b>Expenditures:</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	6,089,467	-	-	-	91,975
Culture and recreation	-	-	-	-	-
Community and economic development	-	577,552	131,848	15,596	-
General government	613,530	-	-	-	-
Total expenditures	6,702,997	577,552	131,848	15,596	91,975
Excess (deficiency) of revenues over (under) expenditures	(230,064)	687,464	(106,848)	(1,777)	(91,975)
<b>Other financing sources:</b>					
Transfers in	1,241,674	86,812	-	-	-
Change in fund balances	1,011,610	774,276	(106,848)	(1,777)	(91,975)
Fund balances beginning of year	5,225,418	956,518	246,048	8,953	-
Fund balances end of year	\$ 6,237,028	1,730,794	139,200	7,176	(91,975)

See accompanying independent auditor's report.

Special Revenue						Permanent	
Drainage Districts						Fairview	
Mosquito Creek #22	Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total	Cemetery Perpetual Care	Total
-	-	-	-	-	151,469	-	151,469
-	-	-	-	-	6,400	-	6,400
-	-	-	-	-	7,420,732	-	7,420,732
-	-	-	-	-	5,288	-	5,288
81,159	36,565	55,474	120,000	-	293,198	-	293,198
-	-	-	-	179,877	372,756	-	372,756
81,159	36,565	55,474	120,000	179,877	8,249,843	-	8,249,843
40,539	37,410	12,664	-	-	90,613	-	90,613
-	-	-	-	-	6,181,442	-	6,181,442
-	-	-	-	211,073	211,073	-	211,073
-	-	-	124,554	-	849,550	-	849,550
-	-	-	-	-	613,530	-	613,530
40,539	37,410	12,664	124,554	211,073	7,946,208	-	7,946,208
40,620	(845)	42,810	(4,554)	(31,196)	303,635	-	303,635
-	-	-	-	-	1,328,486	-	1,328,486
40,620	(845)	42,810	(4,554)	(31,196)	1,632,121	-	1,632,121
202,830	157,959	256,193	104,998	250,799	7,409,716	59,920	7,469,636
243,450	157,114	299,003	100,444	219,603	9,041,837	59,920	9,101,757

City of Council Bluffs

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

For the Last Ten Years

	2014	2013	2012	Modified 2011
<b>Revenues:</b>				
Property tax	\$ 38,953,560	38,696,748	38,829,292	37,867,393
Tax increment financing	5,466,119	5,251,749	4,780,170	6,059,684
Other city tax	18,217,714	17,857,809	17,790,350	17,937,503
Licenses and permits	4,377,773	4,213,087	3,529,560	3,289,876
Use of money and property	870,341	895,147	829,778	922,502
Intergovernmental	13,460,987	13,479,981	25,879,633	20,417,261
Charges for service	6,873,760	5,761,464	3,295,521	3,561,999
Special and drainage assessments	293,198	292,432	295,695	161,225
Miscellaneous	8,084,758	7,823,739	12,459,968	6,059,423
<b>Total</b>	<b>\$ 96,598,210</b>	<b>94,272,156</b>	<b>107,689,967</b>	<b>96,276,866</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety	\$ 30,955,660	29,365,778	28,235,501	27,054,108
Public works	7,807,055	7,679,021	5,945,192	7,116,807
Health and social services	646,717	609,935	584,156	544,420
Culture and recreation	11,381,218	9,517,123	6,347,573	6,188,577
Community and economic development	7,365,202	6,743,807	5,399,216	5,525,461
General government	18,352,414	15,924,535	26,036,435	13,862,324
Debt service	23,968,380	15,011,523	9,346,212	9,471,774
Capital projects	23,528,484	17,602,500	21,841,438	33,015,979
<b>Total</b>	<b>\$ 124,005,130</b>	<b>102,454,222</b>	<b>103,735,723</b>	<b>102,779,450</b>

See accompanying independent auditor's report.

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Accrual Basis					
2010	2009	2008	2007	2006	2005
37,103,962	33,308,384	31,830,399	30,233,157	28,381,903	26,346,058
3,222,809	4,983,734	3,548,580	1,384,337	1,230,247	902,756
15,726,929	13,203,713	13,325,303	11,720,071	11,413,261	12,687,008
3,199,381	3,345,559	3,455,394	3,510,264	1,051,748	1,176,222
968,615	1,422,391	1,795,827	2,073,470	1,624,075	818,897
13,957,826	10,693,866	16,273,844	12,020,294	12,479,002	12,739,275
3,543,339	3,827,025	3,298,632	3,317,768	3,818,793	3,284,574
341,278	220,241	210,925	203,542	111,622	1,034
7,399,559	6,319,096	7,756,828	10,863,550	11,684,492	6,591,318
85,463,698	77,324,009	81,495,732	75,326,453	71,795,143	64,547,142
25,267,311	24,800,095	24,185,898	24,010,444	23,582,483	22,882,165
6,354,312	6,974,369	7,113,721	6,826,252	8,313,984	9,706,538
524,986	515,800	503,210	488,102	508,110	1,196,578
6,029,643	7,180,312	5,685,981	5,349,274	5,219,482	4,602,801
4,346,981	5,181,333	4,144,240	3,481,043	22,419,715	5,027,689
10,022,944	9,146,234	9,620,991	9,426,637	5,298,251	4,967,337
12,631,833	12,147,426	11,777,883	11,006,109	9,834,396	15,304,432
29,890,156	19,216,601	21,197,403	21,149,556	18,272,003	12,150,551
95,068,166	85,162,170	84,229,327	81,737,417	93,448,424	75,838,091

**City of Council Bluffs**

# STATISTICAL SECTION





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)

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 246,057,967	242,739,159	239,751,252	231,096,351
Restricted	25,626,688	30,005,228	35,772,486	30,061,361
Unrestricted	(12,404,934)	(7,197,379)	(7,121,573)	(10,787,191)
Total governmental activities net position	<u>\$ 259,279,721</u>	<u>265,547,008</u>	<u>268,402,165</u>	<u>250,370,521</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 140,083,921	131,121,021	131,806,236	128,435,537
Unrestricted	5,623,922	6,135,403	1,660,104	2,448,896
Total business-type activities net position	<u>\$ 145,707,843</u>	<u>137,256,424</u>	<u>133,466,340</u>	<u>130,884,433</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 386,141,888	373,860,180	371,557,488	359,531,888
Restricted	25,626,688	30,005,228	35,772,486	30,061,361
Unrestricted	(6,781,012)	(1,061,976)	(5,461,469)	(8,338,295)
Total primary government net position	<u>\$ 404,987,564</u>	<u>402,803,432</u>	<u>401,868,505</u>	<u>381,254,954</u>

\* 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>2010</b>	<b>2009**</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005*</b>
219,535,725	212,224,136	191,101,228	173,378,490	159,110,952	139,458,058
23,003,392	21,301,756	18,082,904	17,765,773	12,939,617	12,231,403
(263,805)	(4,916,787)	(4,506,740)	758,509	3,175,451	6,383,483
242,275,312	228,609,105	204,677,392	191,902,772	175,226,020	158,072,944
118,755,228	107,488,837	101,199,118	99,533,684	88,862,559	75,903,874
5,261,436	9,469,103	6,804,540	4,146,969	5,325,013	4,259,157
124,016,664	116,957,940	108,003,658	103,680,653	94,187,572	80,163,031
338,290,953	319,712,973	292,300,346	272,912,174	247,973,511	215,361,932
23,003,392	21,301,756	18,082,904	17,765,773	12,939,617	12,231,403
4,997,631	4,552,316	2,297,800	4,905,478	8,500,464	10,642,640
366,291,976	345,567,045	312,681,050	295,583,425	269,413,592	238,235,975

