

*Interest on the Bonds (as defined herein) is includable in gross income for federal income tax purposes. Interest on the Bonds is includable in income for State of Iowa income tax purposes. See "TAX MATTERS" herein.*

**\$25,125,000**  
**City of Coralville, Iowa**  
**Taxable General Obligation Annual Appropriation Bonds,**  
**Series 2018E**

**Dated:** Date of Delivery

**Due:** As shown on inside cover

The \$25,125,000 Taxable General Obligation Annual Appropriation Bonds, Series 2018E (the "Series 2018E Bonds" or the "Bonds") are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2017, as amended and a resolution authorizing issuance of the Bonds (the "Resolution") expected to be adopted by the City Council (the "City Council") of the City of Coralville, Iowa (the "Issuer" or the "City") on December 18, 2018. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Bankers Trust Company, Des Moines, Iowa as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

THE BONDS AND THE INTEREST THEREON ARE GENERAL OBLIGATIONS OF THE ISSUER, SUBJECT TO NONAPPROPRIATION, PAYABLE FROM THE ISSUER'S DEBT SERVICE TAX REVENUES (DEFINED HEREIN), CERTAIN OF THE CITY'S TIF REVENUES (DEFINED HEREIN), AND OTHER AMOUNTS AS MAY BE LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL OF THE ISSUER FOR THE PAYMENT THEREOF. THE BONDS DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE ISSUER TO MAKE ANY PAYMENTS THEREON DURING A FISCAL YEAR BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED BY THE ISSUER. THE ISSUER HAS NO PAYMENT OBLIGATIONS UNDER THE BONDS OTHER THAN AMOUNTS APPROPRIATED FOR PAYMENTS DUE THROUGH THE FISCAL YEAR ENDING JUNE 30, 2020. IN THE EVENT THAT THE CITY COUNCIL OF THE ISSUER DOES NOT BUDGET AND APPROPRIATE FUNDS FOR ANY FISCAL YEAR IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST DUE ON THE BONDS DURING SUCH FISCAL YEAR, THE ISSUER'S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH THE NECESSARY FUNDS WERE APPROPRIATED. THE BONDS INVOLVE CERTAIN INVESTMENT RISKS. SEE "SECURITY AND SOURCE OF PAYMENT" AND "BONDHOLDERS' RISKS" HEREIN.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing June 1, 2019. The Bonds are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, (i) beginning June 1, 2023, at a redemption price equal to 102% of the principal amount of the Bonds, plus accrued interest to the date fixed for redemption, (ii) beginning June 1, 2024, at a redemption price equal to 101% of the principal amount of the Bonds, plus accrued interest to the date fixed for redemption, and (iii) beginning June 1, 2025, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See "THE BONDS – Redemption" herein.

Proceeds of the Bonds will be used for paying the cost, to that extent of planning, undertaking, and carrying out urban renewal projects, including land and site acquisition, development and improvements, water, sewer, streets and other infrastructure improvements, parking ramp facilities and development and other associated costs related to the development of an arena/sports/recreational facility, and commercial, retail and parking facilities in the Iowa River Landing area including providing grants, loans and other financial assistance in connection with the foregoing, all of which are located within the City's Mall and Highway 6 Urban Renewal Area, funding a reserve fund and capitalized interest deposits and paying certain costs of issuance related to the Bonds. See "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS" herein.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, as to legality and validity of the Bonds. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Bryan Cave Leighton Paisner LLP. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about December 19, 2018.

PiperJaffray®

**\$25,125,000**  
**City of Coralville, Iowa**  
**Taxable General Obligation Annual Appropriation Bonds,**  
**Series 2018E**

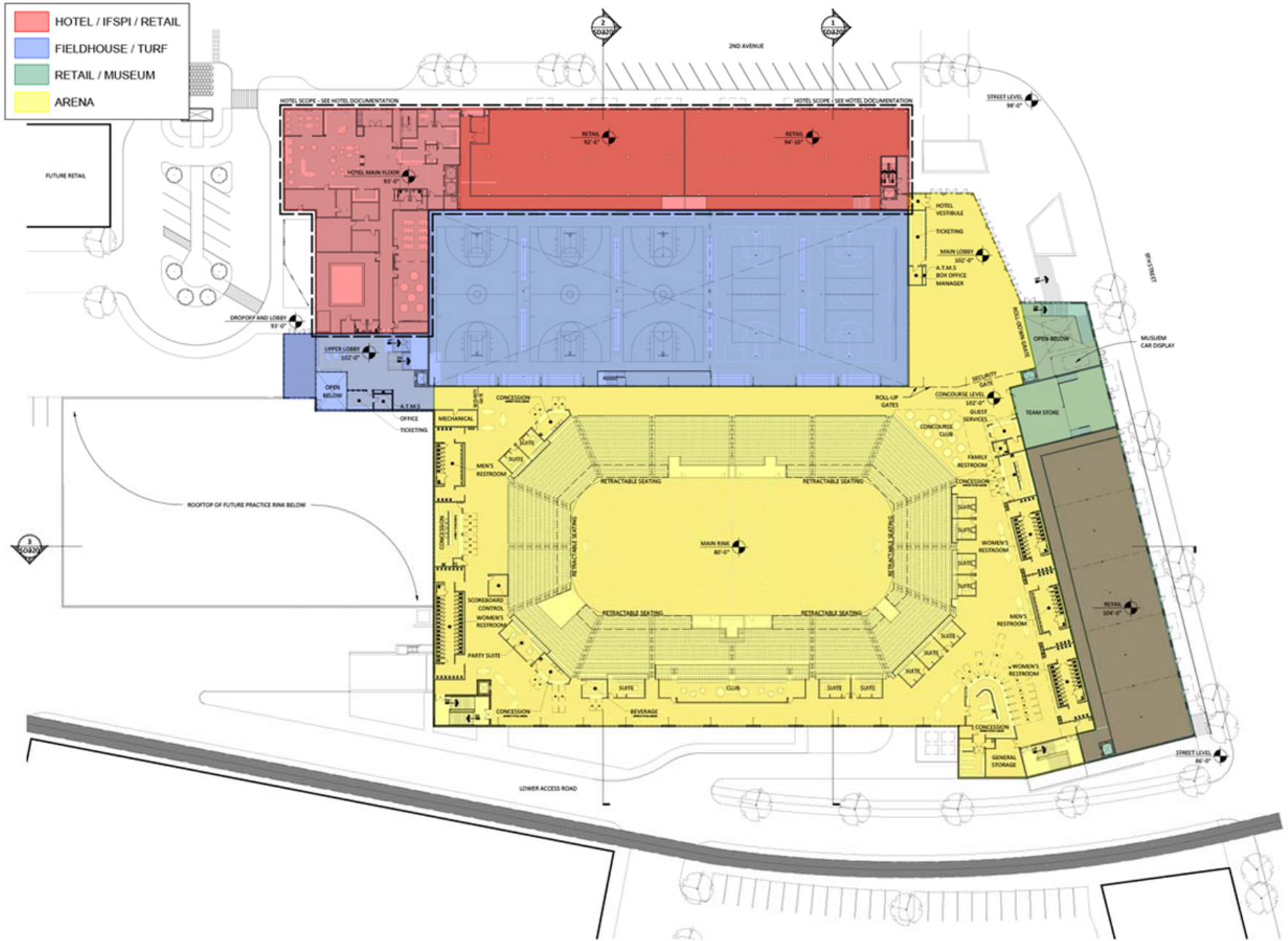
**MATURITY SCHEDULE**

<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP Num.*</u>
June 1, 2023	\$6,600,000	7.000%	7.500%	218080 GE3
June 1, 2025	\$8,525,000	7.000%	8.000%	218080 GF0
June 1, 2028	\$10,000,000	7.500%	8.500%	218080 GG8

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\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. Neither the Issuer nor the Underwriter has selected or is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.





No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The information set forth herein has been obtained from the Issuer and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "ANTICIPATED," "PLAN," "EXPECT," "PROJECTED," "ESTIMATE," "BUDGET," "PRO FORMA," "FORECAST," "INTEND," OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

In connection with the issuance of the Bonds, the Issuer will enter into a Continuing Disclosure Certificate. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

## TABLE OF CONTENTS

INTRODUCTION .....	1
THE ISSUER.....	2
PLAN OF FINANCING OF THE ARENA PROJECT.....	2
SOURCES AND USES OF FUNDS.....	4
COMPONENTS OF FINANCING FOR THE ARENA PROJECT.....	5
ARENA PROJECT (ARENACO) NEW MARKET TAX CREDITS SOURCES AND USES (ANTICIPATED).....	6
ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED).....	8
PROJECT PRO-FORMA (ANTICIPATED) <sup>1</sup> .....	9
THE BONDS .....	10
SECURITY AND SOURCE OF PAYMENT .....	10
BONDHOLDERS' RISKS .....	13
LITIGATION.....	17
ACCOUNTANT .....	18
TAX MATTERS.....	18
LEGAL MATTERS.....	18
CONTINUING DISCLOSURE.....	18
UNDERWRITING .....	19
MISCELLANEOUS .....	19
APPENDIX A – INFORMATION ABOUT THE ISSUER.....	A-1
APPENDIX B – FORM OF BOND COUNSEL OPINION.....	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	C-1
APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER.....	D-1
APPENDIX E – BOOK-ENTRY SYSTEM.....	E-1

## OFFICIAL STATEMENT

**\$25,125,000**  
**City of Coralville, Iowa**  
**Taxable General Obligation Annual Appropriation Bonds,**  
**Series 2018E**

### INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of the \$25,125,000 Taxable General Obligation Annual Appropriation Bonds, Series 2018E (the “Series 2018E Bonds” or the “Bonds”) of the City of Coralville, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2017, as amended (collectively, the “Act”) and a resolution expected to be adopted by the City Council (the “City Council”) of the Issuer on December 18, 2018 (the “Resolution”), to evidence the obligations of the Issuer under a loan agreement (the “Loan Agreement”) between the Issuer and the Underwriter.

THE BONDS AND THE INTEREST THEREON ARE GENERAL OBLIGATIONS OF THE ISSUER, PAYABLE FROM THE DEBT SERVICE TAX REVENUES (DEFINED HEREIN), AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND (DEFINED HEREIN), CERTAIN OF THE ISSUER’S TIF REVENUES (DEFINED HEREIN), AND OTHER AMOUNTS AS MAY BE LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL OF THE ISSUER FOR THE PAYMENT THEREOF. THE BONDS DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE ISSUER TO MAKE ANY PAYMENTS THEREON DURING A FISCAL YEAR BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED BY THE ISSUER FOR SUCH PAYMENTS. THE ISSUER HAS NO PAYMENT OBLIGATIONS UNDER THE BONDS OTHER THAN AMOUNTS APPROPRIATED FOR PAYMENTS DUE THROUGH THE FISCAL YEAR ENDING JUNE 30, 2020. IN THE EVENT THAT THE CITY COUNCIL OF THE ISSUER DOES NOT BUDGET AND APPROPRIATE FUNDS FOR ANY FISCAL YEAR IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST DUE ON THE BONDS DURING SUCH FISCAL YEAR, THE ISSUER’S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH THE NECESSARY FUNDS WERE APPROPRIATED. THE BONDS INVOLVE CERTAIN INVESTMENT RISKS. SEE “SECURITY AND SOURCE OF PAYMENT” AND “BONDHOLDERS’ RISKS” HEREIN.

As of the date of issuance of the Bonds and pursuant to the Resolution, the City Council has appropriated funds for the payment of principal and interest on the Bonds through the fiscal year ending June 30, 2020. As of the date of this Official Statement, no appropriation has been made to pay principal of and interest on the Bonds beyond the fiscal year ending June 30, 2020. In the event that the City Council of the Issuer does not budget and appropriate funds for any fiscal year in an amount sufficient to pay the principal of and interest due on the Bonds during such fiscal year, the Issuer’s obligation under the Bonds shall terminate and become null and void on the last day of the fiscal year for which the necessary funds were appropriated. See “SECURITY AND SOURCE OF PAYMENT” and “BONDHOLDERS’ RISKS” herein.

Proceeds of the Bonds will be used for paying the cost, to that extent of planning, undertaking, and carrying out urban renewal projects, including land and site acquisition, development and improvements, water, sewer, streets and other infrastructure improvements, parking ramp facilities and development and other associated costs related to the development of an arena/sports/recreational facility, and commercial, retail and parking facilities in the Iowa River Landing (the “IRL”) area including providing grants, loans and other financial assistance in connection with the foregoing, all of which are located within the City’s Mall and Highway 6 Urban Renewal Area, funding a reserve fund and capitalized interest deposits and paying certain costs of issuance related to the Bonds (the “Arena Project”). See “PLAN OF FINANCING OF THE ARENA PROJECT – The Arena Project” and “SOURCES AND USES OF FUNDS” herein. See also APPENDIX A – INFORMATION ABOUT THE ISSUER – “The aggregate obligations of the Mall Highway 6 Urban Renewal (TIF) Area” herein.

## THE ISSUER

The Issuer, with a 2010 U.S. Census population of 18,907, comprises approximately 12.05 square miles. The Issuer operates under the Mayor-Council form of government. The Mayor is elected to a two-year term and Council Members are elected to four-year terms; three members' terms expire at the same time and the remaining members have terms that expire two years later. This staggered term method insures at least two experienced members are on the Council at all times. A City Administrator has been on staff and contributing to the administration of Issuer affairs since 1985. Additional information concerning the Issuer is included in "APPENDIX A – INFORMATION ABOUT THE ISSUER" attached hereto.

### PLAN OF FINANCING OF THE ARENA PROJECT

Proceeds of the Bonds will be used to provide grants and loans to ArenaCo (as defined herein), a separate Iowa non-profit community development corporation, to finance a portion of the Arena Project located in the Issuer's Iowa River Landing, fund a reserve fund for the Bonds, fund a capitalized interest deposit for the Bonds and pay certain costs of issuance related to the Bonds.

**THE BONDS AND THE INTEREST THEREON ARE GENERAL OBLIGATIONS OF THE ISSUER, PAYABLE FROM THE ISSUER'S DEBT SERVICE TAX REVENUES, AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, CERTAIN OF THE ISSUER'S TIF REVENUES, AND OTHER AMOUNTS AS MAY BE LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL OF THE ISSUER FOR THE PAYMENT THEREOF. THE BONDS DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE ISSUER TO MAKE ANY PAYMENTS THEREON DURING A FISCAL YEAR BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED BY THE ISSUER. THE ISSUER HAS NO PAYMENT OBLIGATIONS UNDER THE BONDS OTHER THAN AMOUNTS APPROPRIATED FOR PAYMENTS DUE THROUGH THE FISCAL YEAR ENDING JUNE 30, 2020. IN THE EVENT THAT THE CITY COUNCIL OF THE ISSUER DOES NOT BUDGET AND APPROPRIATE FUNDS FOR ANY FISCAL YEAR IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST DUE ON THE BONDS DURING SUCH FISCAL YEAR, THE ISSUER'S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH THE NECESSARY FUNDS WERE APPROPRIATED. THE BONDS INVOLVE CERTAIN INVESTMENT RISKS. SEE "SECURITY AND SOURCE OF PAYMENT" AND "BONDHOLDERS' RISKS" HEREIN.**

**NONE OF THE AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, THE DEBT SERVICE TAX REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. AT ANY TIME PRIOR TO APPROPRIATION ALL REVENUES, FROM ANY SOURCE, MAY BE USED BY THE ISSUER FOR ANY LAWFUL PURPOSE OTHER THAN THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. IN ADDITION, CERTAIN TIF REVENUES AND OTHER LAWFUL REVENUES ARE LEGALLY PLEDGED TO THE PAYMENT OF INDEBTEDNESS OF THE ISSUER OTHER THAN THE BONDS. NONE OF THE REVENUES OR OTHER FUNDS OF THE ARENA PROJECT ARE PLEDGED TO THE PAYMENT OF THE BONDS.**

**THE CITY CURRENTLY HAS OTHER BONDS OUTSTANDING AND PAYABLE FROM DEBT SERVICE TAX REVENUES, TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE TO THE CITY. THE CITY CAN LEGALLY APPROPRIATE AMOUNTS TO THE PAYMENT OF CERTAIN BONDS, IN WHOLE OR IN PART, WITHOUT APPROPRIATING AMOUNTS TO THE PAYMENT OF OTHER BONDS, INCLUDING THE SERIES 2018E BONDS.**

### The Arena Project

History and Project Overview: The Arena Project is located in the City's Iowa River Landing, and is one of the final major improvements to this once blighted industrial park along the Iowa River. Iowa River Landing is a 160-acre piece of land framed by the Iowa River, First Avenue, and Interstate 80. Nearly 30 years ago, the Iowa River Landing was a blighted area offering a view of a truck stop, storage facilities, auto body repair shop, million-gallon petroleum tank, waste hauling and transfer business, salvage yard, and adult dance and entertainment establishments. The City envisioned a better use for the industrial park as a riverfront entertainment, residential, and retail district that serves as a gateway for Coralville, Iowa City, and the University of Iowa, and over the past 30 years, the City has carried out its vision through public and private partnership and has systematically developed and transformed the Iowa River Landing. The Iowa River Landing is now home to, among other things, the Marriot Hotel and Conference Center, Homewood Suites, a 150,000 square foot University of Iowa Health Care clinic, Von Maur, Backpocket Brewing, boutiques, restaurants, trails, museums, residential condominiums and office space, wetlands park, trails, sculpture walk and an intermodal transit facility. The Arena Project is the capstone of the final phase of the transformation of the Iowa River Landing. See "APPENDIX A – MANAGEMENT DISCUSSION AND ANALYSIS – Economic Development" attached hereto.



Components of the Arena Project: The Arena Project consists of several components, including a 5100 seat multi-purpose facility (the “Arena”), with the flexibility to host a number of athletic events and tournaments, from hockey, wrestling and basketball to indoor football and soccer, in addition to concerts and special events such as graduation ceremonies. It is anticipated that the University of Iowa Women’s volleyball team will play home matches at the Arena.

The Arena Project also includes a fieldhouse large enough for five basketball courts (the “Fieldhouse”), and the Iowa Fitness & Sports Performance Institute (“IFSPI”), giving athletes access to training and care from medical professionals. It is anticipated that IFSPI will operate a state of the art, multi-use training and rehabilitation facility for athletes of all ages and disciplines. The space will be dedicated to sports science and advanced training metrics in the form of a human performance lab where physical therapists, nutritionists, specialized strength and conditioning coaches, and other industry professionals will lead evaluation and instruction. IFSPI is located on the ground floor of the Staybridge Suites Tower (discussed herein) and will be owned by ArenaCo and connected to the Fieldhouse, where many athletic/training events will have the ability to share crossover opportunities.