City of Council Bluffs

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

	2014	2013	2012	2011
<b>Expenses</b>				
Governmental activities:				
Public safety	\$ 31,070,833	30,176,722	28,913,039	28,501,970
Public works	15,609,496	13,994,363	12,088,663	12,492,324
Health and social services	676,455	649,660	516,001	573,385
Culture and recreation	14,374,266	11,472,144	8,733,154	11,915,556
Community and economic development	10,386,218	10,053,869	7,809,473	7,816,996
General government	15,094,903	21,785,632	26,117,159	14,435,524
Interest on long term debt	1,600,705	1,320,753	2,057,277	2,119,475
Total governmental activities expenses	88,812,876	89,453,143	86,234,766	77,855,230
Business-type activities:				
Sewer system and sewage disposal	9,085,454	8,511,229	8,468,164	8,325,469
Refuse and disposal	5,394,055	4,953,069	4,895,323	4,652,239
Other	-	-	-	-
Total business type activities expenses	14,479,509	13,464,298	13,363,487	12,977,708
Total primary government expenses	\$ 103,292,385	102,917,441	99,598,253	90,832,938
<b>Program revenues</b>				
Governmental activities:				
Charges for service:				
Public safety	\$ 4,042,165	3,714,888	3,911,323	3,783,890
Public works	380,451	426,878	259,818	432,461
Health and social services	214,352	223,651	106,368	75,729
Culture and recreation	4,480,358	3,735,755	1,176,034	1,366,821
Community and economic development	745,089	788,312	785,428	816,575
General government	5,095,615	4,351,014	3,686,329	2,888,110
Interest on long term debt	-	-	-	-
Operating grants and contributions	11,770,641	10,902,095	22,012,492	12,021,377
Capital grants and contributions	3,457,434	3,891,282	11,925,631	10,968,177
Total governmental activities program revenues	30,186,105	28,033,875	43,863,423	32,353,140
Business type activities:				
Charges for service:				
Sanitary sewer	4,945,306	5,219,683	5,033,254	5,290,548
Refuse and disposal	5,539,480	5,000,428	5,458,948	5,211,310
Other	-	-	-	-
Operating grants and contributions	9,691	-	-	33,257
Capital grants and contributions	-	2,182,683	750,000	369,760
Total business type activities program revenues	10,494,477	12,402,794	11,242,202	10,904,875
Total primary government program revenues	\$ 40,680,582	40,436,669	55,105,625	43,258,015
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (58,626,771)	(61,419,268)	(42,371,343)	(45,502,090)
Business type activities	(3,985,032)	(1,061,504)	(2,121,285)	(2,072,833)
Total primary government net expense	\$ (62,611,803)	(62,480,772)	(44,492,628)	(47,574,923)

2010	2009	2008	2007	2006	2005
26,540,090	25,796,311	23,825,855	24,790,690	23,367,537	22,792,665
11,298,900	11,071,569	13,486,989	9,946,764	12,179,474	11,435,866
550,421	563,295	561,859	471,757	497,478	1,195,682
8,348,868	9,504,036	7,748,286	6,718,057	6,407,003	7,152,050
6,801,616	7,514,563	7,531,592	5,907,016	14,411,811	5,894,143
10,959,589	10,555,074	10,914,762	10,385,104	6,346,367	6,200,773
2,158,068	2,611,834	3,110,714	3,061,451	2,857,508	2,498,456
66,657,552	67,616,682	67,180,057	61,280,839	66,067,178	57,169,635
7,231,802	8,560,437	7,220,114	7,019,179	6,608,528	6,013,604
4,518,258	4,386,055	3,742,452	3,481,343	3,329,798	3,287,588
67,195	2,500	-	-	-	-
11,817,255	12,948,992	10,962,566	10,500,522	9,938,326	9,301,192
78,474,807	80,565,674	78,142,623	71,781,361	76,005,504	66,470,827
4,320,041	3,059,464	3,586,990	3,520,866	3,432,067	2,442,490
467,447	927,074	726,469	661,459	439,964	766,126
106,412	51,734	154,897	36,552	21,127	174,939
1,525,874	1,467,869	1,324,002	1,309,207	1,412,165	1,371,588
797,523	853,071	852,390	1,148,270	421,634	231,229
3,575,089	3,448,875	3,616,649	3,492,144	2,149,103	2,535,926
108,432	-	-	-	-	85,327
10,296,448	11,473,259	11,214,539	10,062,512	11,882,076	9,049,800
10,812,521	22,074,207	9,544,137	16,089,488	31,289,080	8,119,602
32,009,787	43,355,553	31,020,073	36,320,498	51,047,216	24,777,027
5,452,663	5,292,190	5,505,772	5,415,260	5,447,587	5,021,719
4,654,118	4,595,669	3,590,140	3,458,983	3,296,649	3,287,687
41,479	28,216	-	-	-	-
247,134	369,002	144,871	80,102	163,922	219,770
-	2,732,966	-	2,547,231	4,318,634	661,474
10,395,394	13,018,043	9,240,783	11,501,576	13,226,792	9,190,650
42,405,181	56,373,596	40,260,856	47,822,074	64,274,008	33,967,677
(34,647,765)	(24,261,129)	(36,159,984)	(24,960,341)	(15,019,962)	(32,392,608)
(1,421,861)	69,051	(1,721,783)	1,001,054	3,288,466	(110,542)
(36,069,626)	(24,192,078)	(37,881,767)	(23,959,287)	(11,731,496)	(32,503,150)

(continued on next page)

City of Council Bluffs

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General revenue and other changes in net position</b>				
Governmental activities:				
Property tax levied for general purposes	\$ 32,503,566	31,858,165	32,146,836	30,867,270
Property tax levied for debt service	6,327,266	6,940,528	6,706,224	7,006,599
Tax increment financing	5,466,119	5,251,542	4,780,377	6,058,673
Local option sales tax	8,921,770	7,911,136	8,410,893	8,589,061
Hotel motel tax	2,679,437	2,539,232	2,579,387	2,269,329
Gaming wager tax	3,125,722	3,539,033	3,695,712	3,670,039
Other city tax	3,490,785	3,463,114	3,646,472	3,543,543
Unrestricted investment earnings	266,405	238,082	168,082	279,466
Miscellaneous	2,006,609	1,672,512	2,967,288	116,206
Gain on disposition of capital assets	-	-	-	-
Transfers	(12,428,195)	(4,849,233)	(4,698,284)	(8,802,887)
<b>Total governmental activities</b>	<b>52,359,484</b>	<b>58,564,111</b>	<b>60,402,987</b>	<b>53,597,299</b>
Business type activities:				
Local option sales tax	-	-	-	-
Unrestricted investment earnings	-	-	-	180
Miscellaneous	2,355	2,355	2,355	10,397
Gain on disposition of capital assets	5,901	-	2,553	127,138
Transfers	12,428,195	4,849,233	4,698,284	8,802,887
<b>Total business type activities</b>	<b>12,436,451</b>	<b>4,851,588</b>	<b>4,703,192</b>	<b>8,940,602</b>
<b>Total primary government</b>	<b>\$ 64,795,935</b>	<b>63,415,699</b>	<b>65,106,179</b>	<b>62,537,901</b>
<b>Changes in Net Position</b>				
Governmental activities	\$ (6,267,287)	(2,855,157)	18,031,644	8,095,209
Business type activities	8,451,419	3,790,084	2,581,907	6,867,769
<b>Total primary government</b>	<b>\$ 2,184,132</b>	<b>934,927</b>	<b>20,613,551</b>	<b>14,962,978</b>

\* 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.

2010	2009**	2008	2007	2006	2005*
29,870,765	26,464,281	25,273,906	24,034,452	22,497,883	21,105,126
7,210,156	6,804,838	6,584,767	6,220,880	5,783,551	5,698,312
3,223,820	4,983,734	3,548,580	1,384,337	1,230,247	902,756
7,024,557	3,540,379	3,814,009	2,032,485	1,435,178	2,909,653
2,200,766	2,263,735	2,328,532	2,151,729	2,062,865	1,719,166
3,821,147	4,199,317	4,469,440	4,798,056	4,988,435	4,879,035
2,700,871	3,174,102	2,739,342	2,711,601	2,926,783	2,706,908
341,243	733,812	771,465	1,256,656	796,565	478,686
91,724	132,778	58,645	114,552	869,830	1,847,941
-	-	26,093	105,709	-	-
(11,320,521)	(4,104,134)	(680,175)	(3,173,334)	(1,777,675)	3,089,805
45,164,528	48,192,842	48,934,604	41,637,123	40,813,662	45,337,388
-	4,646,303	3,492,325	5,252,871	6,810,075	4,116,833
1,423	49,787	66,324	32,822	-	-
85,790	82,562	133,170	33,000	-	194,729
-	2,445	1,672,794	-	1,226	-
11,320,521	4,104,134	680,175	3,173,334	1,777,675	(3,089,805)
11,407,734	8,885,231	6,044,788	8,492,027	8,588,976	1,221,757
56,572,262	57,078,073	54,979,392	50,129,150	49,402,638	46,559,145
10,516,763	23,931,713	12,774,620	16,676,782	25,793,700	12,944,780
9,985,873	8,954,282	4,323,005	9,493,081	11,877,442	1,111,215
20,502,636	32,885,995	17,097,625	26,169,863	37,671,142	14,055,995

City of Council Bluffs

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General fund</b>				
Unreserved	\$ -	-	-	-
Reserved	-	-	-	-
Nonspendable	1,773,540	1,817,606	1,814,002	2,814,123
Restricted	5,233,950	5,681,823	8,976,226	7,125,557
Unassigned	12,313,458	14,793,480	13,158,934	10,859,733
Total general fund	<u>\$ 19,320,948</u>	<u>22,292,909</u>	<u>23,949,162</u>	<u>20,799,413</u>
<b>All other government funds</b>				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Nonspendable	1,047,663	904,790	1,121,924	1,189,228
Restricted	26,939,241	32,107,949	26,298,322	23,406,432
Unassigned	(91,975)	-	(6,134,110)	(8,275,436)
Total all other government funds	<u>\$ 27,894,929</u>	<u>33,012,739</u>	<u>21,286,136</u>	<u>16,320,224</u>



<b>Fiscal Year</b>					
<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
2,727,002	2,543,090	2,536,773	2,561,128	2,216,550	1,816,004
12,639,788	7,710,769	8,538,408	7,553,502	5,508,843	3,712,845
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>15,366,790</b>	<b>10,253,859</b>	<b>11,075,181</b>	<b>10,114,630</b>	<b>7,725,393</b>	<b>5,528,849</b>
6,662,488	13,998,654	17,843,931	13,790,062	1,857,415	2,056,696
17,211,816	15,814,057	11,734,490	7,325,141	6,951,890	5,708,205
(271,325)	-	-	-	-	-
(3,673,134)	1,640,977	665,266	2,775,806	9,122,810	10,212,432
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>19,929,845</b>	<b>31,453,688</b>	<b>30,243,687</b>	<b>23,891,009</b>	<b>17,932,115</b>	<b>17,977,333</b>

City of Council Bluffs

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

	2014	2013	2012	2011
<b>Revenues:</b>				
Property tax	\$ 38,953,560	38,696,748	38,829,292	37,867,393
Tax increment financing	5,466,119	5,251,749	4,780,170	6,059,684
Other taxes	18,217,714	17,857,809	17,790,350	17,937,503
Licenses and permits	4,377,773	4,213,087	3,529,560	3,289,876
Use of money and property	870,341	895,147	829,778	922,602
Intergovernmental	13,460,987	13,479,981	25,879,633	20,417,261
Charges for service	6,873,760	5,761,464	3,295,521	3,561,999
Special and drainage assessments	293,198	292,432	295,695	161,225
Miscellaneous	8,084,758	7,823,739	12,459,968	6,059,423
<b>Total revenue</b>	<b>96,598,210</b>	<b>94,272,156</b>	<b>107,689,967</b>	<b>96,276,966</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	30,955,660	29,365,778	28,235,501	27,054,108
Public works	7,807,055	7,679,021	5,945,192	7,116,807
Health and social services	646,717	609,935	584,156	544,420
Culture and recreation	11,381,218	9,517,123	6,347,573	6,188,577
Community and economic development	7,365,202	6,743,807	5,399,216	5,525,461
General government	18,352,414	15,924,535	26,036,435	13,862,324
<b>Debt service</b>				
Principal	22,065,526	12,746,667	7,161,667	7,354,755
Interest	1,824,213	1,989,654	2,063,224	2,077,776
Debt related expense	78,641	275,202	121,321	39,243
Capital projects	23,528,484	17,602,500	21,841,438	33,015,979
<b>Total expenditures</b>	<b>124,005,130</b>	<b>102,454,222</b>	<b>103,735,723</b>	<b>102,779,450</b>
<b>Excess (deficit) of revenue over (under) expenditures</b>	<b>(27,406,920)</b>	<b>(8,182,066)</b>	<b>3,954,244</b>	<b>(6,502,484)</b>
<b>Other financing sources (uses)</b>				
General obligation bonds issued	7,630,000	14,880,000	3,165,000	7,300,000
General obligation capital loan notes issued	-	2,535,000	4,095,000	-
Premium (discount) on general obligation bonds/notes issued	315,046	949,057	109,056	(5,981)
Urban renewal note issued	-	-	-	14,500,000
Term loan note issued	11,600,000	-	-	-
HUD loan proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Capital lease purchase agreement	-	-	-	-
General obligation bonds/notes refunded	-	-	(3,165,000)	-
Urban renewal revenue note redeemed	-	-	-	(14,326,210)
Transfers in	11,490,611	9,028,345	10,910,089	9,870,682
Transfers out	(11,718,508)	(9,139,986)	(10,952,728)	(9,012,905)
<b>Total other financing sources (uses)</b>	<b>19,317,149</b>	<b>18,252,416</b>	<b>4,161,417</b>	<b>8,325,586</b>
<b>Net change in fund balances</b>	<b>\$ (8,089,771)</b>	<b>10,070,350</b>	<b>8,115,661</b>	<b>1,823,102</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>20.8%</b>	<b>16.0%</b>	<b>10.5%</b>	<b>11.3%</b>