The Arena Project also includes two separate retail and commercial properties: (1) a mixed-use, multi-story building on the north end, which is expected to provide a museum space in the basement of this multi-story building and office space and retail space on the ground and 2nd floors (together, the “North Mixed Use Retail”) and (2) the basement of the Staybridge Suites Tower, which will be acquired by ArenaCo and used as storage for the Arena and Fieldhouse operations.

The Staybridge Suites Condominium Tower: IRL Arena Hotel Associates, LLC (“IRL Associates”), a separate entity from the City or ArenaCo, intends to construct a 5-story facility that will house (i) an approximately 99-room Staybridge Suites Hotel (to be owned and operated by IRL Associates), and (ii) basement storage space and commercial and retail spaces on the ground floor, to be owned by ArenaCo. See page –iii- for a schematic representation of the Arena Project.

Fieldhouse: IRL Associates also intends to own the Fieldhouse. ArenaCo will lease and operate the Fieldhouse. See page –iii- for a schematic representation of the Arena Project.

ArenaCo: In January of 2017 the City created ArenaCo, a separate Iowa non-profit community development corporation. ArenaCo is also exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Board of Directors: ArenaCo is governed by a five-member Board of Directors, consisting of:

Joshua Schamberger, President  
Terry Kaeding, Vice-President  
John Weihe, Secretary  
John Lundell, Director  
Kelly Hayworth, Director

ArenaCo will own and operate the Arena, IFSPI (ground floor of Staybridge Suites Tower), the North Mixed Use Retail and the Hotel basement. On or prior to the date of issuance of the Bonds, ArenaCo will enter into a guaranteed maximum price contract for the construction of the Arena and the North Mixed Use Retail areas with M.A. Mortensen Company. It is anticipated that IRL Associates will enter into a contract for the construction of Staybridge Suites Condominium Tower prior to closing on the Bonds. It is anticipated that IRL will also enter into a contract for the construction of the Fieldhouse with M.A. Mortensen Company prior to closing on the Bonds.

On or prior to the date of issuance of the Bonds, the City and ArenaCo will enter into a development agreement pursuant to which (i) the City will transfer the real property on which the Arena, the Fieldhouse and the North Mixed Use Retail will be constructed to ArenaCo; (ii) ArenaCo will agree to provide for the construction, financing, acquisition, ownership and operation, as applicable, of various components of the Arena Project and enter into the construction documents, management agreements, concessionaire agreements, naming rights agreements, rental agreements, financing agreements, purchase agreements and related documents in connection with the foregoing; and (iii) the City will agree to provide economic development incentives by way of loans, grants and other financial assistance to ArenaCo as City support for the construction, financing, acquisition, ownership and operation of certain components of the Arena Project by ArenaCo. The City will not own or operate any of the Arena Project, other than portions of the North Mixed Use Retail associated with the museum space, which the City expects to lease from ArenaCo and sublease to other entities. While operations of the Arena Project may result in operating revenues, gifts, grants and other funds (together, the “ArenaCo Funds”) to ArenaCo, no ArenaCo Funds from operation and ownership of the Arena Project are pledged to holders of the Bonds. See “APPENDIX A – INFORMATION ABOUT THE ISSUER” for additional information on potential sources of funds related to the Arena Project that may be used by the City to offset debt service payments on the Bonds (but as noted above, none of such potential funds are pledged to the holders of the Bonds).

Summary of City Support of the Arena Project. In addition to the establishment of ArenaCo and development of plans, the City is providing significant financial support for the Arena Project. In summary and as discussed in more detail below, the City is providing

the following financial assistance in support of the Arena Project: (i) issuance of the Bonds, approximately \$18 million of the proceeds of which will be used to provide loans and/or grants to ArenaCo; (ii) issuance of its general obligation notes in the approximate amount of \$14,465,900 through a private placement transaction, approximately \$11,461,500 of the proceeds of which will be used to leverage a new markets tax credit transaction that is part of ArenaCo’s funding structure; (iii) issuance of its general obligation notes in the approximate amount of \$10,683,000 through a private placement transaction, approximately \$8,929,210 of the proceeds of which will be loaned to ArenaCo; (iv) issuance of its annual appropriation general obligation notes in the approximate amount of \$7,007,794 through a private placement transaction, approximately \$5,942,322 of the proceeds of which will be loaned to ArenaCo; (v) issuance of its general obligation notes in the approximate amount of \$8,770,000 through a private placement transaction, approximately \$7,629,900 of the proceeds of which will be granted to ArenaCo; (vi) cash contributions to ArenaCo in the approximate amount of \$11,772,000; and (vii) future cash contributions to ArenaCo at or prior to completion of construction, in the approximate amount of \$2,022,000, in the event that certain contributions expected to be received by the City relating to the Arena Project are not timely received.

**SOURCES AND USES OF FUNDS**

The following are estimated sources and uses of funds, with respect to the Bonds.

**Sources of Funds**

Bond Principal	\$25,125,000.00
Original Issue Discount	(1,188,546.50)
<b>Total Sources of Funds</b>	<u>\$23,936,453.50</u>

**Uses of Funds**

Fund the Arena Project Loans and Project Grants	\$18,051,033.50
Reserve Fund Deposit	2,512,500.00
Capitalized Interest Deposit	2,622,687.50
Costs of Issuance & Contingency <sup>(1)</sup>	750,232.50
<b>Total Uses of Funds</b>	<u>\$23,936,453.50</u>

(1) Includes, among other things, payment of certain legal, financial and other expenses related to the issuance of the Bonds (including, without limitation, underwriters’ discount). See the discussion under the caption “UNDERWRITING” herein.

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## COMPONENTS OF FINANCING FOR THE ARENA PROJECT

The financing for the Arena Project consists of a variety of components, which are summarized below and in the below table entitled “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)”. References to revenues are provided merely to illustrate the entirety of the Arena Project financing.

**THE BONDS AND THE INTEREST THEREON ARE GENERAL OBLIGATIONS OF THE ISSUER, PAYABLE FROM THE ISSUER’S DEBT SERVICE TAX REVENUES, AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, CERTAIN OF THE ISSUER’S TIF REVENUES, AND OTHER AMOUNTS AS MAY BE LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL OF THE ISSUER FOR THE PAYMENT THEREOF. THE BONDS DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE ISSUER TO MAKE ANY PAYMENTS THEREON DURING A FISCAL YEAR BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED BY THE ISSUER. THE ISSUER HAS NO PAYMENT OBLIGATIONS UNDER THE BONDS OTHER THAN AMOUNTS APPROPRIATED FOR PAYMENTS DUE THROUGH THE FISCAL YEAR ENDING JUNE 30, 2020. IN THE EVENT THAT THE CITY COUNCIL OF THE ISSUER DOES NOT BUDGET AND APPROPRIATE FUNDS FOR ANY FISCAL YEAR IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST DUE ON THE BONDS DURING SUCH FISCAL YEAR, THE ISSUER’S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH THE NECESSARY FUNDS WERE APPROPRIATED. THE BONDS INVOLVE CERTAIN INVESTMENT RISKS. SEE “SECURITY AND SOURCE OF PAYMENT” AND “BONDHOLDERS’ RISKS” HEREIN.**

**NONE OF THE AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, THE DEBT SERVICE TAX REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. AT ANY TIME PRIOR TO APPROPRIATION ALL REVENUES, FROM ANY SOURCE, MAY BE USED BY THE ISSUER FOR ANY LAWFUL PURPOSE OTHER THAN THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. IN ADDITION, CERTAIN TIF REVENUES AND OTHER LAWFUL REVENUES ARE LEGALLY PLEDGED TO THE PAYMENT OF INDEBTEDNESS OF THE ISSUER OTHER THAN THE BONDS. NONE OF THE REVENUES OR OTHER FUNDS OF THE ARENA PROJECT ARE PLEDGED TO THE PAYMENT OF THE BONDS.**

The General Obligation Loans and the NMTC Loans. The New Markets Tax Credit Program (the “NMTC Program”) was established as part of the Community Renewal Tax Relief Act of 2000. The goal of the NMTC Program is to spur revitalization efforts of low-income and impoverished communities. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. In connection with the closing of the NMTC financing, which is currently anticipated to occur prior to December 15, 2018, the City will loan approximately \$11,461,500 to the NMTC investment fund (referred to herein at times as the “Leveraged Loan”), the net proceeds of which, along with the net proceeds of a tax credit equity investment by a private investor, will be invested in a qualified community development entity affiliated with Iowa Community Development, L.C. (the “CDE”). The CDE will use the proceeds to pay certain costs, establish any necessary reserves and make one or more loans to ArenaCo in the approximate amount of \$11,461,500 (the “QLICI Loan A”) and the approximate amount of \$4,738,500 (the “QLICI Loan B”) (together, the “NMTC Loans”). To fund the Leveraged Loan, the City will enter into loan agreements with a local bank and issue a general obligation note in the approximate amount of \$2,650,724 (the “Series 2018F Note”) and a general obligation note in the approximate amount of \$11,815,178 (the “Series 2018H Note”) to evidence its obligations under the loan agreements. The Series 2018F Note and the Series 2018H Note are general obligations of the City payable from ad valorem tax levies. However, the City anticipates paying the Series 2018F Note from the repayment of the Leveraged Loan, the source of which is anticipated to be from the repayment of the QLICI Loan A by ArenaCo from its charitable giving campaign. All of the Series 2018H Note is currently intended to be paid from TIF Revenues. Neither the proceeds of the ArenaCo charitable giving campaign nor the TIF revenues are pledged to the payment of the Bonds, and, pursuant to the Resolution, the City could levy ad-valorem taxes without limitation as to rate or amount to repay the Series 2018F Note or the Series 2018H Note. See “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” herein. For information on the City’s TIF area income and expense (obligations), see Table Aggregate Obligations of the Mall Highway 6 Urban Renewal (TIF) Area in Appendix A. If the NMTC financing does not close, the City has agreed to loan or grant the approximate amount of \$11,461,500 to ArenaCo in lieu of making the loan to the NMTC investment fund, and issue additional annual appropriation general obligation bonds in amounts sufficient to make up any shortage in the proceeds of the Series 2018F Note and the Series 2018H Note needed to make such loan or grant.

**ARENA PROJECT (ARENACO) NEW MARKET TAX CREDITS SOURCES AND USES (ANTICIPATED)**

	<u>Arena</u>	<u>Hotel</u>	<u>Fieldhouse</u>	<u>North Mixed Use</u>	<u>Total</u>
<b><u>Uses of Funds - Construction &amp; Non Construction</u></b>					
Construction & Acquisition	53,993,650	5,872,873	8,693,217	8,697,161	77,256,901
Capitalized Interest	867,796	890,579	0	1,274,973	3,033,348
Financing Fees including original issue discount	1,256,746	653,911	0	855,204	2,765,861
Reserve Funds	3,251,780	824,200	0	1,203,100	5,279,080
NMTC Tax Credit related non-financing fees	474,000	0	0	0	474,000
Other					0
<b>Total Uses of Funds</b>	<b>59,843,972</b>	<b>8,241,562</b>	<b>8,693,217</b>	<b>12,030,438</b>	<b>88,809,189</b>
<b><u>Sources of Funds</u></b>					
QLICI Loan A	11,461,500				11,461,500
QLICI Loan B	4,738,500				4,738,500
City Loan	18,345,795	8,242,000		12,031,000	38,618,795
Private Developer Capital			8,693,217		8,693,217
Other					0
<b>Total Sources of Funds</b>	<b>34,545,795</b>	<b>8,242,000</b>	<b>8,693,217</b>	<b>12,031,000</b>	<b>63,512,012</b>
<b>Sub-total of Sources over Uses</b>	<b>25,298,177</b>	<b>438</b>	<b>0</b>	<b>562</b>	<b>-25,297,177</b>
<b><u>Non-Loan Project Proceeds</u></b>					
Cash on hand at City	9,105,364				9,105,364
City Grant - Iowa Reinvestment Act Proceeds	9,320,000				9,320,000
City Grant - 2018E	4,852,000				4,852,000
Concession Equipment Contribution (1)	1,000,000				1,000,000
Wi-Fi Contribution (2)	522,000				522,000
Manager Up-front Contribution (3)	500,000				500,000
<b>Total non-bond proceeds</b>	<b>25,299,364</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,299,364</b>
<b>Final Surplus of Sources over Uses:</b>	<b>1,187</b>	<b>438</b>	<b>0</b>	<b>562</b>	<b>2,187</b>

(1) Under the terms of the anticipated food service vendor agreement, Aramark Sports and Entertainment Services, LLC will be obligated to deliver, install and pay for \$1M of equipment to be installed at the completion of the Arena.

(2) Under the terms of agreement with the naming rights entity, certain telecommunications equipment is to be delivered, installed and paid for by the naming rights entity at completion of the Arena.

(3) Under the terms of the anticipated management agreement, Global Spectrum, L.P. d/b/a Spectra Venue Management will be obligated to deliver \$500,000 up-front.

**Grants and Loans from the City of Bond Proceeds to ArenaCo.** Proceeds of the Bonds will be loaned and granted to ArenaCo by the City, pursuant to the development agreement and the Loan Agreement, and will be used by ArenaCo to finance (1) the portion of the construction of the Arena not funded with the NMTC Loans; and (2) the acquisition of the Hotel basement and ground floor.

**The Naming Rights Loan and the Naming Rights Obligation:** City anticipates borrowing approximately \$10,683,000 from a local bank to finance a loan to ArenaCo to finance a portion of the Arena Project, depicted as the ArenaCo Loan A (“ArenaCo Loan A”) on the “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table below. The ArenaCo Loan A is expected to be retired by ArenaCo out of certain naming rights income. See “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table below.

**The ArenaCo Loan B Payable from TIF Revenues:** The City anticipates borrowing approximately \$7,007,794 from a local bank to finance a loan to ArenaCo to finance a portion of the costs of the Arena Project, depicted as the ArenaCo Loan B (“ArenaCo Loan B”) on the “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table herein. The ArenaCo Loan B is expected to be retired by ArenaCo out of TIF Revenues rebated to ArenaCo by the City each year, subject to nonappropriation. See “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table below.

**Iowa Reinvestment Act Financing:** The City anticipates issuing general obligation notes in the approximate amount of \$8,770,000 and using a portion of the proceeds thereof to make a grant to ArenaCo in the amount of \$7,629,000.

**The Land Sales:** At closing, the City will contribute the amount of approximately \$11,772,292, cash received by the City from the sale of certain parcels of land in the IRL. Cash proceeds will be used by ArenaCo to pay a portion of the cost of the Arena Project. See “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table below.

Other Contributions: At closing, the City will agree to contribute the amount of approximately \$2,022,000, prior to completion of construction, upon demand from ArenaCo. The City expects this contribution to come from a combination of certain contributions, and will be used to pay and offset a portion of the cost of the Arena. In the event that the contributions are not available, the City's obligation will be binding on the City to contribute the total amount. See "ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)" table below.

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## ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)

The information below sets forth in tabular form a summary description of the information set forth above. The information below is with respect to the entire Arena Project. This information does not attempt to provide a description of the security or repayment of the Bonds.

City Debt Ref	ArenaCo Debt Ref	Source	Issuer	Lender	Security	Expected Revenue Source	Gross Proceeds	Net Proceeds (1)
<b>Iowa Reinvestment Act - (State Sales Tax) = \$8.1M net proceeds</b>								
K	C-3	Arena Co. IRA Grant:	City of Coralville	Local bank	GO Pledge	Sales tax revenues from State	9,320,000	8,109,705
<b>\$25.1M City of Coralville General Obligation Bond</b>								
F	A-1	Arena Co. NMTC Loan	City of Coralville	Local bank	GO Pledge	Charitable contributions	2,650,735	2,231,035
H	A-2	Arena Co. NMTC Loan	City of Coralville	Local bank	GO Pledge	TIF Revenues	11,808,697	9,230,465
I	Note A	Arena Co. Naming Rights Loan	City of Coralville	Local Bank	GO Pledge	Naming rights income	11,338,000	9,577,473
<b>Annual Appropriation Pledge = \$25.125M net proceeds</b>								
E	E, H	Mall Highway 6 TIF Revenues	City of Coralville	This Issue	Annual Appropriation GO Pledge	TIF Revenues	16,883,000	12,114,608
	C-1	Rent Income - 1st floor Staybridge	City of Coralville	This Issue	Annual Appropriation GO Pledge	Rent income	8,242,000	5,873,311
J	Note B	Mall Highway 6 TIF Area	City of Coralville	Local Bank	Annual Appropriation GO Pledge	TIF Revenues	7,007,795	6,037,410
<b>Cash/equity = \$18M net proceeds</b>								
		NMTC Equity			Sales of NMTC tax credits	Third Party Cash Equity	4,738,500	4,264,500
		Cash on hand at City	NA		NA	Land Sales	9,105,364	9,105,364
		Aramark Equipment Contribution (2)	NA		NA	Vendor cash	1,000,000	1,000,000
		Wi-Fi Contribution (3)	NA		NA	Vendor cash	522,000	522,000
		Various Grants (4)	NA		NA	Vendor cash		0
		Spectra Up-Front Contribution (4)	NA		NA	Vendor cash	500,000	500,000
<b>Total Sources of Funds</b>							<b>83,116,091</b>	<b>68,565,871</b>
<b>Uses of Funds</b>						<b>Sub total for project</b>	<b>Gross Expenses</b>	<b>Net Construction</b>
Arena Construction Costs						53,993,650		
Fieldhouse Construction Costs						-		
Staybridge Suites & Tower Construction Costs						5,872,873		
North Mixed Use Construction Costs						8,697,161		
Total Constuction Costs							68,563,684	68,563,684
Capitalized Interest							4,151,554	
Ia Community Development NMTC fees and charitable contributions							474,000	
Financing Fees							2,011,097	
Reserve Funds							6,725,023	
<b>Total Uses of Funds</b>							<b>81,925,357</b>	<b>68,563,684</b>

- ✓ (1) Net Proceeds means gross loan/bond proceeds less issuance related fees and expenses, less capitalized interest and less debt reserve funds, all if any
- ✓ (2) Under the terms of the food service vendor agreement, Aramark is obligated to deliver, install and pay for \$1M of equipment to be installed at the completion of the project.
- ✓ (3) Under the terms of agreement with the Naming Rights entity, certain telecommunications equipment is to be delivered, installed and paid for by the Naming Rights entity at completion of the project
- ✓ (4) Under the terms of the management agreement with Spectra, Spectra is obligated to deliver \$500,000 up-front.
- ✓ (5) RFR - the City has entered into an agreement to replenish the Reserve Fund for this loan when the amount on deposit therein is less than the amount required by loan documents.
- ✓ (6) None of the amounts on deposit in the Debt Service Reserve Fund, the Debt Service Tax Revenues, the TIF Revenues or other revenues lawfully available from any source are pledged to the payer of the Bonds until such time as they have been appropriated by the City Council for payment of principal and interest on the Bonds. At any time prior to appropriation all revenues, from any source may be used by the Issuer for any lawful purpose other than the payment of principal and interest on the Bonds. In addition, certain TIF Revenues and other lawful revenues are legally pledged to the payment of indebtedness of the Issuer other than the Bonds. None of the revenues or other funds of the Arena Project are pledged to the payment of the Bonds.