2010	2009	2008	2007	2006	2005
37,103,962	33,308,384	31,830,399	30,233,157	28,381,903	26,346,058
3,222,809	4,983,734	3,548,580	1,384,337	1,230,247	902,756
15,726,929	13,203,713	13,325,303	11,720,071	11,413,261	12,687,008
3,199,381	3,345,559	3,455,394	3,510,264	1,051,748	1,176,222
968,615	1,422,391	1,795,827	2,073,470	1,624,075	818,897
13,332,409	10,693,866	16,273,844	12,020,294	12,479,002	12,739,275
3,543,339	3,827,025	3,298,632	3,317,768	3,819,763	3,284,574
341,278	220,241	210,925	203,542	111,622	1,034
7,399,559	6,319,096	7,756,828	10,863,550	11,684,092	6,591,318
84,838,281	77,324,009	81,495,732	75,326,453	71,795,713	64,547,142
25,267,311	24,800,095	24,185,898	24,010,444	23,582,483	22,882,165
6,354,312	6,974,369	7,113,721	6,826,252	8,313,984	9,706,538
524,986	515,800	503,210	488,102	508,110	1,196,578
6,029,643	7,180,312	5,685,981	5,349,274	5,219,482	4,602,801
4,346,981	5,181,333	4,144,240	3,481,043	22,419,715	5,027,689
10,022,944	9,146,234	9,620,991	9,426,637	5,298,251	4,967,337
10,374,393	9,518,793	8,587,544	7,793,266	6,955,077	12,802,500
2,171,805	2,604,476	3,185,539	3,199,372	2,814,874	2,450,482
85,635	24,157	4,800	13,471	64,445	51,450
29,890,156	19,216,601	21,197,403	21,149,556	18,272,003	12,150,551
95,068,166	85,162,170	84,229,327	81,737,417	93,448,424	75,838,091
(10,229,885)	(7,838,161)	(2,733,595)	(6,410,964)	(21,652,711)	(11,290,949)
3,685,000	9,600,000	7,615,000	11,115,000	8,220,000	10,655,000
-	-	-	-	-	-
60,965	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
(3,700,000)	(2,400,000)	-	-	(3,825,000)	-
-	-	-	-	-	-
15,429,490	18,290,724	15,721,160	18,125,900	15,510,709	20,632,796
(14,583,631)	(17,400,670)	(14,275,573)	(14,926,005)	(13,147,886)	(17,579,042)
891,824	8,226,840	10,046,824	14,759,095	23,804,037	13,819,516
(9,338,061)	388,679	7,313,229	8,348,131	2,151,326	2,528,567
16.0%	17.1%	17.0%	16.7%	14.1%	24.7%

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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
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
2014	38,830,832	5,466,119	8,921,770	2,679,437	3,490,785

\* For fiscal year 2005 through 2009, local option sales tax was also recorded in business type activities as follows:

2005 4,116,823

2006 6,810,075

2007 5,252,871

2008 3,492,325

2009 4,646,303

<u>Gaming Wager Tax</u>	<u>Pari-mutuel Wager Tax</u>	<u>Total</u>
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
3,059,131	66,591	62,514,665

City of Council Bluffs

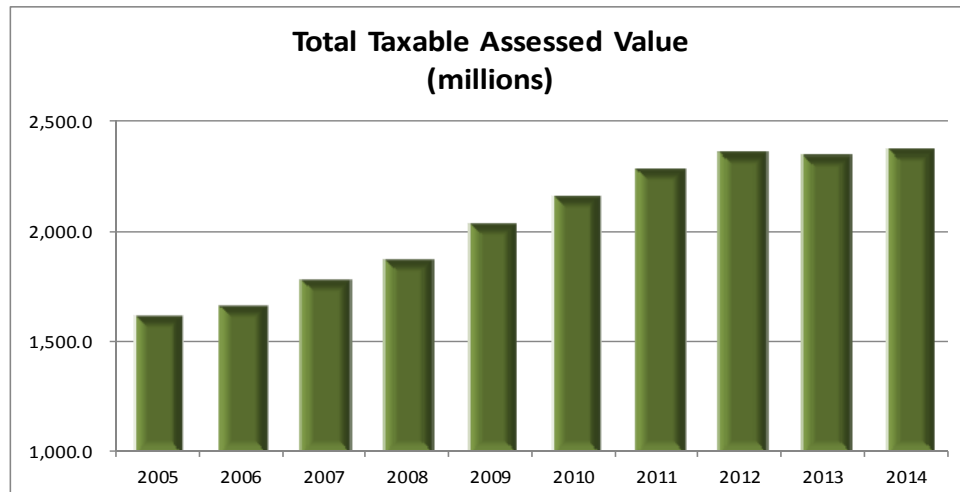
Assessed and Taxable Value of Property  
For the Last Ten Years  
(Expressed in Millions)

**All assessed values in millions of dollars**

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
2012	2014	1,156.8	928.7	78.8	14.3	208.6

Source: Pottawattamie County Assessor and City of Council Bluffs budget.  
Does not include tax-exempt property.

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



<u>Other</u>	<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%
1.2	(6.0)	2,382.4	17.75	4,385.5	54.3%

City of Council Bluffs  
Property Tax Rates  
Direct and Overlapping Governments  
For the Last Nine 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
2014	15.0209	2.7291	17.7500	6.8790	0.7878	7.6668

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%
2014	-0.6%	2.0%	0.0%

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 year 2005 is not presented as it was not readily available.  
\* Per \$1,000 of taxable valuation



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Rates

Council Bluffs Community School District

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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
16.6658	0.4918	17.1576	1.3611	43.9355

All Other  
Levies

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Total Tax  
Levy

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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%
-6.9%	-0.1%

City of Council Bluffs

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

Taxpayer	Also Known As	2014		
		Assessed Value 01/01/2012	Rank	% of Total Assessed Value
Mid American Energy		\$ 158.4	1	6.65%
HBR Reality Company, Inc.	Horseshoe Casino	88.6	2	3.72%
Ameristar Casino		61.5	3	2.58%
Harveys Iowa Management Company	Harrahs Casino	54.8	4	2.30%
KIMCO Metro Crossing	Metro Crossing	34.9	5	1.47%
Bass Pro Shops		25.6	6	1.08%
Tetra LLC	Google	24.5	7	1.03%
Walmart Stores, Inc.		19.4	8	0.81%
Black Hills Corporation	Black Hills Energy	18.1	9	0.76%
Dearborn Properties	Mall of the Bluffs	18.0	10	0.76%
Blue Star Foods Inc.	Conagra Foods	-	-	-
People's Natural Gas Pipeline		-	-	-
Griffin Pipe		-	-	-
QWEST Communications		-	-	-

Source of 2014 data: Pottawattamie County Assessor's Office

Source of 2005 data: Series 2006A - Official Statement dated March 17, 2006  
adjusted for subsequent business combinations.

2005			
Assessed Value			% of Total
01/01/2003	Rank	Assessed Value	
\$ 117.0	1		7.22%
26.0	5		1.60%
63.2	2		3.90%
54.1	3		3.34%
-	-		-
-	-		-
-	-		-
9.9	8		0.61%
-	-		-
39.8	4		2.45%
11.0	7		0.68%
17.5	6		1.08%
9.8	9		0.60%
8.9	10		0.55%

City of Council Bluffs

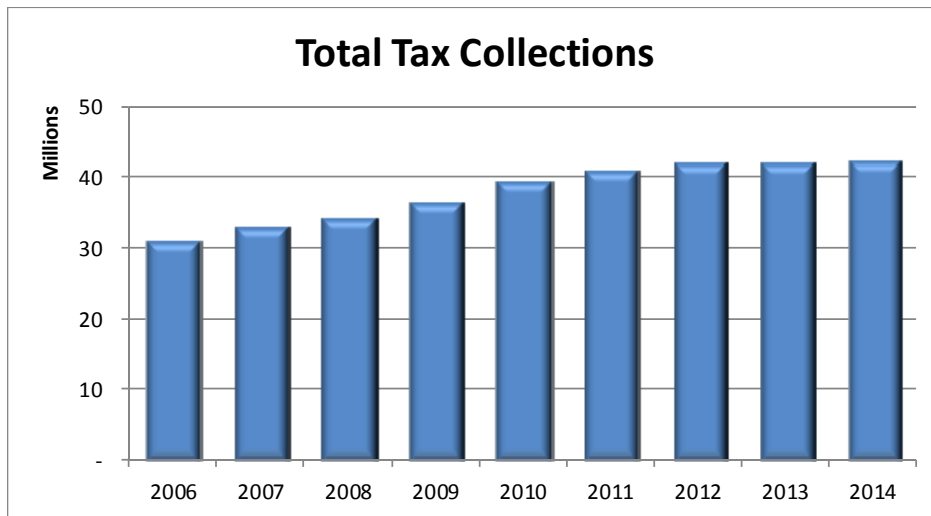
Property Tax Levies and Collections  
For the Last Nine Fiscal Years  
(Expressed in Millions)

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%
1/1/2012	2014	42.87	42.44	99.0%	99.0%

\* Taxable valuations can be found in Schedule 6.