**PROJECT PRO-FORMA (ANTICIPATED)<sup>1</sup>**

Fiscal Year	City Debt Ref	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	
		General Obligation Debt Service																		
Local Bank Loan - Charitable	2018F-1	360,151	360,151	360,150	360,151	360,150	360,150	360,149	360,149	360,149	360,149									
Local Bank Loan - TIF	2018F-2	1,090,596	1,090,612	1,090,612	1,090,612	1,090,612	1,090,612	1,090,612	1,090,612	1,090,612	1,090,611	1,090,611	1,090,611	1,090,611	1,090,611	1,090,611	1,090,611	1,090,611	1,090,611	
Local Bank Loan - Naming	2018I	1,091,900	1,116,650	1,137,850	1,107,550	1,119,200	1,127,700	1,138,100	1,147,200	1,157,950	1,168,150	593,700	619,700	628,450	657,700	688,350	689,200	689,600	766,500	
<b>Total General Obligation Debt Service</b>		<b>2,542,648</b>	<b>2,567,413</b>	<b>2,588,613</b>	<b>2,558,313</b>	<b>2,569,962</b>	<b>2,578,462</b>	<b>2,588,861</b>	<b>2,597,961</b>	<b>2,608,710</b>	<b>2,618,910</b>	<b>1,684,311</b>	<b>1,710,311</b>	<b>1,719,061</b>	<b>1,748,311</b>	<b>1,778,961</b>	<b>1,779,811</b>	<b>1,780,211</b>	<b>1,857,111</b>	
Offset by Expected Charitable Contributions		-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000	-350,000									
Offset by TIF Revenues		-1,128,397	-1,128,163	-1,124,362	-1,085,813	-1,088,964	-1,088,712	-1,090,096	-1,089,910	-1,091,096	-1,091,444	-1,082,185	-1,082,291	-1,082,493	-1,083,195	-1,083,869	-1,084,719	-1,085,119	-1,085,119	
Offset by Concourse Naming (Mid American Energy)		-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	0	0	0	0	0	0	0	0	
Offset by Club Lounge Naming (TBA)		-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	0	0	0	0	0	0	0	0	
Offset by Fieldhouse Naming (TBA)		-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	0	0	0	0	0	0	0	0	
Offset by Arena Operations - In Kind Contribution		-155,000	-155,000	-155,000	-155,000	-155,000	-155,000	-155,000	-155,000	-155,000	-155,000	-162,750	-170,888	-179,432	-188,403	-197,824	-197,824	-197,824	-197,824	
Offset by Arena Naming (Mediacom)		-225,000	-250,000	-275,000	-283,250	-291,748	-300,500	-309,515	-318,800	-328,364	-338,215	-355,126	-372,882	-391,526	-411,102	-431,658	-431,658	-431,658	-431,658	
Offset by interest earnings on reserves		-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-84,250	-65,610	-65,610	-65,610	-65,610	-65,610	-65,610	
Offset by the release of reserves		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-3,280,523	
<b>Net General Obligation Debt Payments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,203,623</b>
Annual Appropriation General Obligation Debt Service																				
Local Bank Loan - TIF	2018J	739,711	720,246	700,780	681,314	661,847	642,381	622,915	603,449	583,983	564,517	545,051	525,585	506,119	486,653	467,186	447,720	428,254	408,788	
The Bonds	2018E	1,100,200	1,100,200	7,700,200	638,200	5,313,200	310,950	310,950	4,456,950	0	0	0	0	0	0	0	0	0	0	
<b>Total General Obligation Annual Appropriation Debt</b>		<b>1,839,911</b>	<b>1,820,446</b>	<b>8,400,980</b>	<b>1,319,514</b>	<b>5,975,047</b>	<b>953,331</b>	<b>933,865</b>	<b>5,060,399</b>	<b>583,983</b>	<b>564,517</b>	<b>545,051</b>	<b>525,585</b>	<b>506,119</b>	<b>486,653</b>	<b>467,186</b>	<b>447,720</b>	<b>428,254</b>	<b>408,788</b>	
Offset by IRA Income																				
Offset by Staybridge Rent	2018E	-280,487	-280,487	-280,487	-280,487	-294,511	-294,511	-294,511	-294,511	-294,511	-309,237	-309,237	-309,237	-309,237	-309,237	-324,699	-324,699	-324,699	-324,699	
Offset by North Mixed Use Retail Rent	2018E	-288,152	-288,152	-288,152	-288,152	-302,560	-302,560	-302,560	-302,560	-302,560	-317,688	-317,688	-317,688	-317,688	-317,688	-333,572	-333,572	-333,572	-333,572	
Offset by TIF Income	2018E	-1,230,726	-1,211,261	-7,791,795	-710,329	-5,337,431	-315,714	-296,248	-4,422,782	0	0	0	0	0	0	0	0	0	0	
Offset by Release of Debt Reserve Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Offset by interest earnings on reserves		-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	-40,546	
Offset by release of reserves																				
<b>Net Annual Appropriation General Obligation Debt Service</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

<sup>1</sup>THIS TABLE CONTAINS FINANCIAL INFORMATION AND STATEMENTS WHICH SHOULD BE CONSIDERED “FORWARD-LOOKING STATEMENTS,” MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS “ANTICIPATED,” “PLAN,” “EXPECT,” “PROJECTED,” “ESTIMATE,” “BUDGET,” “PRO FORMA,” “FORECAST,” “INTEND,” OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN FINANCIAL RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FINANCIAL INFORMATION OR FORWARD-LOOKING STATEMENTS CONTAINED IN THIS TABLE IF OR WHEN ITS EXPECTATIONS, FINANCIAL INFORMATION OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

NONE OF THE REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS.

## THE BONDS

### General

The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Bonds are payable in lawful money of the United States of America. For so long as the book-entry only system is in effect, the Bondholders shall be Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and payment of principal of and premium, if any, and interest on the Bonds will be made as described in “APPENDIX E – BOOK-ENTRY SYSTEM”.

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on June 1, 2019, and is calculated on the basis of a year of 360 days and twelve 30-day months. Interest on the Bonds shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

### Redemption

Optional Redemption. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, (i) beginning June 1, 2023, at a redemption price equal to 102% of the principal amount of the Bonds, plus accrued interest to the date fixed for redemption, (ii) beginning June 1, 2024, at a redemption price equal to 101% of the principal amount of the Bonds, plus accrued interest to the date fixed for redemption, and (iii) beginning June 1, 2025, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give notice by certified mail or electronic means not less than thirty (30) days prior to the redemption date to each registered owner thereof.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, provided that such notice of cancellation to be made is made at least three days prior to the date fixed for redemption.

## SECURITY AND SOURCE OF PAYMENT

### General

The principal of and interest on the Bonds are payable from (i) an unlimited ad-valorem property tax authorized to be levied against all of the taxable property within the corporate boundaries of the Issuer and deposited in the Issuer's statutorily created debt service fund (the “Debt Service Fund”), subject to nonappropriation, (ii) funds on deposit in the Series 2018E Debt Service Reserve Fund (defined herein), to the extent appropriated therefor by the Issuer, and (iii) other lawful funds available to the Issuer, including TIF Revenues, as appropriated by the Issuer for the payment thereof, subject, however in each case, to the right of nonappropriation. See “SECURITY AND SOURCE OF PAYMENT – Funds and Accounts” herein.

The Debt Service Fund is solely funded from unlimited ad valorem taxes (“Debt Service Tax Revenues”), but the Issuer may elect not to levy ad valorem taxes and the amount not levied could be funded with proceeds from other identifiable sources, such as TIF Revenues. The Resolution will authorize an ad valorem tax levy for each future fiscal year for which an appropriation is made by the City Council in amounts necessary to pay principal of and interest on the Bonds, when and as due, subject to the foregoing annual right of nonappropriation. A certified copy of the Resolution will be filed with the County Auditor and the County Auditor, upon appropriation by the City Council each year and certification by the City Clerk as provided in the Resolution, shall levy and assess the direct ad valorem tax for a fiscal year in an amount sufficient to produce the Debt Service Tax Revenues appropriated by the City Council for such fiscal year. The taxes so levied to pay the Bonds are to be collected in the same manner as other Issuer taxes are collected and are to be used solely to pay principal of and interest on the Bonds.

The Resolution provides that the Issuer intends to appropriate sufficient funds for each fiscal year to pay the principal of and interest due on the Bonds during such fiscal year and to make deposits to the Series 2018E Debt Service Reserve Fund; provided however, that such an expression of current intent will not create and shall not be construed as creating a general, legal or enforceable obligation of the Issuer to appropriate such funds for any fiscal year and the decision to appropriate such funds for a fiscal year shall be made in accordance with the



City Council's normal procedures for making decisions and the then current City Council shall have the final responsibility for making such decisions.

**THE BONDS AND THE INTEREST THEREON ARE GENERAL OBLIGATIONS OF THE ISSUER, PAYABLE FROM THE ISSUER'S DEBT SERVICE TAX REVENUES, AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, CERTAIN OF THE ISSUER'S TIF REVENUES, AND OTHER AMOUNTS AS MAY BE LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL OF THE ISSUER FOR THE PAYMENT THEREOF. THE BONDS DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE ISSUER TO MAKE ANY PAYMENTS THEREON DURING A FISCAL YEAR BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED BY THE ISSUER. THE ISSUER HAS NO PAYMENT OBLIGATIONS UNDER THE BONDS OTHER THAN AMOUNTS APPROPRIATED FOR PAYMENTS DUE THROUGH THE FISCAL YEAR ENDING JUNE 30, 2020. IN THE EVENT THAT THE CITY COUNCIL OF THE ISSUER DOES NOT BUDGET AND APPROPRIATE FUNDS FOR ANY FISCAL YEAR IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST DUE ON THE BONDS DURING SUCH FISCAL YEAR, THE ISSUER'S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH THE NECESSARY FUNDS WERE APPROPRIATED. THE BONDS INVOLVE CERTAIN INVESTMENT RISKS. SEE "SECURITY AND SOURCE OF PAYMENT" AND "BONDHOLDERS' RISKS" HEREIN.**

**NONE OF THE AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, THE DEBT SERVICE TAX REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. AT ANY TIME PRIOR TO APPROPRIATION ALL REVENUES, FROM ANY SOURCE, MAY BE USED BY THE ISSUER FOR ANY LAWFUL PURPOSE OTHER THAN THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. IN ADDITION, CERTAIN TIF REVENUES AND OTHER LAWFUL REVENUES ARE LEGALLY PLEDGED TO THE PAYMENT OF INDEBTEDNESS OF THE ISSUER OTHER THAN THE BONDS. NONE OF THE REVENUES OR OTHER FUNDS OF THE ARENA PROJECT ARE PLEDGED TO THE PAYMENT OF THE BONDS.**

**THE CITY CURRENTLY HAS OTHER BONDS OUTSTANDING AND PAYABLE FROM DEBT SERVICE TAX REVENUES, TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE TO THE CITY. THE CITY CAN LEGALLY APPROPRIATE AMOUNTS TO THE PAYMENT OF CERTAIN BONDS, IN WHOLE OR IN PART, WITHOUT APPROPRIATING AMOUNTS TO THE PAYMENT OF OTHER BONDS, INCLUDING THE SERIES 2018E BONDS.**

Principal of and interest on the Bonds will be payable from funds on deposit in the Series 2018E Bond Fund (as defined herein) and the Series 2018E Debt Service Reserve Fund to the extent appropriated therefore by the City Council and once appropriated will be pledged by the Issuer to the payment of such principal and interest. The Issuer has appropriated funds for the payment of interest on the Bonds through the fiscal year ending June 30, 2020, pursuant to the Resolution.

The City Council is authorized, without further notice, hearing or other proceedings, to budget and appropriate Debt Service Tax Revenues annually to make the payments of the principal of and interest on the Bonds.

**Debt Service Tax Revenues (Subject to Right of Annual Appropriation)**

The Bonds are general obligations of the Issuer, subject to nonappropriation, payable from a levy of ad valorem real estate taxes against all taxable property in the Issuer and deposited in the Issuer's Debt Service Fund. The Resolution provides that, notwithstanding anything therein to the contrary, the payments of the principal of and interest on the Bonds shall not constitute a mandatory charge or a requirement in any ensuing fiscal year beyond the then current fiscal year for which the Issuer has appropriated funds for the payment thereof and the Issuer shall have no continuing obligation to appropriate money for the payment of such principal of and interest on the Bonds from Debt Service Tax Revenues, or any other source, and no provision of the Resolution or the Bonds shall be construed or interpreted as creating a general obligation of the Issuer or other financial obligation of the Issuer for any future fiscal year or a debt within the meaning of any Iowa constitutional or statutory debt limitation. The Issuer's obligation to make payments of interest on and principal of the Bonds shall be subject at all times to nonappropriation by the City Council. In the event of a nonappropriation, the Issuer's obligations under the Bonds shall terminate and become null and void on the last day of the fiscal year for which the necessary funds were appropriated. Upon the occurrence of any such nonappropriation, the Issuer shall not be obligated to make payment from any source of any amounts in respect of such debt service on the Bonds beyond those amounts for which an appropriation has previously been made, and the Issuer shall not be liable to the Bondholders for any remaining amounts due under the Bonds or for any costs, damages (including but not limited to consequential damages) or expenses incurred by the Bondholders as a result of the exercise by the Issuer of the foregoing right of nonappropriation.

In addition, the Issuer has the ability to issue additional obligations payable from Debt Service Tax Revenues up to the Iowa constitutional debt limitation (and in excess of that debt limitation if those additional obligations are annual appropriation obligations). As a result, if the tax burden on Issuer taxpayers were too great because of the appropriation for all outstanding obligations payable from Debt Service Tax Revenues, the City Council could decide not to appropriate monies to pay principal of and interest on the Bonds.

## **Tax Increment Revenues (Subject to Right of Annual Appropriation)**

While not pledged to bondholders, “tax increment revenues” (“TIF Revenues”) is used to describe the portion of real estate taxes levied and collected within an urban renewal area which is permitted by Chapter 403 of the Code of Iowa, 2017, as amended (the “URA Act”) to be specially allocated to further the development of a designated urban renewal area. An urban renewal area is a geographic area established by the Issuer pursuant to the URA Act for the purpose, among other things, of economic development, redeveloping the center core portion of the Issuer, through property acquisition and redevelopment and the construction of road, streetscape, public infrastructure, stormwater, wastewater and water collection, distribution and retention, and flood control improvements. In general, TIF Revenues from a parcel are determined annually by multiplying the aggregate of all local tax rates, excluding the portion of the tax rates for debt service, applicable to the assessed value of all taxable property within an urban renewal area, by the aggregate difference (the “Captured Assessed Valuations”) between the current assessed value and original assessed value in an urban renewal area. In general, the original assessed value reflects the assessed value of each parcel on the date an urban renewal area was established. Johnson County (the “County”) collects the real estate taxes and distributes the TIF Revenues to the Issuer to use for repayment of tax increment obligations. TIF Revenues are generally distributed by the County to the Issuer in the months of October and April.

Certain TIF Revenues of the applicable urban renewal areas, subject to the right of nonappropriation reserved by the Issuer in the Resolution, are an available source of payment of the principal of and interest on the Bonds, but are not pledged to payment of the Bonds. The Resolution states that the Issuer presently intends to appropriate sufficient funds from available sources discussed below under “Funds and Accounts” for each fiscal year to pay principal of and interest on the Bonds during such fiscal year and to make deposits to the Series 2018E Bond Fund; provided however, that this expression of current intent does not create and shall not be construed as creating a general, legal or enforceable obligation of the Issuer to appropriate such funds for any fiscal year and the decision to appropriate such funds for a fiscal year shall be made in accordance with the City Council’s normal procedures for making decisions and the then current City Council shall have the final responsibility for making such decisions. See “BONDHOLDERS’ RISKS” for a description of the right of nonappropriation reserved by the Issuer.

The Issuer has no obligation to appropriate money for the payment of principal of and interest on the Bonds. In the event that funds are not budgeted and appropriated by the City Council in any fiscal year in an amount sufficient to meet the payments of principal of and interest on the Bonds, the Issuer’s obligation to make payments of interest and principal terminates without penalty, and becomes null and void on the last day of the fiscal year for which the necessary funds were appropriated. Upon the occurrence of any such nonappropriation, the Issuer is not obligated to make payment of any additional amounts in respect of principal of and interest on the Bonds beyond those funds which have been so appropriated.

## **Funds and Accounts**

The following is a summary of certain portions of each Resolution regarding the establishment of funds and accounts. This summary is not to be considered a full statement of the provisions of the Resolution and is qualified by reference to the Resolution, which will be adopted by the City Council upon sale of the Bonds.

Series 2018E Bond Fund. The Resolution establishes a separate and special fund known as the City of Coralville, Iowa, Taxable General Obligation Annual Appropriation Bonds, Series 2018E Bond Fund (the “Series 2018E Bond Fund”).

There shall be deposited into the Series 2018E Bond Fund, if and when received, the following:

- (a) any TIF Revenues appropriated by the Issuer for the payment of principal of and interest on the Series 2018E Bonds;
- (b) any Debt Service Tax Revenues appropriated by the Issuer for the payment of principal of and interest on the Series 2018E Bonds;
- (c) any amounts appropriated by the City and transferred from the Series 2018E Debt Service Reserve Fund (as defined herein); and
- (d) any other amounts appropriated by the Issuer from any other source for the payment of principal of and interest on the Series 2018E Bonds.

Any funds deposited in the Series 2018E Bond Fund (when appropriated by the City Council) shall be used solely and only and are pledged to pay the principal of and interest on the Series 2018E Bonds when due, whether at maturity or upon mandatory or optional redemption.

Debt Service Fund. Pursuant to a Resolution, the Issuer shall deposit Debt Service Tax Revenues, if and when collected, into a special account of the Debt Service Fund to be used solely and only for the payment of principal of and interest on the Series 2018E Bonds (when appropriated by the City Council), to be transferred for deposit into the Series 2018E Bond Fund to be used for such purpose.

Series 2018E Debt Service Reserve Fund. The Resolution establishes a separate and special fund known as the City of Coralville, Iowa, Taxable General Obligation Annual Appropriation Bonds, Series 2018E Debt Service Reserve Fund (the “Series 2018E Debt Service

Reserve Fund”). The principal of and interest on the Series 2018E Bonds are payable from funds on deposit in the Series 2018E Debt Service Reserve Fund, to the extent appropriated therefor by the City Council, as provided in the Resolution.

There shall be set apart and paid from the proceeds of the Series 2018E Bonds at the time of the delivery of the Series 2018E Bonds an amount equal to \$2,512,500.00 or such other amount designated in the loan agreement for the Series 2018E Bonds (the “Series 2018E Debt Service Reserve Fund Requirement”).

Subject to the City’s right of non-appropriation, the City agrees to maintain the Series 2018E Debt Service Reserve Fund in an amount equal to the Series 2018E Debt Service Reserve Fund Requirement. Any funds on deposit in the Series 2018E Debt Service Reserve Fund shall be used solely and only and are pledged to pay principal of or interest on the Series 2018E Bonds when due (to the extent that the City has appropriated amounts on deposit in the Series 2018E Debt Service Reserve Fund for such payments) whenever there is a shortage of amounts on deposit in the Series 2018E Bond Fund for such purpose. The Series 2018E Debt Service Reserve Fund shall be valued annually by the City on October 31. If a shortage occurs in the amount on deposit in the Series 2018E Debt Service Reserve Fund, either because of a transfer therefrom or a valuation thereof, subject to the City’s right of non-appropriation, the amount on deposit in the Series 2018E Debt Service Reserve Fund shall be restored to the Series 2018E Debt Service Reserve Fund Requirement as soon as possible as determined by the City from amounts appropriated therefor by the City.

### **Loan Agreement Covenant**

Pursuant to the Loan Agreement, so long as the Bonds are outstanding, the City agrees to the following additional indebtedness covenant to limit the incurrence of future indebtedness secured only by an annual debt service levy (the “General Obligation Indebtedness”). The City may incur the following General Obligation Indebtedness for the following purposes: (1) the General Obligation Indebtedness represented as K, F-1, F-2 and I under “City Debt” as set forth on the “ARENA PROJECT (CITY) SOURCES AND USES (ANTICIPATED)” table herein or otherwise incurred for the Arena Project in an aggregate amount not to exceed \$35,120,000, (2) to acquire any portion of the Arena Project, (3) the completion of the Highway 965 North Extension Project, (4) completion of the 1st Avenue Reconstruction Project, (5) completion of the City’s share of the East 2nd Avenue Project, (6) an amount not to exceed \$1,500,000 to finance on an annual basis the City’s annual street and capital improvement program, (7) the refinancing or refunding of any existing indebtedness (regardless of the security pledged therefore), including without limitation the conversion of annual appropriation indebtedness into General Obligation Indebtedness, (8) financing the City’s share of parking facilities and related infrastructure and improvements in the IRL for the primary use by The University of Iowa Hospitals and Clinics and (9) any General Obligation Indebtedness required to satisfy any court order or statutory mandate; otherwise, the City shall obtain consent from a majority of the bondholders. This covenant in no way limits the City from the incurrence of future indebtedness secured only by an annual debt service levy, subject to annual appropriation.

### **BONDHOLDERS’ RISKS**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

### **Annual Appropriation Required**

The Issuer’s obligation to pay the principal of and interest on the Bonds from Debt Service Tax Revenues, TIF Revenues or other available funds shall at all times be subject to the right of the City Council not to appropriate any such funds. The decision to pay the principal of and interest on the Bonds for any one fiscal year shall not constitute a mandatory charge or a requirement in any ensuing fiscal year beyond the then current fiscal year for which the Issuer has appropriated Debt Service Tax Revenues, TIF Revenues or other available funds for the payment thereof. The Issuer shall have no continuing obligation to appropriate Debt Service Tax Revenues, TIF Revenues or other available funds for the payment of the principal of and interest on the Bonds and no provision of the Resolution or the Bonds shall be construed or interpreted as creating a continuing obligation of the Issuer in any fiscal year beyond the fiscal year for which Debt Service Tax Revenues, TIF Revenues or other available funds have been appropriated by the City Council. The Issuer’s obligation to provide Debt Service Revenues, TIF Revenues or other available funds shall be subject at all times to nonappropriation by the then current City Council.

The City Council may decline to make an appropriation from Debt Service Tax Revenues, TIF Revenues and/or other available funds. The City Council may decline to make an appropriation for any reason or for no reason at all.

**THE OBLIGATIONS OF THE ISSUER TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS ARE GENERAL OBLIGATIONS OF THE ISSUER PAYABLE FROM DEBT SERVICE TAX REVENUES, TIF REVENUES AND OTHER AMOUNTS LAWFULLY AVAILABLE, ALL TO THE EXTENT APPROPRIATED BY THE CITY COUNCIL IN A FISCAL YEAR AND SUBJECT TO THE RIGHT OF THE CITY COUNCIL NOT TO APPROPRIATE ANY DEBT SERVICE TAX REVENUES, TIF REVENUES OR OTHER AMOUNTS LAWFULLY AVAILABLE IN ANY FISCAL YEAR.**

**IN THE EVENT OF NONAPPROPRIATION BY THE ISSUER, THE ISSUER’S OBLIGATIONS UNDER THE BONDS SHALL TERMINATE AND BECOME NULL AND VOID ON THE LAST DAY OF THE FISCAL YEAR FOR WHICH NECESSARY FUNDS WERE APPROPRIATED AND IN NO EVENT SHALL SUCH OBLIGATIONS BE PAYABLE FROM OR BE RECOURSE AGAINST ANY PROPERTIES, ASSETS OR REVENUES OF THE ISSUER, THE STATE OF IOWA OR ANY**

**OTHER POLITICAL SUBDIVISION OF THE STATE OF IOWA AND THE BONDHOLDERS SHALL NOT HAVE ANY RECOURSE OR RIGHT OF ACTION AGAINST THE ISSUER, THE STATE OF IOWA OR ANY OTHER POLITICAL SUBDIVISION THEREOF ON ACCOUNT OF SUCH OBLIGATIONS OR ANY LIABILITIES, OF WHATSOEVER NATURE, ARISING IN CONNECTION THEREWITH.**

**NONE OF THE AMOUNTS ON DEPOSIT IN THE SERIES 2018E DEBT SERVICE RESERVE FUND, THE DEBT SERVICE TAX REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. AT ANY TIME PRIOR TO APPROPRIATION ALL REVENUES, FROM ANY SOURCE, MAY BE USED BY THE ISSUER FOR ANY LAWFUL PURPOSE OTHER THAN THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS. IN ADDITION, CERTAIN TIF REVENUES AND OTHER LAWFUL REVENUES ARE LEGALLY PLEDGED TO THE PAYMENT OF INDEBTEDNESS OF THE ISSUER OTHER THAN THE BONDS. NONE OF THE REVENUES OR OTHER FUNDS OF THE ARENA PROJECT ARE PLEDGED TO THE PAYMENT OF THE BONDS.**

**THE CITY CURRENTLY HAS OTHER BONDS OUTSTANDING AND PAYABLE FROM DEBT SERVICE TAX REVENUES, TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE TO THE CITY. THE CITY CAN LEGALLY APPROPRIATE AMOUNTS TO THE PAYMENT OF CERTAIN BONDS, IN WHOLE OR IN PART, WITHOUT APPROPRIATING AMOUNTS TO THE PAYMENT OF OTHER BONDS, INCLUDING THE SERIES 2018E BONDS.**

#### **Changes in Makeup of the City Council**

All of the Members of City Council are elected to staggered, four-year terms of office. It is likely that, over time, the composition of the City Council will change. Such a change could impact the City Council's willingness to appropriate funds to pay the principal of and interest on the Bonds, particularly if the newly elected individuals are less supportive of the Arena Project (defined herein) financed by the Bonds.

#### **Arena and Fieldhouse Construction and Operations**

As described above under "PLAN OF FINANCING OF THE ARENA PROJECT," the City will neither own nor operate the Arena Project, and no income or revenues from the Arena Project is pledged to bondholders. However, the City is providing significant support in the development of the Arena Project, including loans, grants and other financial assistance. If the development is not constructed timely or in its entirety, or if once constructed the on-going operations of the Arena Project are not successful, the City may determine to subsidize operations of the Arena and Fieldhouse. To the extent operation of the Arena Project is not supported by related project revenues, the City may be unwilling to subsidize operations and less likely to make annual appropriations for debt service on the Bonds. Failure to complete the portions of the Arena project that generate property taxes may also negatively impact the City's receipt of expected property taxes.

#### **Completion and Success of the Arena Project.**

The decisions of the City Council to appropriate funds to repay the Bonds may be affected by various additional factors related to the Arena Project. These include, but are not limited to, the expected receipt by the City of rental income from the Fieldhouse, North Mixed Use Retail and IFSPI which could in turn be affected by construction delays, management of the Arena, failure to obtain tenants at expected rates or other general economic conditions prohibiting full utilization of the rental components of the Arena Project. In addition, additional costs to the City to complete the Arena Project may arise due to construction cost overruns, other unexpected construction problems or the failure by ArenaCo to realize naming rights revenues or charitable contributions which may create additional financial pressures with respect to the Arena Project. The Arena Project does not have identified naming rights partners or signed leases with tenants at this time. Expected revenues may also not be realized by the City if property values decline or do not reach expected levels. The success of the Arena Project is dependent on several sources of revenues as described herein, which, if not realized, may cause the City to fail to appropriate funds to repay the Bonds.

**NONE OF THE DEBT SERVICE TAX REVENUES, THE TIF REVENUES OR OTHER REVENUES LAWFULLY AVAILABLE FROM ANY SOURCE ARE PLEDGED TO THE PAYMENT OF THE BONDS UNTIL SUCH TIME AS THEY HAVE BEEN APPROPRIATED BY THE CITY COUNCIL FOR PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS.**

#### **Registration of Securities**

Bond Counsel will render no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), to any Bonds subsequent to a nonappropriation. If a nonappropriation occurs, the obligations of the Issuer under the Bonds becomes null and void and there is no assurance that the Bonds may be transferred by a registered owner thereof without compliance with the registration provisions of the 1933 Act or the availability of an exemption therefrom.

In addition, Bond Counsel will render no opinion as to the treatment for federal income tax purposes of any moneys received by a registered owner of the Bonds subsequent to a nonappropriation. There is no assurance that any moneys received by the registered owners of the Bonds subsequent to a nonappropriation will be excludable from gross income for purposes of federal income taxation. See "SECURITY AND SOURCE OF PAYMENT."

## **Additional Obligations**

Notwithstanding anything to the contrary contained within the Resolution, the Issuer retains the right at all times and for any reason to incur additional indebtedness the source of payment for which the Issuer can pledge and/or use Debt Service Tax Revenues or TIF Revenues. Similarly, the Issuer retains the right to pledge Debt Service Tax Revenues and TIF Revenues to future obligations absent the right of the Issuer to annually appropriate Debt Service Tax Revenues and TIF Revenues to future indebtedness. In the event that the amounts which the Issuer is obligated to pay in a fiscal year exceed the Issuer's Debt Service Tax Revenues, TIF Revenues or other revenues for such fiscal year, the Issuer may be obligated to, or could choose to, fund other services and obligations before making the payments due on any of the Bonds.

## **Bonds are NOT a Continuing Obligation of the Issuer**

The Bonds do not constitute a continuing obligation of the Issuer in any fiscal year beyond the fiscal year for which funds have been appropriated for the payment of the Bonds. The Bonds shall not directly or indirectly obligate the Issuer to make any payments thereon during a fiscal year beyond the fiscal year ending June 30, 2020, for which funds have been therefore appropriated by the City Council.

## **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, subject to nonappropriation, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year, if the Issuer determines to appropriate Debt Service Tax Revenues to pay principal of and interest on the Bonds, the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the Issuer to produce such Debt Service Tax Revenues. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

## **2013 Property Tax Legislation**

During its 2013 session the Iowa Legislature enacted, and the Governor signed legislation that, among other things, reduces the limit on annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. The legislation also created a new separate classification for multi-residential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multi-residential properties such that the multi-residential rollback determination will match that for residential properties in the 2022 assessment year. As a result of this legislation, local governments expect to experience reductions in property tax revenues over the next several fiscal years. The legislation includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from the legislation during the term the Bonds remain outstanding. The legislation does not limit the legal obligation of the Issuer to pay debt service on the Bonds or the amount the Issuer is required to levy for payments of debt service on the Bonds; however, there can be no assurances that it will not have a material adverse impact with respect to the Issuer's financial position.

## **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect the property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

## **Matters Relating to Enforceability of Agreements**

Subject to the Issuer's nonappropriation rights, Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution, except that the Issuer cannot be compelled to budget and appropriate Debt Service Tax Revenues, TIF Revenues or other funds to the payment of principal of or interest on the Bonds or to make deposits to the Series 2018E Debt Service Reserve Fund.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the Resolution or the Loan Agreement, in

certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Resolution or the Loan Agreement, including principal of and interest on the Bonds.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

### **Lack of Rating**

No credit rating for the Bonds has been requested. As a general rule, unrated bonds are less liquid in the secondary market than rated bonds, and may bear interest at rates higher than bonds with credit ratings. There can be no assurance that the Bonds will be marketable in the secondary market.

The Issuer has not requested a rating from any nationally recognized rating agency. The Issuer could request a rating at a later date or time and, if said rating is applied, it could affect, positively or negatively, the market value of the Bonds. In addition, if a rating is secured at a later date, that rating could, thereafter, be increased or decreased based solely on the views of the rating agency. Any revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

While no credit rating for the Bonds has been requested it should be noted the Issuer does have a published credit rating, issued by Standard and Poor's Corporation, on its outstanding general obligation debt of "BBB+", and said rating is on Credit Watch Negative, due to the incurrence of debt tied to the Project. The Issuer does not have a published Moody's rating outstanding at this time. For a discussion about the City's views regarding ratings, and the actions the City has taken to address rating agency concerns, see APPENDIX A - Management Discussion and Analysis – Economic Development - Credit Ratings.

As the Credit Watch Negative is tied to the incurrence of debt surrounding the Arena Project, the Issuer believes it likely that its general obligation rating issued by S&P will decline as a result of the Project. The Issuer further believes that said rating action will not likely occur prior to the closing for this Issue. Even though the Bonds are not rated, any revision, suspension or withdrawal of the Issuer's general credit rating may have an adverse effect on the market price of the Bonds.

In Appendix D – Audited Financial Statements of the Issuer, the City's outside auditor notes the City's published credit ratings on its general obligation debt as of the date of the audit. That notation is contained within the audit, which has not been updated since its issuance in 2017, and should in no way be construed to indicate any rating on this issue.

### **Bankruptcy**

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the Resolution, including the opinions of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," and similar expressions identify forward-looking statements. Any forward-looking

statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

### **DTC-Beneficial Owners**

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “APPENDIX E – BOOK-ENTRY SYSTEM.”

### **Pension and OPEB Information**

The Issuer contributes to the Iowa Public Employees’ Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing 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. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2017 (the “IPERS CAFR”) indicates that as of June 30, 2017, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 81.4%, and the unfunded actuarial liability was \$6.968 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2017, at approximately \$6.661 billion, while its net pension liability at June 30, 2016 was approximately \$6.293 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on IPERS.

The Issuer, Bond Counsel, Disclosure Counsel, Underwriter’s Counsel and the Underwriter undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the IPERS website.

In fiscal year ended June 30, 2017, the Issuer’s IPERS contribution totaled approximately \$1,052,899. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2017 at approximately \$7,141,847. While the Issuer’s contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on pension and liabilities of the Issuer.

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2017, there were 150 active and 5 retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a 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 subsidy and OPEB liability. The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on pension and OPEB obligations.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the appendices hereto.

## **LITIGATION**

The Issuer encounters litigation occasionally, as a course of business; however, no litigation currently exists that is not believed to be covered by current insurance carriers and the Issuer is not aware of any pending litigation that questions the validity of these Bonds.

## ACCOUNTANT

The financial statements of the Issuer included as “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” to this Official Statement have been examined by Hogan & Hansen PC to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said office, and said office expresses no opinion with respect to the Bonds or the Official Statement.

## TAX MATTERS

The interest payable on the Bonds is includable in gross income of owners thereof for federal income tax purposes and is includable in income for State of Iowa income tax purposes.

Prospective purchasers should consult with their own tax advisors concerning the federal, state, and local tax consequences of the purchase, ownership, and disposition of the Bonds, including, without limitation, the additional tax on net investment income, anticipated and potential changes in tax rates on interest income, the treatment of interest in other jurisdictions, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if Bonds are issued or acquired at a premium or discount from their face amount (including the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Bonds, and the amortization of bond premium).

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the Internal Revenue Service as required under applicable Treasury Regulations. Backup withholding may apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Non-U.S. holders and holders who receive payments through non-U.S. entities may also be subject to withholding tax in certain circumstances.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, the form of which is attached hereto as “APPENDIX B – FORM OF BOND COUNSEL OPINION.” Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Bryan Cave Leighton Paisner LLP.

The legal opinion to be delivered will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

## CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than April 15<sup>th</sup> after the close of each fiscal year, commencing with the fiscal year ending June 30, 2019, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

In the previous five years, for bond issues requiring the Issuer make annual information filings within 210 days of the end of its fiscal year, the Issuer did not timely file its audited financial statements for fiscal year ending June 30, 2013, and did not timely file operating data for its fiscal year ending June 30, 2013. Additionally, the Issuer did not timely file one financial table for its fiscal years ending June 30, 2014 through June 30, 2016 in connection with its Series 2012J Bonds.

The Issuer did not timely file its quarterly report for the quarter ending March 31, 2016 in connection with its Series 2006D Certificates of Participation, did not file, or in some cases properly link, certain operating data tables for its Series 2006D Certificates of Participation and its Series 2007C Bonds, did not properly link or file a timely-filed notice of a rating change to its Series 2007C Bonds and Series 2010C Bonds, and did not file a non-default certificate for any fiscal year in connection with its Series 2005K-1 Certificates of Participation.

Certain filings were not timely linked to individual CUSIPs of the Issuer’s Series 2012J Bonds, Series 2009B Bonds and Series 2008C Bonds.



For certain of the aforementioned filings, the Issuer did not timely file notice of its failure to provide such information on or before the date specified in the applicable continuing disclosure undertakings.

### **UNDERWRITING**

The Bonds are being purchased, subject to certain conditions, by Piper Jaffray & Co. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$23,685,203.50 (reflecting the par amount of the Bonds with original issue discount of \$1,188,546.50 and an underwriter’s discount of \$251,250.00).

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

Piper Jaffray has entered into a distribution agreement (the “Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase the Bond from Piper Jaffray at the original issue price less a negotiated portion of the selling concession applicable to any of the Bonds that CS&Co. sells.