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

Data for fiscal year 2005 is not presented as it was not readily available.



<u>Year Over Year Change in Levied Taxes</u>	<u>Year Over Year Change In Taxable Valuation *</u>	<u>Year Over Year Change in City Levy Tax Rate **</u>
-	2.8%	3.5%
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%
0.8%	1.3%	-0.6%

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	Term Loan Note	Other Debt
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
2014	42.16	6.36	-	-	10.99	4.36

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

General Obligation Bonds	General Obligation Notes	Revenue Capital Loan Notes	Capital Leases	Total Primary Government	Percentage of Personal Income*	Debt Per Capita*	Per Capita Income*
-	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	46,575
-	-	4.78	-	68.65	2.38%	1,108	-

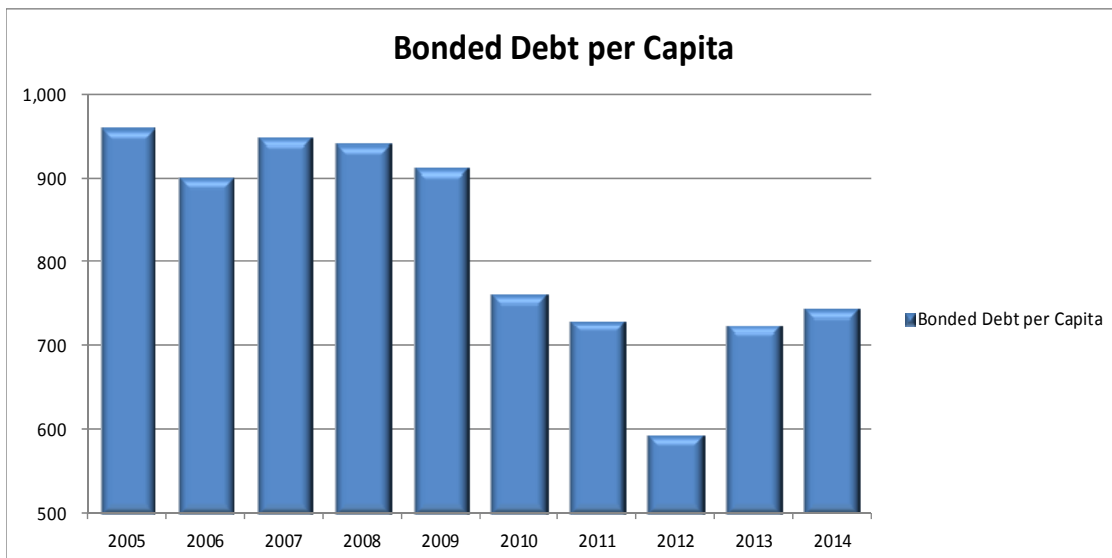
City of Council Bluffs

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*
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
2014	48.52	2.25	46.27	2,382.4	1.94%	747	61,969

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	\$ 63.87	100.00%	\$ 63.87
Overlapping:			
Pottawattamie County	13.85	66.5% *	9.21
Council Bluffs Community Schools	72.93	98.1% **	71.54
Lewis Central Community Schools	10.79	73.3% **	7.91
Iowa Western Community College	85.20	30.5% ***	25.99
Subtotal, overlapping debt	182.77		\$ 114.65
Total direct and overlapping debt	\$ 246.64		\$ 178.52

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 businesses 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.

\* Percentage of Pottawattamie County residents residing within the City of Council Bluffs.

\*\* Calculated as the number of resident students within the district divided by the district's certified enrollment.

\*\*\* Percentage of residents within Iowa Western Community College's district who reside within the City of Council Bluffs.

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City of Council Bluffs

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

	2014	2013	2012	2011
Debt Limit	\$ 219.27	212.66	217.63	218.89
Total net debt applicable to limit	73.31	79.22	69.33	81.30
Legal debt margin	\$ 145.96	133.44	148.30	137.59
Total net debt applicable to the limit as a percentage of debt limit	33.4%	37.3%	31.9%	37.1%

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

2010	2009	2008	2007	2006	2005
207.13	221.44	155.49	145.21	144.99	124.72
70.59	79.26	83.17	87.14	70.46	71.32
136.54	142.18	72.32	58.07	74.53	53.40
34.1%	35.8%	53.5%	60.0%	48.6%	57.2%

Legal Debt Margin Calculation for Fiscal Year 2014

Actual Assessed valuation as of January 1, 2012	\$ 4,385.47
Debt Limit - 5% of assessed valuation	219.27
Debt applicable to debt limit:	
General obligation bonds/notes	48.52
Settlement agreement	3.70
Tax increment indebtedness	23.50
Balance in Debt Service Fund	(2.25)
Balance in Special Revenue, Tax Increment Financing Fund	(0.16)
Total net debt applicable to limit	<u>73.31</u>
Legal Debt margin	<u>\$ 145.96</u>

**City of Council Bluffs**

## City of Council Bluffs

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

**Urban Renewal Term Loan and Term Loan Notes:**

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
2014	2,683	1,147		1,536	1,601	0.9594

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 or depreciation.

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)	218	-
2014	\$ 4,945	5,645		(700)	342	-

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (Expressed in millions)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>	<u>Council Bluffs School Enrollment</u>
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
2013	61,969	46,575	2,886	36.1	4.3%	8,996

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 2013 data from United States Census Bureau - ([quickfacts.census.gov](http://quickfacts.census.gov))

Population Data: 2004 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>
2,465	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
2,550	11,546

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

Employer	2014		
	Full Time Equivalent Employees	Rank	% of Total City Employment (1)
Iowa Western Community College	1,423	1	4.7%
Council Bluffs Community Schools	1,266	2	4.1%
Tyson Foods	1,000	3	3.3%
Horseshoe Casino (FKA Bluffs Run Casino)	958	4	3.1%
Ameristar Casino and Hotel	842	5	2.8%
Alegent Health/Mercy Hospital	750	6	2.5%
Jennie Edmundson Memorial Hospital	660	7	2.2%
Hy-Vee Food Stores	608	8	2.0%
Harrah's Casino	534	9	1.7%
City of Council Bluffs	481	10	1.6%
Walmart	-	-	-
ConAgra Frozen Foods	-	-	-

- (1) Based on resident total employment of 30,470  
per the Iowa Department of Workforce Development, April 2014.
- (2) Based on resident total employment of 29,850  
per the Iowa Department of Workforce Development, 2005 annual average.
- Source of 2014 data: Survey of selected City employers taken July 2014.  
Source of 2005 data: Series 2006A - Official Statement dated March 17, 2006,  
adjusted for subsequent business combinations.