### **MISCELLANEOUS**

Brief descriptions or summaries of the Issuer, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the Issuer.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C, D and E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The Issuer has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the Issuer.

City of Coralville, Iowa

                    /s/ Tony Roetlin  
Director of Finance

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**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**CITY OF CORALVILLE, IOWA**

**CITY OFFICIALS**

MAYOR	John Lundell
COUNCIL MEMBERS	Mitch Gross Meghann Foster Thomas Gill Laurie Goodrich Jill Dodds
CITY ADMINISTRATOR	Kelly Hayworth
ASSISTANT CITY ADMINISTRATOR	Ellen Habel
CITY CLERK	Thor Johnson
DIRECTOR OF FINANCE	Tony Roetlin
CITY ENGINEER	Dan Holderness, P.E.
CITY ATTORNEY	Donald L. Diehl, Esq. Coralville, Iowa
CITY ATTORNEY	Kevin Olson, Esq. Coralville, Iowa

**CONSULTANTS**

BOND COUNSEL	Dorsey & Whitney LLP Des Moines, Iowa
DISCLOSURE COUNSEL	Dorsey & Whitney LLP Des Moines, Iowa
REGISTRAR & PAYING AGENT	Bankers Trust Company Des Moines, Iowa

## General Information

The City of Coralville, Iowa, (the “Issuer”, the “City” or “Coralville”) is located in Johnson County (the “County”) in the east central part of the State of Iowa (the “State”). The City was incorporated in 1873 and has experienced continuous growth in population since that time. The current population is 18,907 (2010 federal census). The east corporate line of Coralville is the west corporate line of Iowa City. The close physical relationship between the two communities has been strengthened over the years by the presence of the University of Iowa (the “University”), the oldest and largest public educational institution in the State. The University was founded in 1855 and current enrollment approximates 29,000 students. The total estimated budget for the University for 2017 was approximately \$3.28 billion. Infusion of these moneys and other sources of revenue related to the University give the Coralville-Iowa City metropolitan area a significant financial base from which to expand. The University and The University of Iowa Hospitals and Clinics provide employment for more than 24,000 people in the metropolitan area. The strong employment environment is evidenced by a reported unemployment rate of 2.10% in the County as of March 31, 2018.

The impact of the University and other major industrial and commercial concerns throughout the area has led to construction of 16 large motels within the City in the past two decades with a combined capacity in excess of 2,021 rooms. These facilities are available to the thousands of area visitors.

The community has always endeavored to attract diverse quality employers to the City’s existing base of employers. Rockwell International, US Foods, and Heritage Systems anchor the City’s largest employer list.

In 1998, General Growth Properties, L.P. opened a 900,000 square foot retail mall known as Coral Ridge Mall in western Coralville adjacent to U.S. Interstate 80. The Coral Ridge Mall has five anchor tenants. Coral Ridge Mall currently employs approximately 2,000 persons.

The sixth building in the University of Iowa Research Park, located in the City, was recently completed. The Research Park serves as the corporate headquarters for three high technology companies.

Wal-Mart Inc. constructed a new super center that opened in 2000 in the west land-use area.

Integrated DNA employs about 440 people at an \$8,000,000 office and research facility in Coralville.

The U.S. Government constructed the National Automotive Driving Simulator in Coralville in 1998, which employs 50 persons and is the premier facility in auto simulation in the world.

Public safety is secured by a full-time police department consisting of a chief and 32 sworn police officers. The department operates eight marked and six unmarked radio patrol cars. The department is the initial emergency medical response agency in the City. The Coralville Police Department was the first police department in the nation to carry automated external defibrillators (AEDs) in its squad cars. The department also has 2 full time community service and animal control officers on duty to handle animal issues and other needs.

Fire protection is provided by a 40+ member volunteer fire department operating four fire-fighting units. The fire department has five paid employees, including the full-time chief and the assistant chief. The City has two fire stations incorporating extensive service facilities, meeting rooms and educational facilities.

The Coralville Public Library was established in 1965 and the current library facility opened in 1987. A major expansion of the library was completed in 2007. The expansion added 50,000 square feet of space, plus ramp parking for users of the library. The library serves over 20,000 registered borrowers from the community of Coralville, as well as rural areas of the County. The State’s “open access” program allows patrons from Iowa public libraries to borrow materials from any public library in the State, so the Coralville Public Library serves many patrons from surrounding communities as well. The library has a collection of over 100,000 items including books, magazines, pamphlets, videos, DVDs, audio books, compact discs, and computer software. The library offers public internet access and special programming for adults and children, including summer reading programs, book groups, homebound services, and outreach services to local daycare facilities. The library also houses public meeting facilities with a capacity of over 300 persons, as well as smaller conference rooms.

Seven parks containing ball diamonds for softball and little league, tennis courts, picnicking equipment, shelter houses and various types of playground equipment are available for the citizens’ enjoyment. S.T. Morrison Park is the location for the City’s outdoor aquatic center, which opened in 2004, replacing an older outdoor pool. The S.T. Morrison Park also hosts the summer Farmer’s Market and Music in the Park concert series along with Coralville’s annual 4th Fest celebration. An indoor swimming pool is located at the City’s Recreation Center (the “Center”). Also found in the Center are racquetball courts, basketball courts, meeting rooms, administrative offices, locker rooms, and fitness/weight room. More than ten miles of multi-purpose trails and sidewalks run through Coralville. Brown Deer Golf Course is a City-owned 18-hole course with an 18,000-square foot clubhouse. The City offers recreational programming for citizens of all ages through its Parks and Recreation Department.

The City owns and operates a municipal transit system that operates six regular and two special trip bus routes serving the citizens of Coralville, North Liberty and Iowa City. Buses make stops at various locations in Coralville, one location in North Liberty, and several areas of Iowa City including the University and The University of Iowa Hospital and Clinics.

The City owns and operates the municipal waterworks and municipal wastewater system serving the City. The sewer treatment plant is designed for 3.8 mgd capacity and the current flow rate is 2.3 mgd. The City constructed new water towers in 1993 and 2000 and completed drilling a new Jordan well (that became operational in summer, 2004), all for its municipal water system. In addition, the City constructed a discharge project for the wastewater plant in 2002.

### **Management Discussion and Analysis – Economic Development**

The City has undertaken economic development activities as a means of (a) fostering certain types of economic activities that support existing businesses in the City; or (b) re-developing certain blighted and underutilized sites throughout the City. Generally, the City does not provide economic development incentives for the development of commercial (with the exception noted below) or residential property in the City, other than in areas that meet one of the above.

In addition to the above, the City has in the past, and expects to in the future, provided incentives for the development of commercial facilities that house companies whose employment pays above current City average wage levels. The City has developed an informal calculation it uses based on the number of jobs created and the average wage to come up with an incentive offered for the development.

An example of (a) above would be the development of the Coralville Marriott Hotel & Conference Center, discussed below.

#### *The Coralville Marriott Hotel & Conference Center*

For many decades, the City was the home for hospitality services for visitors to the University of Iowa, including the majority of the hotel rooms in the greater market as well as numerous eating and drinking establishments. As part of the redevelopment effort, the City wanted to reinforce that reputation by developing a stronger conference-related reputation as well as support its existing property owners with complimentary facilities.

The Marriott hotel (the “Marriott”) is an integrated hotel and conference center space, including a 286-room hotel tower and 30,000 square feet of net convention space along with 30,000 square feet of net conference and banquet space along with a full-service restaurant and bar, representing the largest available conference venue in the market at the time of construction. The Marriott opened in August of 2006 on the site that was originally part of the old city park. The City’s vision included a full redevelopment of the Old Industrial Park, including the development of the original city park, with the Marriott as the visual anchor on the east side adjacent to the River, with 1st Ave. on the West side, and other mixed-use developments in between.

The Marriott has operated as a city owned enterprise since 2006, and is professionally managed by Marriott Worldwide Inc. During the initial ramp-up from 2006 through 2008, as expected, debt service on the related Lease Certificates (the “Hotel Lease Certificates”) was paid in part by portions of the Operating Reserve created by the City pursuant to the Management Agreement with Marriott. The City has never had to contribute funding to operate the integrated facility; however the City has, on two occasions, contributed funding to pay a portion of debt service on the Hotel Lease Certificates, but not since the fiscal year ending June 30, 2014. The Operating Reserve has a balance of \$1,000,000, and was last drawn upon by Marriott in the amount of \$400,000 in February of 2015, repaid in April of 2015. Prior to that, the Operating Reserve was drawn upon in February of 2014 and 2013 in the amount of \$300,000 (repaid three months later in 2014 and one month later in 2013), and January of 2012, in the amount of \$100,000, repaid one month later.

Despite being owned by the City, the property pays property taxes under Iowa law due to its use as a private facility, and is assessed in a like fashion to other hotel facilities in Johnson County. Under the terms of the Management Agreement, the City is obligated to contribute 90% of the actual amount of property taxes paid by the Marriott into the Debt Service Fund for the Hotel Lease Certificates. For the fiscal year ending June 30, 2018, the City anticipates that this contribution will be about \$609,775. As Marriott is located within one of the City’s TIF areas, all Net TIF taxes are remitted to the City by the County, which is the source of funding for the rebate to the Debt Service Fund.

The City carries the asset value of the property on its books based on an original acquisition value of the entire project less depreciation, less operating losses, if any, plus operating income, if any. The current amount of Hotel Lease Certificates outstanding, net of reserves held by the Trustee, is \$31,296,675 (and assuming no draws on the operating reserve during the balance of FY19). The original acquisition cost of the Marriott was approximately \$69 million including funded reserves and transaction fees, which included the original amount of the Hotel Lease Certificates plus approximately \$23,000,000 of City cash contribution (mostly from TIF funds). Related to the Marriott, but not part of the original cost, the City spent approximately \$9,000,000 rebuilding 9th St. from 1st Ave. to the site, as well as approximately \$9,500,000 constructing parking for the Marriott and relocating utility lines in the area, for a total project value of almost \$87,000,000.

An example of (b) above is the Iowa River Landing development, where the City acquired land in an old industrial site, relocated tenants, removed the buildings, remediated the blight and contamination of the ground, built new infrastructure and offered the land for further development, as discussed below.

### *The City's Investment in its Blight remediation through Re-Development*

1st Avenue in Coralville is the main entrance for guests who will be visiting the Arena Project, the University of Iowa's athletics venues as well as the University of Iowa Hospitals and Clinics. The City estimates that approximately 20,000 vehicles pass through Coralville along 1st Avenue each day. For close to a decade prior to the opening of the Marriott citizens of the City had, through the City's periodic needs assessment process, identified the redevelopment of the City's Old Industrial Park as its number one priority. The Old Industrial Park included blighted properties, including illegal waste transfer facilities, leaking underground storage and sub-standard warehouse facilities, among other uses. The City, working with the landowners and tenants in the area, began to acquire the property known as the Old Industrial Park, and did so without having to use its condemnation powers, including paying for property and tenant relocation consistent with federal regulations. Ultimately, the City acquired in excess of 40 acres of property. Once owned, the City cleared the sites, remediated any leaking underground tanks and the related damage to the land, graded and seeded the properties for future use.

In addition to the Old Industrial Park site, immediately adjacent to the site was an existing city park on land originally given to the City by the United States (a portion of which was flood plain). That site included adult ballfields among other uses, and surrounding that site, immediately adjacent to the Iowa River, there were approximately twenty single-family homes that were occupied. The City worked with those homeowners after the 2008 floods to purchase and relocate those residents, and to remove their homes from the floodway. Although unrelated to the redevelopment of the Old Industrial Park, in order to build the Marriott on the site, the City had to construct adult sports complexes elsewhere in order to move those facilities from the existing city park.

### *The Iowa River Landing ("IRL") Commercial Properties*

With the City owning the land around the Marriott, with the blight remediated, land graded and seeded, and the Marriott project completed, the next phase of the redevelopment was the 40 acres of land north of 9th St. between the Iowa River on the East and 1st Ave. on the West (and south of U.S. Interstate Highway 80). The City held numerous charrette and master-planning exercises with stakeholders, producing a master plan that includes uses for the University of Iowa Hospitals and Clinics, a private hotel, an anchor department store and mixed-use commercial/office/housing spaces in between. In 2007, local developers opened River Bend, a mixed-use commercial and residential property opened adjacent to the Marriott (with underground parking for residential owners). In 2011, Von Maur opened an 80,000 square foot department store, and the University of Iowa Hospitals and Clinics opened a 150,000-square foot, 5-story outpatient clinic. An 80-room multi-story Homewood Suites property opened in 2012, with the City owning approximately 12,000 square feet of ground-floor retail space. Backpocket Brewing (a private-label brewer that also operates a tasting room and restaurant) opened in 2012 in a building constructed and originally owned by the City and now owned by Backpocket Brewing. Buildings A and B were started in 2013 and completed in 2014, and Building C started in 2015 and was completed in spring of 2016. Buildings A and B are two-story buildings of roughly 20,000 square feet per floor each. A private entity owns the second floor and leases it for office space and the City owns the ground floor and leases it for retail space. 30Hop, a restaurant, opened in 2013. Buildings C and G are multi-story housing project with the City again owning ground floor retail space (approximately 34,000 sf), and a private entity owning the other floors of apartments and condominiums. Building C was delivered in April of 2016 and Building G was completed in the May of 2018. Building D is a multi-story retail, housing and commercial office project, with the City again acquiring the ground floor retail space of approximately 13,000 square feet, with a private entity owning the upper floors of office commercial and residential. Building D is anticipated to be delivered on or around December 1, 2018. Approximately 67% of the City's portion of Building D is leased to a national chain under a lease entered into prior to the start of construction.

The City owns all of the commercial retail space in the IRL in order to protect the quality of the redevelopment of the site as well as ensure that property owners are not competing for the same tenants by pushing rents continually downward, as could happen with multiple separate landowners. Ultimately, the City does not desire to be in the real-estate business. The City's current intention would be to dispose of the commercial retail spaces upon stabilization of the properties after the initial rent-up period, though this current intention is subject to change.

In addition to the public-private development, the City constructed two parking facilities, one used primarily during the day by University of Iowa Hospitals and Clinics for parking for their outpatient visitors (though available in off-hours for overall City use), the other, an intermodal parking facility used primarily as a park-and-ride to support access to the City's transit system.

The City believes that it takes reasonable precaution when dealing with third party tenant risk, including seeking guarantees and other forms of credit to support major commitments where available. The City notes that there is risk to the City in owning and operating commercial spaces.

At this time, there are approximately four sizable parcels of land that the City owns that remain available in the IRL, including sites appropriate for restaurant, commercial and housing development. At this time, the City currently has no plans to develop those available parcels, however, the City is not discouraging private developers from bringing forth ideas for the use of the balance of the City-owned land.

Currently, retailers leasing space in the IRL development include Trader Joe's, Ethan Allen, Lululemon, J.Jill, Evereve, Massage Heights, Louie's Wine Dive, Fuzzy's Taco and Winestyles.

Retailers who own their space in the IRL include Von Maur, Backpocket Brewery and 30Hop.

### Credit Ratings

The City notes that certain rating agencies have reduced the City’s general obligation bond credit rating in recent years. While the City disagrees with certain pieces of logic used in these actions, the City has taken, or will take upon closing of the Bonds, certain steps to address rating agency concerns. Notably,

1. The City took steps in 2015 to restore certain liquidity that had been consumed as a result of the construction of flood protection systems during 2010-2014, eliminating substantially all of the inter-fund lending between funds of the City that had cash available and capital projects funds, where cash was consumed.
2. During FY16, the City made certain transfers from its TIF fund to other capital improvement funds that had deficit capital balances due to non-flood related projects, including expenses in the Iowa River Landing, to remove deficit fund balances that existed in those funds.
3. In the Fall of 2015, the City approved a debt management policy that specifies certain limits on future debt, type of debt, and imposes a declining debt balance on the City for future years.
4. In the Fall of 2015, the City approved a revenue policy that specifies how new revenue that will come to the City starting in Fiscal Year 2018 will be used by the City to support future liquidity needs, support FF&E improvements at the Marriott, support debt retirement and support additional spending priorities.
5. In April of 2016, the City approved a liquidity policy that creates minimum liquidity levels in funds of the City, including requirements surrounding internal loans
6. In August 2016, the City approved an economic development policy that the City will follow regarding development and redevelopment activities in the City, including re-development activities on blighted sites, whether in the Iowa River Landing or elsewhere.
7. In 2014, the City sold the Erin Arms apartment facility that it had acquired in 2008 after the flood (due to a need for certain easements that would have created a total taking of the facility).
8. Since 2014, the City has sold four separate condo units in the Coralville Center for the Performing Arts, with net proceeds of approximately \$800,000
9. In 2018, the City entered into a long-term lease agreement to rent the remaining space in the Coralville Center for the Performing Arts to Apple, Inc.
10. In 2016, the City restructured the hotel and conference center debt into a new, 20-year amortization (fully amortizing) with level annual debt payments.
11. In 2016, the City refinanced the golf enterprise lease into annual appropriation general obligation lease obligations, and absorbed the golf enterprise into the City’s general fund.
12. In 2017, the City refinanced and restructured debts in the Mall, 12th Ave. and Oakdale TIF areas with the intent of right sizing debt payments with scheduled TIF income. In 2018, the City continued this process.
13. In 2017, the City sold the property commonly known as “Backpocket Brewery” and discussed above under “*The Iowa River Landing (“IRL”) Commercial Properties*” to Backpocket Brewing.
14. By December 31, 2018, the City plans to establish, through an escrow agreement with a lending institution, a fund into which the City will deposit each year commencing June 30, 2019 an amount not less than \$1,500,000 for a period of at least 20 years, to be used for the following purposes at the sole discretion of the City: (a) for the early prepayment of debt service on any indebtedness (but not for scheduled debt service payments), (b) for the exercise of any optional purchase option on any portion of the Arena Project and (c) for the funding of any City reserve funds or accounts whether or not pledged or discretionary, in furtherance the City’s fiscal management policies.

### Government

The City operates under the Mayor-Council form of government. The Mayor is elected to a two-year term and Council Members are elected to four-year terms; three members’ terms expire at the same time and the remaining two expire two years later. This staggered term method insures at least two experienced members are on the Council at all times. A City Administrator has been on staff and contributing to the administration of City affairs since 1985.

### Utilities

The following utilities operate within the Issuer providing the services indicated:

Electric Power:	Mid American Energy Linn County REC
Natural Gas:	Mid American Energy
Telephone:	Century Link South Slope Communications
Water:	City of Coralville Waterworks
Sanitary Waste:	City of Coralville Sanitary Sewer System
Recycling:	City of Coralville Recycling Center

## Education

Most of Coralville is included within the Iowa City Community School District. Three elementary schools and one junior high school are located within Coralville. The high school is located in the western portion of Iowa City, two miles south of the center of the City. A new elementary school is being built in northern Coralville, and a new high school is being built immediately north of the Coralville city limits in North Liberty, Iowa, which opened in the Fall of 2017.