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2005		
Employees	Rank	% of Total City Employment (2)
512	10	1.6%
1,250	2	4.0%
1,052	4	3.3%
670	8	2.1%
1,300	1	4.1%
800	5/6/7	2.5%
800	5/6/7	2.5%
-	-	-
1,100	3	3.5%
-	-	-
650	9	2.1%
800	5/6/7	2.5%

**City of Council Bluffs**

City of Council Bluffs  
Full Time Equivalent City Government Employees  
by Function/Program  
For the Last Nine Years

<b>Function/Program</b>	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Safety									
Police	142.2	142.2	140.3	137.9	139.3	137.9	132.9	130.4	129.9
Fire	107.9	107.7	107.9	107.7	109.9	100.0	100.0	100.0	103.0
Animal Control	6.3	6.7	7.1	7.3	7.8	5.8	6.0	5.8	6.1
Building Inspections	7.1	7.0	6.7	7.0	5.9	8.0	8.0	8.0	8.0
Public Works	54.3	54.4	54.4	55.1	54.4	65.7	55.7	62.5	66.0
Health and Social Services	6.2	6.0	5.9	6.1	6.4	5.7	5.7	5.7	5.7
Culture and Recreation									
Library	24.1	24.0	22.6	23.1	23.1	23.0	26.1	23.7	23.2
Parks and Recreation	23.5	28.5	28.3	27.5	27.4	23.7	22.7	26.0	26.0
Community and Economic Development	9.0	9.0	9.3	10.5	10.4	9.5	10.5	10.5	10.5
General Government									
Mayor's Office	2.0	2.1	2.0	2.0	2.1	2.0	2.0	2.0	2.0
City Clerk, Finance and Treasurer	19.3	21.3	21.5	21.5	21.5	20.6	19.6	22.2	19.7
City Attorney	6.7	5.6	5.8	6.0	6.3	7.6	6.6	6.6	6.6
Human Resources	2.6	3.0	3.0	3.0	3.1	3.0	2.8	2.8	2.8
Building Maintenance	5.8	5.6	6.3	6.3	5.8	5.0	5.0	5.0	5.0
Business Type Activity									
Sewer Operations	51.0	51.6	52.4	51.4	50.1	52.3	51.8	54.5	54.0
Sanitation and Recycling	12.7	12.3	12.4	12.4	11.5	12.4	12.1	12.2	12.4
<b>Total Full Time Equivalents</b>	<b>480.7</b>	<b>487.0</b>	<b>485.9</b>	<b>484.8</b>	<b>485.0</b>	<b>482.2</b>	<b>467.5</b>	<b>477.9</b>	<b>480.9</b>

Data is based on amounts budgeted annually.

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

Source of 2010-2014 data: City of Council Bluffs payroll records

Data for fiscal year 2005 is not presented as it was not readily available.

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

Data for years 2010-2014 is based on total hours worked, which includes overtime hours.

City of Council Bluffs

Operating Indicators  
by Function/Program  
(Calendar Year)

Function/Program	2013	2012	2011	2010
<b>Public Safety</b>				
Police: *				
Traffic accidents	1,987	1,747	1,722	698
Traffic citations	6,848	6,807	11,277	15,172
Traffic warnings	5,459	5,911	4,777	4,185
Parking violations	4,506	3,980	3,353	3,952
Cases	1,718	1,654	1,680	1,880
Arrests and charges	5,936	5,873	6,531	6,908
Fire: *				
Fire responses	285	345	301	267
Medical responses	5,799	5,842	5,215	5,222
HazMat responses	209	254	254	222
False alarms	461	548	522	549
Mutual aid responses	50	7	35	30
Other responses	731	892	874	639
Total responses	7,535	7,888	7,201	6,929
Responses per day	20.6	21.6	19.7	19.0
Fire Department average response time	5 min.. 22 sec.	5 min. 24 sec.	5 min. 28 sec.	5 min. 25 sec.
Building Inspections: *				
Permits issued	4,391	6,274	4,902	1,090
Value of permits (millions)	311.8	213.1	115.4	85.8
<b>Culture and Recreation</b>				
Library: **				
Attendance	383,439	337,049	436,136	414,137
Circulation	610,165	600,736	619,326	600,372
Collection size	186,970	195,252	200,241	194,452
Registered borrowers	48,738	46,750	51,840	51,072
Meeting room use by community organizations	217	994	430	635
Reference questions	42,427	33,119	43,555	52,290
Attendance per day	1,051	963	1,195	1,135
Circulation per day	1,733	1,716	1,697	1,645

<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
731	1,542	2,069	2,116	2,040	3,784
10,095	12,127	12,950	17,431	16,894	20,448
2,318	3,397	3,070	4,237	3,299	3,946
3,147	2,985	3,734	4,868	4,176	5,513
2,211	1,946	2,083	2,274	2,581	2,724
6,470	6,315	6,948	6,805	6,977	n/a
314	290	296	350	328	330
5,190	5,193	5,168	4,828	4,666	4,589
198	217	213	176	208	192
497	554	504	534	423	395
8	25	119	156	62	69
641	620	522	490	380	455
6,848	6,899	6,822	6,534	6,067	6,030
18.8	18.8	18.7	17.9	16.6	16.5
5 min. 22 sec.	4 min. 54 sec.	4 min. 57 sec.	3 min. 45 sec.	4 min. 53 sec.	4 min. 49 sec.
1,532	2,169	884	900	946	913
101.5	157.0	226.7	96.2	163.6	84.3
297,706	274,364	268,736	254,109	238,574	291,744
574,727	513,918	470,346	459,765	445,499	435,776
193,967	176,278	168,155	168,756	164,255	157,340
51,673	51,295	50,096	49,797	49,213	49,213
149	952	810	227	199	357
51,479	49,355	48,399	42,369	40,679	37,912
816	750	736	696	654	797
1,575	1,404	1,289	1,260	1,221	1,191

(continued on next page)

City of Council Bluffs

Operating Indicators  
by Function/Program  
(continued)

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Parks and recreation participation *</b>				
Golf complex attendance	48,789	44,370	40,000	90,460
Swimming pool attendance	55,752	55,385	58,080	57,794
Youth softball teams	105	110	131	98
Adult softball teams	101	106	91	110
Tournaments conducted	17	19	32	34
Youth soccer teams	8	12	-	378
Youth football teams	21	22	29	31
Bayliss Park concerts	23	14	16	10
Bayliss Park movie series	11	11	10	10
<b>Zoning Board of Adjustments *</b>				
Regular meetings	12	8	7	7
Variance	5	9	9	8
Conditional Use Permit	8	6	7	3
Conditional Use Permit Revocation	2	1	10	2
Administrative Appeal	-	-	-	-
Total meetings and cases	27	24	33	20
<b>Historic Preservation Commission *</b>				
Regular Meetings	6	4	6	9
HP Design Review	5	7	5	10
Total meetings and cases	11	11	11	19
<b>Administrative Actions *</b>				
Lot Line Adjustments	15	7	18	16
Parcel Splits	2	3	4	3
Offers to Buy City Property	6	13	7	7
Zoning Compliants Investigated	145	208	234	159
Review of Existing CU Permits	-	-	-	147
Total administrative actions	168	231	263	332

2009	2008	2007	2006	2005	2004
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10	6	5	8	10	7
9	3	6	6	12	4
4	6	3	4	7	4
28	33	-	-	-	-
1	-	-	-	1	-
52	48	14	18	30	15
8	9	9	5	4	6
16	15	19	11	4	6
24	24	28	16	8	12
12	20	30	34	29	28
5	1	8	4	3	5
6	9	5	4	5	7
195	236	37	-	-	-
150	154	-	-	-	-
368	420	80	42	37	40

(continued on next page)

City of Council Bluffs

Operating Indicators  
by Function/Program  
(continued)

<b>City Planning Commission *</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Regular meetings	10	9	9	10
Subdivisions (Prelim, Final, Replat)	2	-	3	3
Planned Commercial	3	2	-	1
Planned Residential	-	1	1	-
Zoning Text Amendments	5	3	3	8
Subdivision Text Amendments	3	-	-	-
Rezoning	11	6	9	12
Street & Alley Vacations	9	6	2	10
Historic Preservation	1	-	-	-
Miscellaneous Cases	-	-	-	3
Urban Renewal	-	-	-	3
Urban Revitalization	1	-	-	4
Annexation	-	1	-	2
Comp Plan Amendments	1	-	-	1
Appeals	1	-	-	1
Right-of-Way Encroachment	-	-	-	1
Temporary Use Permits	-	-	-	2
<b>Total CPC Meetings and Cases</b>	<b>47</b>	<b>28</b>	<b>27</b>	<b>61</b>
<b>Sewer *</b>				
Sewer system customers	20,428	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 data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.