A small, but rapidly growing, portion of the City is served by the Clear Creek–Amana School District, located about 5 miles west of Coralville. Clear Creek Amana school district recently opened a new elementary and new middle school building on property immediately west of the western border of Coralville.

Higher education facilities are provided by the Kirkwood Community College, a junior college and vocational training school operated by Merged Area X whose main campus is in Cedar Rapids (20 miles); Mount Mercy College and Coe College, all located in Cedar Rapids (20 miles); Cornell College, located in Mount Vernon (30 miles); and the main campus of the University, located about three miles away in Iowa City. The University athletic complex adjoins the east boundary of Coralville.

The Iowa City Community School District has opened Van Allen Elementary, a new building located within the City of North Liberty. The building serves a portion of Coralville and Coralville partnered with the Iowa City Community School District to upgrade the gymnasium at Van Allen Elementary and the Coralville Parks & Recreation Department operates the before and after school programs there.

## Employee Pension Plan

Plan Description. Iowa Public Employees’ Retirement System (“IPERS”) membership is mandatory for employees of the City. City employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. A City employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If a City employee retires before normal retirement age, the employees’ monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to City employees and benefits to the employees’ beneficiaries upon the death of the eligible employee. See “APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER - NOTES TO THE FINANCIAL STATEMENTS” for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from IPERS. IPERS maintains a website at [www.ipers.org](http://www.ipers.org). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Contributions. Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the City and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2015 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

In fiscal year 2019, pursuant to the IPERS’ required rate, the City’s employees contributed 6.29% of pay and the City contributed 9.44% for a total rate of 15.73 percent. In fiscal year 2018, pursuant to the IPERS’ required rate, the City’s employees contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88 percent. The City’s contributions to IPERS for the year ended June 30, 2018 were \$1,052,899, which amount is not less than its actuarially determined calculated annual actuarial valuation. The City has currently budgeted a contribution of \$1,199,577 to IPERS for the year ended June 30, 2019. The City’s share of the contribution, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the City and its employees to IPERS for the period indicated. The City cannot predict the levels of funding that will be required in the future. See “APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER - NOTES TO THE FINANCIAL STATEMENTS” for additional information on IPERS.



**Table 1 – the City and its Employees Contributions to IPERS**

Fiscal Year	City Contribution		Employee Contribution		
	Amount Contributed	% of Covered Payroll	Amount contributed	% of Covered Payroll	
2018	\$1,052,899	8.93	\$701,646	5.95	
2017	1,056,567	8.93	703,984	5.95	
2016	972,898	8.93	648,236	5.95	
2015	939,829	8.93	626,201	5.95	
2014	905,293	8.93	603,287	5.95	
2013	851,288	8.67	567,360	5.78	

Source: The City

The City cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Recently, the City, after consulting with IPERS, determined that approximately \$3,759,774 of the unfunded actuarial accrued liability of IPERS is allocable to the City.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years ended June 30, 2016 through, and including, 2011 (collectively, the “IPERS CAFRs (2011-2016)”), and the actuarial valuation reports provided to IPERS by Cavanaugh Macdonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2011-2016)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

**Table 2 – Funding Status of IPERS (Dollars in thousands)**

Valuation Date	Actuarial Value of Assets (a)	Market Value of Assets (b)	Actuarial Accrued Liability (c)	Unfunded Actuarial Accrued Liability (Actuarial Value) (c)-(a)	Funded Ratio (Actuarial Value) (a)/(c)	Unfunded Actuarial Accrued Liability (Market Value) (c)-(b)	Funded Ratio (Market Value) (b)/(c)	Covered Payroll (d)	UAAL as A % of Covered Payroll (Actuarial Value) (c)-(a)/(d)
				(c)-(a)	(a)/(c)	(c)-(b)	(b)/(c)	(d)	{(c)-(a)}/(d)
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39	6,661,265,703	82.21	7,863,160,443	88.62
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86	6,293,315,491	81.82	7,556,515,720	73.92
2015	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65	4,940,483,902	85.19	7,326,348,141	74.46
2014	26,460,428,085	28,038,549,893	32,004,456,068	5,544,028,003	82.68	3,965,906,195	87.61	7,099,277,280	78.09
2013	24,711,096,187	24,756,663,715	30,498,342,320	5,787,246,133	81.02	5,741,678,605	81.17	6,880,131,134	84.12

Source: IPERS

According to IPERS, the market value investment return on program assets is as follows:

**Table 3 – IPERS Investment Return**

Fiscal Year Ended June 30	Investment Return %
2017	11.70
2016	2.15
2015	3.96
2014	15.88
2013	10.12

Source: IPERS

**Net Pension Liabilities.**

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The City was required to implement GASB 68 in their year end June 30, 2015 financial statements.

At June 30, 2017, the City reported a liability of \$7,141,847 for its proportional share of the IPERS net pension liability. The net pension

liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.5%. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016 the City’s collective proportion was 0.113483%, which was an increase of 0.009630% from its proportion measured as of June 30, 2015. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the City’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

**Other Post-Employment Benefits (OPEB)**

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 150 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a 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 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 benefit plan on a pay-as-you-go basis

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Source: City’s 2017 Independent Audited Financial Statement

**Population**

The following table sets forth population trends for the Issuer:

<u>Year</u>	<u>Population</u>	<u>Over Previous Period</u>
2010	18,907	9%
2004 Special	17,269	14%
2000	15,123	26%
1992 Special	11,998	15%
1990	10,347	35%
1980	7,687	16%
1970	6,130	57%

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Source: U.S. Census Bureau

**Population by Age**

Presented below are the 2010 Census figures according to age group for the County and the State:

<u>Age Group</u>	<u>Johnson County</u>	<u>State of Iowa</u>
Under 19 years of age	25.2%	26.9%
20 to 24 years of age	16.1	7.0
25 to 44 years of age	28.6	24.5
45 to 64 years of age	21.9	26.7
65 to 84 years of age	7.3	12.4
85 and over	1.2	2.3
Median Age	29.3	38.1

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Source: U.S. Census Bureau

**Employment Statistics**

The State of Iowa Department of Job Service reports unemployment unadjusted rates as follows (March 2018):

National Average:	4.10%
State of Iowa	2.80%
Johnson County:	2.10%

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Source: Iowa Workforce Development

## Historical Employment Statistics

Presented below are the historical unemployment rates for the years indicated for the Iowa City MSA and the State:

<u>Calendar Year</u>	<u>Iowa City MSA</u>	<u>State of Iowa</u>
2017	2.50%	3.10%
2016	2.60	3.70
2015	2.50	3.90
2014	3.20	4.30
2013	3.30	4.60

Source: Iowa Workforce Development

## Major Employers

Following are the major employers in the Iowa City/Coralville metropolitan area and the current number of people they employ:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Univ. of Iowa/Univ. Hospital	Education/health care	28,639
Iowa City Community School District	Education	1,700
ACT	College Testing	1,427
Mercy Hospital	Health Care	1,283
Veteran's Administration Hospital	Health care	1,351
Hy-Vee Food Stores	Grocery Store	1,506
Pearsons	Educational Testing	1,152
Wal-Mart	Discount store	867
United Technologies	Rubber Manufacturing	840
Rockwell International	Electronics manufacturing	828
International Automotive Components	Plastics foam products	805
Three Local Banks	Financial institutions	650
Schenker Logistics	Trucking	632
City of Iowa City	City government	628
Systems Unlimited	Disabled Persons Assistance	576
Johnson County	County government	515
Proctor & Gamble	Consumer products	500
Oral B Laboratories	Consumer products	485
Vangent		438
Integrated DNA	DNA Research	350
Fresh Food Concepts	Restaurant Services	320
GEICO Direct	Auto insurance	312
City of Coralville	City government	302

Source: Iowa Manufacturers Directory

## Retail Sales

Presented below are retail sales statistics for the City of Coralville for the period indicated:

<u>Year Ended</u>	<u>Taxable Retail Sales</u>	<u>Number of Businesses</u>
2017	\$823,202,480	676
2016	807,687,841	687
2015	781,718,247	689
2014	744,395,353	693
2013	755,114,096	698

Source: Iowa Department of Revenue

## Median Family Income

Johnson County had an estimated median family income of \$54,985, compared to \$52,716 for the State of Iowa. The following table represents the distribution of family incomes for the Counties according to the 2008-2014 American Community Survey 5 year estimated table:

<u>Household Income</u>	<u># of Households</u>	<u>% of Households</u>
Under \$10,000	5,177	9.4%
10,000 to 14,999	2,659	4.8%
15,000 to 24,999	5,459	10.0%
25,000 to 34,999	5,129	9.4%
35,000 to 49,999	6,846	12.5%
50,000 to 74,999	8,618	15.7%
75,000 to 99,999	7,657	14.0%
100,000 to 149,999	7,413	13.5%
150,000 to 199,999	2,854	5.2%
200,000 or more	3,038	5.5%

Source: U.S. Census Bureau

## Property Tax Legislation

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “Act”), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) (“Multi-residential Property”) that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75% to such properties for each subsequent year until 2021 assessment year (the rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter) and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to Fiscal Year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the commercial rollback percentage (100% of Actual Value in Fiscal Year 2013-14) to the residential rollback percentage (currently 54.4002% of Actual Valuation), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State of Iowa’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City’s future property tax collections is uncertain and the City is unable to accurately assess the financial impact of the Act’s provisions on the City’s future operations.

In Moody’s Investor Service US Public Finance Weekly Credit Outlook, dated May 30, 2013, Moody’s Investor Service (“Moody’s”) projected that local governments in the State of Iowa are likely to experience modest reductions in property tax revenues starting in fiscal year 2014-15 as a result of the Act, with sizeable reductions possible starting in fiscal year 2017-18. According to Moody’s, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of Multi-residential Property (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

**Property Tax Valuations**

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the county auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are:

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land &amp; Buildings</u>	<u>Commercial</u>	<u>Multi-Residential</u>
2018-19	55.6209	54.4480	90.0000	78.7500
2017-18	56.9391	47.4996	90.0000	82.5000
2016-17	55.6259	46.1068	90.0000	86.2500
2015-16	55.7335	44.7021	90.0000	
2014-15	54.4002	43.3997	95.0000	

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Source: Iowa Department of Revenue

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2017 are used to calculate tax liability for the tax year starting July 1, 2018 through June 30, 2019. Presented below are the historic property valuations of the Issuer by class of property.

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**Property Valuations**

**Actual Valuation**

Valuation as of 1-Jan	2017	2016	2015	2014	2013
Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Residential:	1,448,508,406	1,355,478,322	1,323,033,903	1,185,162,995	1,189,373,236
Agricultural Land:	2,176,607	2,564,683	2,609,584	2,491,612	2,633,859
Agricultural Bldgs:	29,000	32,388	32,264	30,800	36,239
Commercial	573,694,524	235,356,939	208,718,645	188,933,246	243,958,231
Industrial:	33,049,159	5,449,247	5,807,156	1,963,003	4,194,740
Multi-Residential	76,901,003	51,641,464	50,703,269		
Personal/Real Estate:	0	0	0	0	0
Railroads:	4,693,430	5,438,042	5,665,252	5,567,372	5,334,381
Utilities:	16,801,527	16,929,007	15,904,549	17,007,086	15,393,310
Other:	0	0	0	0	0
Gross Valuation	2,155,853,656	1,672,890,092	1,612,474,622	1,401,156,114	1,460,923,996
Less Military:	753,764	790,804	840,808	864,884	888,960
Net Valuation:	2,155,099,892	1,672,099,288	1,611,633,814	1,400,291,230	1,460,035,036
Incremental Value:	375,762,717	716,692,288	680,932,869	812,659,993	724,122,198
Utility Reimbursement:	31,918,480	31,916,602	31,230,335	29,000,315	25,475,845

**Taxable Valuation**

Valuation as of 1-Jan	2017	2016	2015	2014	2013
Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Residential:	784,180,726	748,061,618	713,782,120	660,537,770	626,321,072
Agricultural Land:	1,155,599	1,161,535	1,147,132	1,113,807	1,087,467
Agricultural Bldgs:	15,790	14,011	13,509	13,768	14,278
Commercial	488,958,442	155,103,839	129,825,487	170,040,948	199,284,420
Industrial:	29,288,629	1,440,847	1,689,806	1,766,703	2,524,570
Multi-Residential	59,985,652	40,060,271	41,614,429		
Personal/Real Estate:	0	0	0	0	0
Railroads:	4,224,088	4,894,237	5,098,727	5,010,635	5,067,662
Utilities:	16,801,527	16,929,007	15,904,549	17,007,086	15,393,310
Other:	0	0	0	0	0
Gross Valuation	1,384,610,453	967,665,365	909,075,759	855,490,717	849,692,779
Less Military:	753,764	790,804	840,808	864,884	872,292
Net Valuation:	1,383,856,689	966,874,561	908,234,951	854,625,833	848,820,487
Incremental Value:	371,121,657	712,169,878	680,932,869	704,490,403	724,105,530
Utility Reimbursement:	14,259,526	14,384,116	15,531,761	15,915,016	15,854,018

Valuation Year	Actual Valuation	Taxable Valuation	Percentage Change Actual	Percentage Change Taxable
2017	2,562,781,089	1,769,237,872	5.87%	4.48%
2016	2,420,708,178	1,693,428,555	4.17%	5.53%
2015	2,323,797,018	1,604,699,581	3.65%	1.88%
2014	2,241,951,538	1,575,031,252	1.46%	-0.87%
2013	2,209,633,079	1,588,780,035	9.94%	10.30%
2012	2,009,767,146	1,440,409,232	4.34%	6.60%
2011	1,926,262,180	1,351,174,393	1.86%	3.45%
2010	1,891,165,626	1,306,063,266	1.24%	1.86%
2009	1,868,082,482	1,282,191,623	3.43%	4.98%
2008	1,806,127,813	1,221,416,312	3.22%	3.58%

Source: Iowa Department of Management

**Building Permits**

Presented below are the building permits issued in the City for the calendar year indicated:

<u>Fiscal Year</u>	<u>Number of Permits</u>	<u>Dollar Value</u>
2017	427	165,605,729
2016	430	81,916,000
2015	390	72,560,442
2014	375	71,344,847
2013	461	86,746,241

Source: City of Coralville

**Tax Rates**

The Issuer levied the following taxes for collection during the fiscal years indicated:

<u>Year</u>	<u>General</u>	<u>Outside</u>	<u>Emergency</u>	<u>Debt Service</u>	<u>Employee Benefits</u>	<u>Total Levy</u>
2019	8.10000	0.86976	0.00000	2.12020	2.43774	13.52770
2018	8.10000	1.18320	0.00000	2.12020	2.12430	13.52770
2017	8.10000	1.36738	0.00000	2.12539	1.93502	13.52779
2016	8.10000	1.31393	0.00000	2.12753	1.98625	13.52771
2015	8.10000	1.27466	0.00000	2.12020	2.03285	13.52771
2014	8.10000	1.27466	0.00000	2.12020	2.03284	13.52770

Source: Iowa Department of Management

**Historic Tax Rates**

Presented below are the tax rates by taxing entity for residents of the City and Iowa City CSD:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>County</u>	<u>Levy Rate</u>
2019	13.52770	14.85629	1.20354	0.00300	0.31212	0.07080	6.53594	36.50939
2018	13.52770	13.95855	1.13174	0.00310	0.31448	0.07585	6.85143	35.86285
2017	13.52779	13.98935	1.08048	0.00330	0.29377	0.07781	6.77140	35.74390
2016	13.52771	13.86773	1.06125	0.00330	0.35488	0.08129	6.90337	35.79953
2015	13.52771	13.69999	1.05754	0.00330	0.30944	0.08119	6.74168	35.42085
2014	13.52770	13.68792	1.06473	0.00300	0.26472	0.08160	6.73712	35.36679

Presented below are the tax rates by taxing entity for residents of the City and Clear Creek Amana CSD:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>County</u>	<u>Levy Rate</u>
2019	13.52770	16.57663	1.20354	0.00300	0.31212	0.07080	6.53594	38.22973
2018	13.52770	16.75949	1.13174	0.00310	0.31448	0.07585	6.85143	38.66379
2017	13.52779	16.75419	1.08048	0.00330	0.29377	0.07781	6.77140	38.50874
2016	13.52771	15.62084	1.06125	0.00330	0.35488	0.08129	6.90337	37.55264
2015	13.52771	15.06516	1.05754	0.00330	0.30944	0.08119	6.74168	36.78602
2014	13.52770	15.11055	1.06473	0.00300	0.26472	0.08160	6.73712	36.78942

Source: Iowa Department of Management

**Tax Collection History**

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2018	14,555,830	In Collection	NA
2017	13,927,936	13,503,508	98.44%
2016	13,026,109	12,985,877	99.69%
2015	13,006,251	13,477,889	103.63%
2014	12,686,977	12,490,177	98.45%
2013	12,011,315	12,017,684	100.05%

Source: City of Coralville

**Local Option Hotel-Motel Tax**

The City has a voter-approved 7% local option tax on hotel and motels in the community. Presented below is a history of collections of this tax:

<u>Fiscal Year</u>	<u>Collections</u>
2018	2,792,922
2017	2,861,611
2016	2,740,709
2015	2,630,199
2014	2,636,615
2013	2,338,533

Source: City of Coralville

**Largest Taxpayers**

Set forth in the following table are the persons or entities which represent the 2017 largest taxpayers within the Issuer, as provided by the County Auditor’s Offices. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. The City’s mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2017 Taxable Valuation</u>	<u>Percent of Total</u>
Coral Ridge Mall LLC	128,778,480	7.28%
City Of Coralville	33,649,934	1.90%
TKG Coral North LLC	29,480,400	1.67%
Hawk Landlord (IA) LLC	26,438,490	1.49%
Integrated DNA Technologies, Inc.	19,656,450	1.11%
Costco Wholesale Corporation	17,460,000	0.99%
Hawkeye Real Estate Investment Co.	16,164,180	0.91%
Wal-Mart Real Estate Business Trust	15,022,170	0.85%
Hy-Vee Inc.	14,651,280	0.83%
808 on 5th LLC	14,430,266	0.82%
Total:		17.85%

Source: Johnson County Auditor

**Utility Property Tax Replacement**

Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than “taxable property” for purposes of computing the Issuer’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 0.89% of the Issuer’s tax base currently is utility property. Notwithstanding the foregoing, the Issuer has the obligation to levy taxes against all the taxable property in the Issuer sufficient to pay principal of and interest on the Bonds.