2009	2008	2007	2006	2005	2004
10	11	12	12	11	11
6	6	8	8	14	5
1	6	12	9	5	7
-	6	2	3	1	1
2	1	7	2	2	3
-	-	-	-	-	-
9	15	18	17	18	14
8	10	17	13	12	10
-	-	-	-	1	-
4	4	6	1	3	3
2	2	6	3	5	3
-	-	-	-	-	1
1	1	2	2	1	-
-	-	-	-	-	-
-	-	-	1	-	-
1	-	-	-	-	-
-	-	-	-	-	-
44	62	90	71	73	58
-	-	-	-	-	-

City of Council Bluffs

Capital Asset Statistics by Function/Program  
For the Last Ten Years

Function/Program	2014	2013	2012	2011
<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	301	297
Miles of streets - unpaved	1	1	1	1
Miles of Federal levees	28	28	28	28
Street lights	4599 *	4,309	4,207	4,000
Intersections with traffic signals	95	94	94	94
Pedestrian crossings with signals	13	14	14	14
<b>Culture &amp; Recreation</b>				
City parks	39	39	26	26
Historic monuments	11	11	10	10
Football fields	5	5	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	16	15	15
Skate parks	2	2	2	2
Trails (miles)	40	40	37	37
Library buildings	1	1	1	1
<b>Sewer</b>				
Miles of sanitary sewer	281	279	279	274

\* 898 street lights within Council Bluffs are owned by the City of Council Bluffs and 3,701 are owned by Mid-American Energy, but operated by the City.

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

2010	2009	2008	2007	2006	2005
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
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26	-	-	-	-	-
10	-	-	-	-	-
4	-	-	-	-	-
2	-	-	-	-	-
2	-	-	-	-	-
23	-	-	-	-	-
20	-	-	-	-	-
15	-	-	-	-	-
2	-	-	-	-	-
40	-	-	-	-	-
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**



City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

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 (\$51,956 provided to subrecipients)	14.218	B-11-MC-19-0005	\$ 78,702
Community Development Block Grants/Entitlement Grants (\$45,794 provided to subrecipients)	14.218	B-12-MC-19-0005	854,457
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-19-0005	335,415
			<u>1,268,574</u>
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program (\$32,466 provided to subrecipients)	16.738	2013-DJ-BX-0114	81,164
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2012	5,516
U.S. Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97712001-0	3,482
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97728101-0	32,479
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97741201	5,062
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97741701	54,600
			<u>95,623</u>
Total direct			<u>1,450,877</u>
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-DRH-215	254,583
City of Omaha:			
Home Investment Partnerships Program (\$95,000 provided to subrecipients)	14.239	FY2009	95,000
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-58345	102,072
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-1642(645)-71-78	91,435
Highway Planning and Construction	20.205	STP-A-1642(663)--86-78	1,060,208
			<u>1,151,643</u>
Omaha Metro Area Transit:			
Federal Transit - Formula Grants	20.507	NE-90-X094-00	240,000
Iowa Department of Transportation:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NE-16-X039-00	17,000
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 13-03, Task 03	5,629
State and Community Highway Safety	20.600	PAP 14-402, Task 02	11,162
			<u>16,791</u>

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2014-TB18	3,325
Immunization Cooperative Agreements	93.268	5883I420	1,596
Immunization Cooperative Agreements	93.268	5884I420	1,353
			<u>2,949</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2014-ELC03	300
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2014-ELC08	980
			<u>1,280</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5883I420	2,200
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5884I420	4,500
			<u>6,700</u>
HIV Prevention Activities - Health Department Based	93.940	5883AP05	7,444
HIV Prevention Activities - Health Department Based	93.940	5884AP05	8,485
			<u>15,929</u>
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	174,725
Hazard Mitigation Grant	97.039	HMGP-DR-1998-0026-01	516,095
Hazard Mitigation Grant	97.039	HMGP-DR-1930-0034-01	278,540
			<u>794,635</u>
Total indirect			<u>2,876,632</u>
Total			<u>\$ 4,327,509</u>



City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Although there were no current year program expenditures, there is a \$660,000 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

STATE OF IOWA

Mary Mosiman, CPA  
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 Government 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, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 24, 2014. 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-14 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-14 through II-D-14 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, 2014 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

November 24, 2014



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by 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, 2014. 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 each of its major federal programs for the year ended June 30, 2014.


## 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

November 24, 2014

City of Council Bluffs  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

**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) The major programs were as follows:
  - CFDA Number 14.218 – Community Development Block Grants/Entitlement Grants
  - CFDA Number 20.205 – Highway Planning and Construction
- (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.

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

**INTERNAL CONTROL DEFICIENCIES:**

- II-A-14 Financial Reporting – During the audit, we identified term loan note proceeds and principal payments were understated in the City’s financial statements. We also identified receivables, revenues and expenditures were understated in the City’s financial statements. Adjustments were subsequently made by the City to properly reflect these items in the financial statements.

Recommendation – The City should implement procedures to ensure all term loan note proceeds, principal payments, receivables, revenues and expenditures are properly accounted for in the City’s financial statements.

Response – During the fiscal year, the urban renewal note associated with the Bass Pro Shop was renegotiated with new principal repayment terms for the existing balance of the loan. Because there were no proceeds to the City from the transaction, we amended the disclosure information for the new terms, but did not record a “new loan” and payoff of the existing loan. For future transactions that involve renegotiation of existing debt, we will be cognizant of the requirement to disclose full repayment of the existing debt and “proceeds” arising from the new agreement. At the conclusion of the fiscal year, the City recorded a receivable from the Iowa Department of Transportation based on amounts billed by the City. Discussion between City finance staff and public works staff determined the amount billed, and some uncertainty of the amount that IDOT would pay existed. This uncertainty could have been resolved by further discussion with IDOT. In similar future instances, when uncertainty exists, City staff will discuss amounts with other parties to the contract. The City processes payroll for the municipal housing authority and is reimbursed by that agency on a bi-weekly basis. In the fiscal year ending June 30, 2014, the dollar value of those transactions was \$678,604. The City recorded revenue and expenditures in those amounts on its general ledger, but did not report the revenue and expense in the initial draft of its financial statements because the sum of the transactions totaled zero. In future years, when preparing financial statements, we will report the revenue and expense discretely and not net the amounts.

Conclusion – Response accepted.

- II-B-14 Receipts – The individual opening the mail also has the ability to record receipts and prepare the deposit. Also, an initial listing of cash and checks received in the mail is not prepared by the mail opener.

Recommendation – An initial listing of cash and checks received in the mail should be prepared by the individual opening the mail, who is also independent of recording receipts. The City should also maintain evidence of a reconciliation of recorded receipts to the initial listing, which should be performed by someone independent of recording the receipts.

Response - Effective December 1, 2014, incoming mail will be opened in the Finance Department. All checks will be set aside and scanned to a document file for the day. Checks will then be forwarded to the treasurer's office for receipt, posting and deposit to bank. All other mail will be distributed as currently done. Periodically during the year (at least 15 times per fiscal year), the checks on the scanned document file will be traced to a bank deposit by either the City Auditor or a member of the finance staff who is not part of the treasurer's office.

Conclusion – Response accepted.

- II-C-14 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, 2014, four departments had cash short amounts as follows: box office ticketing \$7,277, property general \$1,000, banquet food \$9 and concessions \$2,247. The box office events department also was long by \$151, for a total of \$10,382.

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

Response – Variances in the entertainment account arise due to errors made when the ticket prices are established with the ticket selling contractor. Errors arise when prices are entered that vary from the arrangement by the promoter. This entry process is performed at a central office on behalf of the Mid America Center. To prevent undiscovered errors as each show is set up in the ticketing system, a representative of the Mid America Center will review the entries and report any discrepancies that are noted. Variances arising from property general and concession operations are subject to a “cash over/short” policy that includes management review. The general manager of the Mid America Center will be added to the distribution of the daily cash variance report to ensure department managers are carrying out the over and short policy provisions.

Conclusion – Response accepted.

- II-D-14 Payroll/OT Issues – A concern was brought to our attention regarding the Parks and Recreation Department. During our audit, we identified the former Parks and Public Property Supervisor recorded unusually large amounts of overtime while employed at the City.

The City uses a Kronos timekeeping system, which was implemented in March 2011. Based on the information available, we documented when the former Parks and Public Property Supervisor clocked in and out for the day, starting in March 2011 and continuing through August 2013, when the former Parks and Public Property Supervisor left City employment. There were 31 days during the two and a half years when the former Parks and Public Property Supervisor worked 15 hours or more during a 24 hour period.



During the years reviewed, the former Parks and Public Property Supervisor had a significant amount of overtime, resulting in substantial increases to his annual salary. During 2011, 2012 and 2013, the former Parks and Public Property Supervisor's regular salary was \$50,699, \$54,822 and \$39,304, respectively. With overtime included, the former Parks and Public Property Supervisor's salary was \$76,810 in 2011, \$84,860 in 2012 and \$54,501 in 2013.

In addition, we reviewed the amount of overtime the former Parks and Public Property Supervisor had during the busy time of the year (April through September) for 2012 and 2013 and compared it with the overtime the current Parks and Public Property Supervisor recorded for the same time period in 2014. During the six month period from April through September of 2012 and 2013, the former Parks and Public Property Supervisor had \$25,820 and \$14,000 in overtime, respectively. The current Parks and Public Property Supervisor had \$3,985 in overtime during April through September 2014. The amount of overtime recorded by the former Parks and Public Property Supervisor appears excessive.

Recommendation – The City should review procedures in the payroll and timekeeping process for the Parks and Recreation Department to ensure there is appropriate supervisor review of all employee time records and only necessary overtime is incurred.

Response – Department management currently does review and approve payroll hours for each bi-weekly payroll. Department supervision is aware of the amount of overtime worked before payment is made to employees. That was the environment when these hours were incurred.

The City will improve the documentation of authorization of overtime by setting a threshold level of individual overtime in a pay period which requires written explanation for the overtime and specific acknowledgment by management that overtime in excess of the threshold was approved in advance, needed to accomplish the department objectives and include corrective actions if applicable.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**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.

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

IV-A-14 Certified Budget – Expenditures during the year ended June 30, 2014 exceeded the amounts budgeted in the culture and recreation, general government, debt service and capital projects 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 – Culture and recreation costs exceeded budget due to operating costs associated with Loessfest, a June entertainment festival. This was the first year of holding the event and nearly all of the costs are recouped by donations, grants and sponsorships. Due to the uncertainty of costs in the first year of operating as an ongoing event and the anticipated reimbursement of costs, a budget was not established. In future years, the cost of this event will be budgeted, as well as expected reimbursements. General government costs were \$3.5 million over budget and public works costs were \$2.2 million under budget. The City had \$2.52 million budgeted for equipment maintenance in the public works function, while actual costs are reported as general government function costs. Adjusting for this classification, general government costs were \$978,000 over budget and public works costs were \$317,000 over budget. Public works costs exceeded budget because the street maintenance department was able to accomplish significantly more work than in the prior year construction period. Because these costs are paid from the road use fund balance that had increased in the prior year, corrective action is not applicable. In general government, the over budget status arose from a \$280,000 purchase related to the 2011 flood that was not anticipated until fiscal year 2015. The City provides payroll preparation service to the Municipal Housing Authority. Payroll is prepared on a bi-weekly basis for the Authority, who then reimburses the City for the actual cost payroll. Annually the net impact to the City’s government funds is zero since the revenue (reimbursement) equals the expenditure on behalf of the authority. For this reason the City did not budget revenue or expense for this transaction. Accordingly, the value of this transaction in the fiscal year, \$678,604, exceeded budgeted expenses. The City’s term loan note of \$11.6 million came up for renewal and was refinanced for that amount in 2014. At the time the budget revision was made, we failed to think of the renewal as new financing and payment of the existing loan. We budgeted only for the increase in principal payments per the revised terms. Failing to think of the refinancing transaction as a new loan meant that we have \$11.6 million of revenue and debt service expenses that exceeded budgeted amounts. While the net of the transaction to city funds is zero, in the future when we refinance a term loan note, we will revise our budget to properly account for the transaction. Capital projects exceeded budget because earlier starts to summer 2014 projects shifted costs into fiscal year 2014. Over \$2.7 million in accrued expenses for capital projects existed at June 30, 2014.

Conclusion – Response accepted.

- IV-B-14 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-14 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-14 Business Transactions – No business transactions between the City and City officials or employees for the year ended June 30, 2014 were noted.
- IV-E-14 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-14 City Council Minutes – Certain transfers between funds were not approved by the City Council prior to making the transfer between funds.

Recommendation – The City Council should approve all transfers prior to the actual transfer and document approval and amount(s) as part of the minutes record.

Response – The City Council annually approves a budget which includes various transfers among funds and the Finance Department makes transfers throughout the year based on the approved budget. In fiscal year 2014, the City incurred costs associated with storm water sewer activity and studies. While the City Council was aware of these activities and the City incurred costs of the study, because the costs were captured in a new fund created in the year to facilitate accounting for these costs, the transfer had not been expressly approved. In the future, when transfers outside the range of those approved in the budget are proposed, advance approval will be sought.

Conclusion – Response accepted.

- IV-G-14 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-14 Revenue Notes - The City's sewer revenue capital loan note resolution, Section 19, requires the City to 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 2014 net sewer operating loss (excluding depreciation) of \$699,651 is less than 110% of the \$342,400 of sewer revenue note principal and interest due during fiscal year 2015.

The City has not established a sewer revenue note sinking account and has not made monthly transfers as required by the revenue note resolution.

Recommendation – The City should consult bond counsel to determine the disposition of this matter. Furthermore, the City should establish a sewer revenue note sinking account and ensure monthly transfers are made to the sewer revenue note sinking account as required.

Response – The City is current with all debt service payments on the sewer revenue notes for work completed at the waste water treatment facility. The City is aware of its sinking fund requirement and debt service coverage requirement. Revenue will need to be increased to meet that requirement and the City has engaged a firm to provide recommendations regarding sanitary sewer rates. The study will offer alternatives to meet the debt service requirement and when new rates are implemented, sinking funds will be established in accordance with the agreement.

Conclusion – Response accepted.

IV-I-14 Financial Condition – At June 30, 2014, the City had a deficit balance of \$91,975 in the Special Revenue, Levee Certification Improvement Fund.

Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

Response – This fund was established in late June, 2014 after the City had been approved for a state grant of incremental state sales tax revenue for flood mitigation efforts. Funding for the improvements will come from the revenue cited above and from local option sales tax revenue. In the future, periodic transfers from the Special Revenue, City Local Option Sales Tax Fund will be made to supplement the state sales tax revenue for the costs of the efforts. In fiscal year 2014, the first expense the City incurred was paid on June 24, 2014. That payment and accrued accounts payable at June 30, 2014 gave rise to the deficit balance. In future years, revenue and transfers will be made throughout the year to mitigate the likelihood of a deficit fund balance at year end.

Conclusion – Response accepted.