## OUTSTANDING DEBT

### General Obligation Debt

The City has previously issued 15 separate series of general obligation securities and commensurate with this issue, will issue four additional series of general obligation securities. In addition, the City has a contract payment that constitutes a general obligation totaling \$333,440, due annually through 2022. As part of this Project and the Development Agreement, the City has agreed to lend approximately \$11.4M as part of the NMTC structure and \$17.7M outside of the NMTC structure for the construction of the Arena Project. To fund the NMTC loan, the City intends to issue approximately \$13.95M general obligation notes (described in the front part of the official statement as the Series 2018F Note and the Series 2018H Note), \$10.7M of Series I General Obligation Notes, and \$7M of Series J Annual Appropriation General Obligation Notes. In addition, the City intends to issue approximately \$9.32M of general obligation bonds, the proceeds of which will be granted by the City to ArenaCo. The table below includes the outstanding debt of the City as well as the expected amortization of the loans noted herein, other than the \$7M Annual Appropriation Note Series J.

The City has various other obligations payable from the Debt Service Fund, and obligations that are subject to “annual appropriation”. Presented below is the outstanding principal and interest on the City’s general obligation (not subject to annual appropriation) debt, including the contract payment:

<u>Fiscal Year</u>	<u>Existing Principal</u>	<u>Existing Interest</u>	<u>Arena Principal</u>	<u>Arena Interest</u>	<u>Combined total P&amp;I</u>
2019	2,611,096	4,367,193	0	0	6,978,289
2020	3,584,591	4,367,006	201,107	1,907,133	10,059,836
2021	4,028,248	4,265,823	2,345,248	1,855,649	12,494,968
2022	3,197,072	4,160,619	2,061,978	1,732,435	11,152,104
2023	4,606,433	4,062,968	2,209,837	1,623,026	12,502,264
2024	4,398,000	3,924,799	2,272,967	1,505,846	12,101,611
2025	3,602,000	3,784,227	2,404,504	1,385,108	11,175,839
2026	3,048,000	3,644,662	2,540,594	1,257,367	10,490,623
2027	4,977,000	3,515,854	2,755,389	1,122,372	12,370,615
2028	3,778,000	3,304,028	2,904,052	976,158	10,962,238
2029	2,435,000	3,138,062	2,992,755	822,005	9,387,823
2030	6,185,000	3,042,619	1,560,531	662,880	11,451,030
2031	3,435,000	2,774,433	1,069,263	578,398	7,857,094
2032	6,785,000	2,626,427	1,180,319	518,092	11,109,839
2033	1,465,000	2,325,863	1,253,838	451,823	5,496,524
2034	14,890,000	2,258,456	1,364,968	381,443	18,894,867
2035	3,380,000	1,478,025	1,459,866	305,045	6,622,936
2036	3,960,000	1,317,375	1,541,698	223,413	7,042,486
2037	23,220,000	1,128,413	1,314,640	137,171	25,800,224
2038	1,385,000	69,250	1,028,878	61,733	2,544,861
Totals:	104,970,440	59,556,101	34,462,432	17,507,098	216,496,071

Source: City of Coralville

### General Obligation Bond Anticipation Project Notes

The City has no outstanding General Obligation Bond Anticipation Project Notes.

### Urban Renewal and/or Annual Appropriation Urban Renewal Bond Anticipation Project Notes

The City has no outstanding either (a) annual appropriation general obligation or (b) urban renewal tax increment revenue bond anticipation project notes.

## Self-Supporting Debt

It is the current intention of the City to abate designated portions of general obligation debt outstanding with revenues from the various City income streams, including utilities, enterprises and certain urban renewal areas of the City, in certain instances where general obligation bond proceeds have been used to accomplish capital improvements. Although this “self-supporting” debt is issued under Division III, Chapter 384, of the Iowa Code, and is secured by the unlimited taxing ability of the City, the Council currently intends to abate these levies annually to the extent that net revenues from the respective utilities and tax increment districts are annually available. Presented below is a table showing the expected principal abatement by fiscal year:

<u>Fiscal Year</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Combined Total</u>
2019	593,205	2,959,563	3,552,768
2020	1,772,661	4,893,510	6,666,171
2021	4,350,103	4,796,200	9,146,303
2022	3,728,099	4,624,435	8,352,534
2023	5,147,287	4,462,357	9,609,644
2024	4,620,967	4,256,123	8,877,090
2025	4,606,504	4,055,152	8,661,656
2026	4,203,594	3,835,797	8,039,391
2027	6,302,389	3,621,957	9,924,346
2028	5,452,052	3,318,980	8,771,032
2029	4,112,755	3,054,662	7,167,417
2030	6,367,234	2,861,081	9,228,315
2031	3,169,263	2,568,773	5,738,036
2032	6,585,319	2,416,599	9,001,918
2033	1,253,838	2,110,019	3,363,857
2034	14,725,642	2,039,638	16,765,280
2035	2,775,866	1,327,434	4,103,300
2036	3,036,860	1,186,582	4,223,442
2037	21,223,562	1,026,330	22,249,892
2038	1,028,878	61,733	1,090,611
<b>Totals</b>	<b>105,056,078</b>	<b>59,476,925</b>	<b>164,533,003</b>

Source: City of Coralville

## Annual Appropriation General Obligation Securities Outstanding

The City has previously issued general obligation annual appropriation obligations.

The table below illustrates the series of obligations, type of security and current par amount outstanding as of the end of fiscal year ending June 30, 2018 on said obligations, including the Bonds:

<u>Series</u>	<u>Outstanding Balance (6/30/18)</u>	<u>Repayment Source</u>	<u>Type of Security</u>
12/1/2005 K	130,000	General Fund	GO
8/1/2011 F	8,745,000	12th Ave TIF	GO
5/1/2012 F	6,000,000	Mall TIF	GO
11/27/2012 J	5,000,000	Building Rent Income	GO
6/2/2014 C	9,000,000	Mall TIF	GO
5/3/2016 A	9,075,000	Mall TIF	GO
4/5/2016 B	7,600,000	Golf operations	GO
9/7/2016 E	36,570,000	Marriott hotel operations	GO
5/1/2017 B	28,860,000	Mall & 12th Ave. TIF	GO
5/30/2017 D-1	15,885,000	Mall & 12th Ave. TIF	GO
5/30/2017 D-2	3,905,000	Mall & 12th Ave. TIF	GO
11/22/17 E	4,500,000	Mall TIF	GO
5/8/2018 G	4,500,000	Mall TIF	GO
6/1/2018 C	4,755,000	Oakdale TIF	GO
6/1/2018 D	3,935,000	12th Ave. TIF	GO
12/13/2018 E (1)	25,125,000	Mall TIF	GO
12/20/2018 H	4,200,000	Mall TIF	GO

(1) This Issue

Presented below is the schedule of outstanding general obligation annual appropriation obligations, presented by fiscal year, including the Bonds:

Fiscal Year	Existing Bonds		The Bonds		Total
	Principal	Interest	Principal	Interest	P&I
2019	4,958,009	5,941,364	0	0	10,899,373
2020	8,737,602	6,119,456	0	0	14,857,058
2021	4,771,450	5,873,106	0	1,808,750	12,453,306
2022	5,690,653	5,671,289	0	1,808,750	13,170,691
2023	5,641,187	5,431,340	6,600,000	1,808,750	19,481,277
2024	5,998,126	5,193,736	0	1,346,750	12,538,612
2025	6,221,547	4,941,158	8,525,000	1,346,750	21,034,454
2026	5,366,531	4,679,097	0	750,000	10,795,628
2027	5,433,164	4,450,880	0	750,000	10,634,045
2028	6,571,540	4,220,864	10,000,000	750,000	21,542,404
2029	6,361,753	3,939,058	0	0	10,300,811
2030	6,083,905	3,660,808	0	0	9,744,714
2031	8,373,103	3,392,281	0	0	11,765,384
2032	13,764,461	3,028,374	0	0	16,792,834
2033	10,793,098	2,414,812	0	0	13,207,909
2034	4,859,139	1,950,392	0	0	6,809,531
2035	6,147,719	1,753,027	0	0	7,900,746
2036	9,413,977	1,506,405	0	0	10,920,382
2037	25,393,056	1,136,562	0	0	26,529,618
2038	1,112,777	61,965	0	0	1,174,742
Totals	151,692,795	75,365,974	25,125,000	10,369,750	262,553,519

Source: City of Coralville

**Moral Obligation Lease Certificates**

The City has no outstanding Moral Obligation Debt.

**Urban Renewal Tax Increment Revenue Obligations Outstanding**

The City has previously issued Urban Renewal Tax Increment Revenue obligations.

The table below illustrates the series of bonds, type of security and current par amounts outstanding as of June 30, 2018 on said bonds, and this table does not include the anticipated Series 2018J Obligation:

Series	Outstanding Balance	Repayment Source
6/2/2014 C (1)	7,000,000	GO abated by Mall TIF
4/15/2016 C	5,210,526	Mall TIF
5/30/2017 C	6,500,000	Mall TIF

(1) The Series 2014C Bond is an annual appropriation general obligation bond that also has a senior lien pledge of the TIF area. The P&I on the bond is included in the table presented herein under the heading Annual Appropriation General Obligation Securities Outstanding

Presented below is the principal amount, by fiscal year, of the City's urban renewal revenue obligations outstanding (including obligations subject to annual appropriation):

Fiscal Year	2017C-1 TIF Revs		Building C		2014C AA GO (1)		Arena Project		Total Senior Lien		Total Senior	Current TIF
	Ann Appropriation		2016C TIF Rev Bond				ArenaCo B Loan (1) (2)		Principal	Interest	Lien Debt	Income
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2019	0	292,500	289,474	260,526	1,000,000	306,250			1,289,474	859,276	2,148,750	6,173,948
2020	0	292,500	289,474	246,053	1,000,000	262,500			1,289,474	801,053	2,090,526	6,173,948
2021	0	292,500	289,474	231,579	1,000,000	218,750	0	367,909	1,289,474	1,110,738	2,400,212	6,173,948
2022	0	292,500	289,474	217,105	1,000,000	175,000	0	367,909	1,289,474	1,052,514	2,341,988	7,173,948
2023	0	292,500	289,474	202,632	1,000,000	131,250	0	367,909	1,289,474	994,291	2,283,764	7,173,948
2024	0	292,500	289,474	188,158	1,000,000	87,500	0	367,909	1,289,474	936,067	2,225,541	7,173,948
2025	0	292,500	289,474	173,684	1,000,000	43,750	128,186	367,909	1,417,659	877,843	2,295,503	7,173,948
2026	0	292,500	289,474	159,211			134,595	361,179	424,069	812,890	1,236,959	7,173,948
2027	0	292,500	289,474	144,737			141,325	354,113	430,798	791,350	1,222,148	6,450,811
2028	0	292,500	289,474	130,263			148,391	346,694	437,865	769,457	1,207,321	6,450,811
2029	0	292,500	289,474	115,789			155,810	338,903	445,284	747,193	1,192,477	6,450,811
2030	0	292,500	289,474	101,316			163,601	330,723	453,075	724,539	1,177,613	6,450,811
2031	0	292,500	289,474	86,842			171,781	322,134	461,255	701,476	1,162,731	6,450,811
2032	0	292,500	289,474	72,368			180,370	313,116	469,844	677,984	1,147,828	6,450,811
2033	0	292,500	289,474	57,895			189,388	303,646	478,862	654,041	1,132,903	6,450,811
2034	0	292,500	289,474	43,421			198,858	293,703	488,332	629,624	1,117,956	6,450,811
2035	0	292,500	289,474	28,947			208,801	283,263	498,275	604,711	1,102,985	5,802,628
2036	0	292,500	289,474	14,474			219,241	272,301	508,715	579,275	1,087,989	5,802,628
2037	0	292,500					230,203	260,791	230,203	553,291	783,494	5,542,011
2038	0	292,500					4,737,245	248,705	4,737,245	541,205	5,278,450	5,316,275
2039	0	292,500					0	0	0	292,500	292,500	5,122,827
2040	0	292,500					0	0	0	292,500	292,500	5,122,827
2041	500,000	292,500					0	0	500,000	292,500	792,500	5,122,827
2042	1,000,000	270,000					0	0	1,000,000	270,000	1,270,000	5,122,827
2043	1,000,000	225,000					0	0	1,000,000	225,000	1,225,000	5,122,827
2044	1,000,000	180,000					0	0	1,000,000	180,000	1,180,000	5,122,827
2045	1,000,000	135,000					0	0	1,000,000	135,000	1,135,000	5,122,827
2046	1,000,000	90,000					0	0	1,000,000	90,000	1,090,000	5,122,827
2047	1,000,000	45,000					0	0	1,000,000	45,000	1,045,000	5,122,827
Totals	6,500,000	7,672,500	5,210,526	2,475,000	7,000,000	1,225,000	7,007,794	5,868,818	25,718,320	17,241,318	42,959,639	174,567,063

Source: City of Coralville

- (1) Both the Series 2014C Bond and the Series 2018J Obligation (to be issued in approximation to the issuance of the Series 2018E Bonds for financing the ArenaCo B Loan) are an annual appropriation general obligation bonds that also have a senior lien pledge of the TIF area, and thus are shown herein as Senior Lien Obligations of the TIF area.
- (2) This loan is incurred by ArenaCo (and referred to as the ArenaCo B Loan), and the City's obligation is to annually transfer cash from the TIF area (subject to the City's right of non-appropriation) to ArenaCo in amount sufficient to make the annual payment. In addition, in the event that the Debt Service Reserve Fund created by ArenaCo with respect to the ArenaCo B Loan is drawn upon, the City's obligation, subject to its right of non-appropriation, is to replenish any drawn balance from the Debt Service Reserve Fund associated with the ArenaCo B Loan.

**The aggregate obligations of the Mall Highway 6 Urban Renewal (TIF) area**

Footnote	(1)	(2) (3)	Annual	Cumulative	(4)		Annual	Cumulative	(5)	(6)	Annual	Cumulative
Fiscal Year	Existing Revenue	Existing Debt	TIF Surplus No Arena	TIF Surplus Project	This Project GO	New Debt Ann App	TIF Surplus before Offsets W/ Arena Project	TIF Surplus before Offsets W/ Arena Project	New Project Revenues from TIF	Revenues from Rent & Other	TIF Surplus After Arena W Revenue Offsets	TIF Surplus After Arena W Revenue Offsets
2019	11,810,383	13,769,138	-1,958,755	537,769	0	0	-1,958,755	537,769	0	274,696	-1,684,059	812,465
2020	12,404,359	10,629,215	1,775,144	2,312,913	2,108,240	0	-333,096	204,674	0	2,468,326	2,135,230	2,947,696
2021	10,949,011	10,713,331	235,680	2,548,593	4,200,897	2,548,461	-6,513,678	-6,309,004	521,499	5,910,545	-81,635	2,866,061
2022	10,997,655	11,526,851	-529,196	2,019,397	3,794,413	2,528,996	-6,852,604	-13,161,609	1,315,962	3,556,532	-1,980,111	885,950
2023	11,064,360	12,076,331	-1,011,971	1,007,426	3,832,863	2,509,530	-7,354,364	-20,515,972	3,067,671	3,622,723	-663,969	221,981
2024	10,991,794	11,759,517	-767,723	239,703	3,778,813	2,358,064	-6,904,599	-27,420,571	3,293,184	3,629,423	18,008	239,989
2025	10,442,705	11,439,024	-996,319	-756,615	3,789,612	2,338,597	-7,124,528	-34,545,099	3,293,184	3,635,222	-196,122	43,867
2026	10,443,656	11,430,549	-986,893	-1,743,508	3,797,961	2,148,631	-6,933,486	-41,478,585	3,293,184	3,641,072	770	44,637
2027	9,721,430	11,943,916	-2,222,486	-3,965,995	3,877,761	2,129,165	-8,229,412	-49,707,997	3,293,184	3,645,871	-1,290,357	-1,245,720
2028	9,791,505	11,832,845	-2,041,340	-6,007,335	3,880,210	2,109,699	-8,031,250	-57,739,247	3,293,184	3,696,812	-1,041,254	-2,286,974
2029	9,792,455	10,234,854	-442,399	-6,449,734	3,814,760	1,840,233	-6,097,392	-63,836,639	3,293,184	3,412,906	608,698	-1,678,276
2030	10,811,591	13,894,896	-3,083,305	-9,533,038	2,223,411	1,820,767	-7,127,483	-70,964,122	3,293,184	2,124,849	-1,709,450	-3,387,726
2031	9,700,591	12,988,786	-3,288,195	-12,821,233	1,647,661	1,801,301	-6,737,157	-77,701,279	3,293,184	2,481,099	-962,874	-4,350,600
2032	9,700,591	12,899,484	-3,198,893	-16,020,126	1,698,411	1,781,835	-6,679,139	-84,380,418	3,293,184	1,599,849	-1,786,106	-6,136,706
2033	9,777,996	9,135,431	642,565	-15,377,561	1,705,661	1,762,369	-2,825,464	-87,205,882	3,293,184	1,656,701	2,124,421	-4,012,285
2034	9,777,996	15,018,486	-5,240,490	-20,618,051	1,746,411	1,742,903	-8,729,803	-95,935,685	3,293,184	1,697,451	-3,739,168	-7,751,453
2035	9,129,813	10,038,477	-908,664	-21,526,714	1,764,911	1,723,436	-4,397,011	-100,332,697	3,293,184	1,715,951	612,124	-7,139,329
2036	9,579,813	10,198,832	-619,019	-22,145,734	1,765,111	1,703,970	-4,088,100	-104,420,797	3,293,184	1,716,151	921,235	-6,218,093
2037	9,314,696	15,684,612	-6,369,916	-28,515,650	1,451,811	1,684,504	-9,506,231	-113,927,028	3,293,184	1,402,851	-4,810,196	-11,028,289
2038	9,585,735	10,477,525	-891,790	-29,407,439	1,090,611	1,275,716	-3,258,117	-117,185,145	3,293,184	1,093,734	1,128,801	-9,899,488
2039	7,841,985	8,558,383	-716,398	-30,123,838		1,796,250	-2,512,648	-119,697,793	3,293,184	1,093,734	1,874,270	-8,025,218
2040	7,841,985	15,809,438	-7,967,453	-38,091,291		1,796,250	-9,763,703	-129,461,496	3,293,184	1,093,734	-5,376,785	-13,402,003
2041	7,841,985	8,668,941	-826,956	-38,918,247		4,796,250	-5,623,206	-135,084,703	3,293,184	1,093,734	-1,236,288	-14,638,292
2042	8,405,767	8,625,390	-219,624	-39,137,871		6,616,250	-6,835,874	-141,920,576	3,293,184	1,093,734	-2,448,956	-17,087,247
2043	8,491,105	10,781,106	-2,290,000	-41,427,871		8,916,250	-11,206,250	-153,126,827	3,293,184	1,148,421	-6,764,646	-23,851,893
2044	8,491,105	15,179,739	-6,688,634	-48,116,505			-6,688,634	-159,815,461	3,293,184	1,148,421	-2,247,029	-26,098,922
2045	8,491,105	13,875,901	-5,384,795	-53,501,300			-5,384,795	-165,200,256	3,293,184	1,148,421	-943,191	-27,042,113
2046	8,491,105	12,462,109	-3,971,004	-57,472,304			-3,971,004	-169,171,260	3,293,184	1,148,421	470,601	-26,571,512
2047	9,094,452	10,443,159	-1,348,706	-58,821,010			-1,348,706	-170,519,966	3,293,184	1,148,421	3,092,898	-23,478,613
2048	8,574,678	7,832,460	742,217	-58,078,793			742,217	-169,777,749	3,293,184	1,205,842	5,241,243	-18,237,370
2049	8,574,678	5,655,000	2,919,678	-55,159,115			2,919,678	-166,858,071	3,293,184	1,205,842	7,418,703	-10,818,667
2050	8,574,678	195,000	8,379,678	-46,779,438			8,379,678	-158,478,394	3,293,184	1,205,842	12,878,703	2,060,036
Totals:	306,502,763	355,778,725	-49,275,962		51,969,530	59,729,426	-160,974,918		93,821,102	66,717,328	-436,488	

- (1) FY19 income plus related income such as rent on existing facilities. Includes future projects currently under construction but not yet fully taxed
- (2) The City anticipates calling and reissuing bonds, with a longer final maturity, in order to keep the TIF cash flows positive overall, in the following years: 2031, 2032, 2034 (2 issues), 2037 (2 issues) and 2038
- (3) The City escrowed the 2021-2032 payments, to be called on 6/1/2020, on its 2012J Bond on June 21, 2018. The City expects to make full P&I payments on this bond during FY19 and FY20.
- (4) Reflects P&I on debt for which the City expects to use TIF to repay; does not include P&I on debt that the City expects to be repaid from other sources (such as naming rights, IRA, rent and charitable income)
- (5) Includes Expected new TIF Revenue from developments associated with the Project and other developments currently under construction or to start construction during 2019
- (6) Revenue offsets include rental income, naming rights income, charitable income and IRA income, capitalized interest and the release of the debt reserves

## Public Funds Investments

As of June 30, 2018, the City held cash and investments in the following amounts:

	<u>Operating Funds</u>	<u>DSRF &amp; Sinking Funds</u>	<u>Total</u>
General Fund Cash & Investments	\$11,024,982	\$-	11,024,982
Water Enterprise Fund	2,194,867	1,225,000	3,419,867
Wastewater Enterprise Fund	2,642,629	2,015,000	4,657,629
Solid Waste & Storm water Enterprise Funds	2,071,914	-	2,071,914
Transit & Parking Enterprise Funds	2,704,246	2,984,938	5,689,184
Hotel & Convention Center Enterprise Fund	995,668	4,897,044	5,892,732
TIF Special Revenue Funds	1,443,461	5,936,024	7,379,485
Other Special Revenue Funds	2,102,834	-	2,102,834
G.O. Debt Retirement Fund	-	3,511,676	3,511,676
Trust & Agency Funds	1,004,083	-	1,004,083
Totals:	126,184,704	20,569,682	46,754,386

Source: City of Coralville

Of the cash balances shown above, all of the funds are in very liquid cash or short term securities.

## Debt Limit

The amount of general obligation debt a political subdivision of the State can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last county tax list. The Issuer's debt limit, based upon said valuation, amounts to the following:

Actual Valuation:	2,562,781,089
x 5%	5%
Statutory Debt Limit:	128,139,054

The City has outstanding debt as follows:

General Obligation Bonds	\$128,749,872
Plus Annual Appropriation Bonds	9,027,076
Less principal portion of Reserve Funds	-12,721,747
Total Debt subject to debt limit	125,055,201
Percentage Consumed	97.59%

Source: City of Coralville

## Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying debt outstanding of governmental entities within the Issuer. Only those issuers with debt are shown.

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2017 Taxable Valuation</u>	<u>Taxable Valuation Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
Clear Creek Amana CSD	\$78,785,000	\$1,290,195,639	399,465,633	30.96%	24,393,122
Iowa City CSD	62,160,000	6,543,211,455	1,369,772,239	20.93%	13,012,730
Johnson County	5,840,000	8,870,456,555	1,769,237,872	19.95%	1,164,805
Kirkwood Community College (1)	155,083,483	26,397,353,063	1,769,237,872	6.70%	10,394,208
Grant Wood Area Education Agency	0	26,397,353,063	1,769,237,872	6.70%	
					Total: \$48,964,864

(1) Includes \$38,225,000 of New Jobs Training Certificates and \$22,010,000 of Certificates of Participation evidencing undivided proportionate interest in base lease payment pursuant to a lease purchaser agreement, both of which are subject to abatement by the College from alternate revenue sources.

## FINANCIAL SUMMARY

Actual Value of Property, 2017	\$2,562,781,089
Taxable Value of Property, 2017	1,769,237,872
Direct General Obligation Debt:	\$128,749,872
General Obligation Bond Anticipation Project Notes:	\$0
General Obligation Annual Appropriation Debt:	182,028,321
<hr/>	
Total Gross General Obligation Debt:	\$310,778,194
Less Self-Supported General Obligation Debt:	-\$105,056,078
Less Self-Supported Annual Appropriation Debt:	-\$182,028,321
<hr/>	
Net Direct Debt	\$23,693,794
Overlapping Debt:	23,433,555
<hr/>	
Net Direct & Overlapping General Obligation Debt:	\$47,127,349
Population, 2010 U.S. Census:	18,907
Actual Valuation per Capita:	\$135,547
Taxable Valuation per Capita:	\$93,576
<b>Ratios using Total Gross Debt before removing self-supporting debt</b>	
Gross Direct Debt per Capita:	\$16,437
Total Net Debt per Capita: (Overlapping and Gross)	\$17,677
Gross Direct Debt to Taxable Valuation:	17.57%
Total Gross Debt to Taxable Valuation:	18.89%
Gross Direct Debt to Actual Valuation:	12.13%
Total Gross Debt to Actual Valuation:	13.97%
<b>Ratios using Net Direct Debt after removing self-supporting debt</b>	
Net Direct Debt per Capita:	\$1,253.18
Total Net Debt per Capita: (Overlapping and Net Debt)	\$2,493
Net Direct Debt to Taxable Valuation:	1.34%
Total Net Debt to Taxable Valuation:	2.66%
Net Direct Debt to Actual Valuation:	0.92%
Total Net Debt to Actual Valuation:	1.84%

## City's Unaudited Statements

Presented below are the City's unaudited financial statements as submitted to the State of Iowa pursuant to the Annual Financial Report ("AFR") for the period shown. The statements will not correspond necessarily to the audit in so far as the statements below (a) are cash-basis, and the audit is GAAP-basis and (b) are presented by functionality of expenditure.

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(1) Source: The City



General Fund

REVENUES

AFR Section		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
A	Taxes levied on property	8,776,206	8,409,272	7,787,215	7,750,205	7,799,143
	TIF revenues	-	-	-	-	-
	Utility Replacement Tax	313,490	317,952	333,436	321,106	144,644
	Utility franchise tax	291,671	281,673	271,623	-	-
	Mobile home tax	9,153	8,591	8,744	8,839	8,334
	Hotel Motel tax	2,792,923	2,861,611	2,740,709	2,630,199	2,441,045
B	Licenses & Permits	885,447	1,139,162	838,344	804,636	744,973
C	Interest income	90,009	61,201	42,852	51,804	11,970
	Rents & Royalties	237,459	209,187	263,138	222,806	249,843
	Other Miscellaneous Income	29,865	17,306	49,532	10,900	-
	Marriott Hotel room revenue	-	-	-	-	-
D	Federal Grants & reimbursements	12,153	12,471	331,322	69,719	768,258
	Road Use Tax	-	-	-	-	-
	State grants	2,500	7,500	-	63,656	39,464
	Commercial & Industrial Replacement	558,292	582,195	1,529,509	698,691	36,464
	City share of liquor tax	41,055	37,292	-	-	-
	Fire protection	18,579	18,502	17,914	18,502	16,414
	PILOT	-	291,050	-	-	220,319
	Other state grants & reimbursements	24,409	17,242	13,697	14,573	16,399
	County contributions	119,662	103,333	97,085	91,029	91,795
	Fire/EMT Service	23,388	23,019	44,117	43,190	43,273
	City reimbursement	-	-	-	-	-
	School districts	89,747	98,524	117,379	98,126	85,358
E	Charges for fees & services	3,010,747	3,020,514	3,011,485	2,184,640	2,157,238
F	Special Assessments	-	-	-	-	-
G	Contributions	63,997	42,818	47,647	107,820	38,063
	Deposits and sales/fuel tax refunds	25,051	10,444	6,375	5,622	14,087
	Sale of property and merchandise	1,102,786	1,298,101	1,357,343	255,518	190,796
	Fines	234,037	220,085	268,393	249,325	234,827
	Internal service charges	-	-	-	-	-
	Other	177,448	174,036	167,977	117,732	93,536
H	Proceeds of capital asset sales	330,156	67,323	4,052	7,738	24,546
	Proceeds of long-term debt	-	-	-	-	-
	Regular transfer in and interfund loans	3,269,466	2,979,135	3,654,749	2,496,015	3,105,515
	Internal TIF loans and transfers in	-	-	-	-	-

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TOTAL REVENUES 22,529,694 22,309,539 23,004,637 18,322,391 18,576,304

EXPENSES

A	Public Safety	6,297,184	5,603,079	5,061,213	5,108,911	5,136,522
B	Public Works	-	-	-	-	-
C	Health & Social Services	137,764	126,870	128,370	126,320	116,733
D	Culture & Recreation	10,157,757	10,244,662	10,082,618	7,419,726	7,265,064
E	Community & Economic Development	723,446	746,680	745,833	1,177,855	1,067,311
F	General Government	3,053,566	3,047,533	2,972,815	2,832,949	3,058,951
G	Debt Service	-	-	-	-	-
H	Regular Capital Projects	-	-	-	-	-
I	Business type activities	-	-	-	-	-
J	Other Financing/Transfers out	2,126,859	1,891,176	1,689,132	1,491,743	1,584,486

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TOTAL EXPENDITURES 22,496,576 21,660,000 20,679,981 18,157,504 18,229,067

SURPLUS OF REVENUES OVER EXPENSES 33,118 649,539 2,324,656 164,887 347,237

ENDING FUND BALANCES

	Non spendable	-	-	-	-	-
	Restricted	-	-	-	-	-
	Committed	3,444,660	3,009,000	2,488,589	2,054,731	1,585,192
	Assigned	-	-	-	-	-
	Unassigned	6,423,002	6,807,368	6,678,240	4,787,442	5,092,092
	Proprietary	-	-	-	-	-

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TOTAL FUND BALANCES 9,867,662 9,816,368 9,166,829 6,842,173 6,677,284

All Funds of the City

REVENUES

AFR Section		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
A	Taxes levied on property	14,348,736	13,503,508	12,572,138	12,727,476	12,481,415
	TIF revenues	20,684,550	19,734,389	18,013,229	19,723,730	16,928,541
	Utility Replacement Tax	390,284	394,675	413,739	395,187	185,230
	Utility franchise tax	291,671	281,673	271,623	-	-
	Mobile home tax	11,394	10,664	10,685	36,291	10,340
	Hotel Motel tax	2,792,923	2,861,611	2,740,709	2,630,199	2,441,045
B	Licenses & Permits	3,486,273	1,139,162	838,344	804,636	744,973
C	Interest income	234,709	140,730	89,166	92,406	73,884
	Rents & Royalties	1,863,987	1,877,388	1,750,831	1,609,658	5,463,216
	Other Miscellaneous Income	35,722	17,306	58,149	23,500	-
	Marriott Hotel room revenue	-	8,846,024	8,546,673	8,277,574	7,384,292
D	Federal Grants & reimbursements	2,194,418	1,177,813	1,387,300	11,094,151	5,219,573
	Road Use Tax	2,552,680	2,347,184	2,336,513	1,965,997	1,903,293
	State grants	6,675,803	6,058,578	6,727,130	10,405,758	3,219,272
	Commercial & Industrial Replacement	1,616,000	1,489,172	1,529,509	698,691	36,356
	City share of liquor tax	41,055	37,292	-	-	-
	Fire protection	18,579	18,502	17,914	18,502	16,414
	PILOT	-	301,850	-	-	220,319
	Other state grants & reimbursements	24,409	17,242	13,697	14,573	16,399
	County contributions	124,912	103,333	97,085	91,029	91,795
	Fire/EMT Service	23,388	23,019	44,117	43,190	43,273
	City reimbursement	-	-	72,226	112,861	74,057
	School districts	190,179	223,874	117,379	98,126	85,358
E	Charges for fees & services	21,144,915	11,639,901	11,172,343	10,865,548	10,862,281
F	Special Assessments	42,299	32,189	309,814	30,074	46,898
G	Contributions	863,910	1,791,906	553,506	383,422	571,159
	Deposits and sales/fuel tax refunds	44,314	15,543	11,091	8,497	20,754
	Sale of property and merchandise	7,134,609	7,090,062	7,529,619	7,797,460	7,552,842
	Fines	234,037	222,585	269,393	250,075	239,377
	Internal service charges	-	-	-	48,263	29,927
	Other	522,191	284,129	643,642	82,841	128,981
H	Proceeds of capital asset sales	7,129,150	3,613,751	208,142	1,163,590	1,974,546
	Proceeds of long-term debt	36,005,904	136,272,775	39,888,031	30,509,015	41,564,229
	Regular transfer in and interfund loans	37,450,420	28,240,690	14,735,090	38,431,739	26,319,162
	Internal TIF loans and transfers in	21,225,639	20,024,943	28,916,146	20,984,819	21,801,187

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TOTAL REVENUES 189,399,061 269,833,463 161,884,973 181,418,878 167,750,388

EXPENSES

A	Public Safety	6,346,716	5,633,441	5,104,876	5,126,655	5,174,887
B	Public Works	2,114,764	2,112,326	1,861,169	1,483,983	1,656,744
C	Health & Social Services	137,764	126,870	128,370	126,320	116,733
D	Culture & Recreation	10,288,165	10,524,128	10,299,190	7,657,955	7,536,594
E	Community & Economic Development	5,949,070	4,609,458	3,240,017	3,415,100	3,765,078
F	General Government	3,055,955	3,047,533	2,972,815	2,848,099	3,107,464
G	Debt Service	19,268,706	112,376,168	46,224,769	28,086,739	49,915,014
H	Regular Capital Projects	44,451,478	22,543,841	18,530,678	34,203,016	22,720,687
I	Business type activities	27,520,235	66,301,656	25,055,828	24,769,237	26,575,485
J	Other Financing/Transfers out	58,676,059	48,265,633	43,651,236	59,416,558	48,120,349

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TOTAL EXPENDITURES 177,808,912 275,541,054 157,068,948 167,133,662 168,689,035

SURPLUS OF REVENUES OVER EXPENSES 11,590,149 (5,707,591) 4,816,025 14,285,216 (938,647)

ENDING FUND BALANCES

Non spendable	-	-	-	-	-
Restricted	17,833,619	8,374,791	7,308,472	9,995,550	8,567,934
Committed	3,444,660	3,009,000	2,488,589	2,054,731	1,585,192
Assigned	-	-	-	-	-
Unassigned	(3,952,773)	(430,381)	7,221,733	2,072,598	(9,154,526)
Proprietary	22,429,347	19,812,101	19,350,349	16,545,945	15,198,619

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TOTAL FUND BALANCES 39,754,853 30,765,511 36,369,143 30,668,824 16,197,219

## APPENDIX B

### FORM OF BOND COUNSEL OPINION

December 19, 2018

City of Coralville, Iowa  
Coralville, Iowa

Piper Jaffray & Co.  
Des Moines, Iowa

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council and acts of administrative officers of the City of Coralville, Iowa (the "Issuer"), relating to the issuance of Taxable General Obligation Annual Appropriation Bonds, Series 2018E (the "Bonds") by the Issuer in the amount of \$25,125,000, in evidence of the Issuer's obligation under a loan agreement (the "Loan Agreement"), dated as of December 19, 2018. The Bonds are issued for the purpose of paying the costs of the UR Projects (as defined in the hereinafter defined Resolution), funding necessary reserve funds and paying costs of issuance related to the Bonds.

We have examined the law and such certified Proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing the issuance of the Bonds (the "Resolution") and in the certified Proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified Proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer, payable from amounts on deposit in the Issuer's Debt Service Fund, Debt Service Reserve Fund and the Bond Fund created in the Resolution, and other revenues and funds, to the extent lawfully available for such purpose, all of the foregoing being subject to non-appropriation by the Issuer in any fiscal year. The Bonds do not constitute a continuing obligation of the Issuer in any fiscal year beyond those fiscal years for which funds have been appropriated for payment of the Bonds by the City Council and shall not constitute debt within the meaning of any constitutional or statutory debt limitation.
3. FUNDS FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS ARE SUBJECT TO NON-APPROPRIATION BY THE ISSUER ANNUALLY AS DESCRIBED IN THE RESOLUTION, AND THERE IS NO CONTINUING OBLIGATION ON THE PART OF THE ISSUER TO APPROPRIATE FUNDS SUFFICIENT TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS BEYOND ANY FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED.
4. The interest on the Bonds is NOT excluded from gross income for State of Iowa or federal income tax purposes.

We express no opinion regarding other federal or state income tax consequences caused by the receipt or accrual of interest on the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion may be relied upon by the addressees hereof and their successors and/or assigns, and any permitted assignee of the Bonds, but only with respect to the opinions expressly set forth herein and as of the dated date hereof.

DORSEY & WHITNEY LLP

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Coralville, Iowa (the “Issuer”) on December 19, 2018 (the “Dated Date”), in connection with the issuance of the Issuer’s \$25,125,000 Taxable General Obligation Annual Appropriation Bonds, Series 2018E (the “Bonds”). The Bonds are being issued pursuant to resolutions of the Issuer approved on December 18, 2018 (collectively, the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than April 15 (the “Submission Deadline”) of each year following the end of the fiscal year ending June 30, 2018, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited

financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

1. Property Tax Valuations
2. Property Valuations (as of January 1)
3. Tax Rates
4. Historic Tax Rates (with respect to the Issuer)
5. Tax Collection History
6. Local Option Hotel-Motel Tax
7. Largest Taxpayers
8. OUTSTANDING DEBT (General Obligation Debt, General Obligation Bond Anticipation Project Notes, Urban Renewal and/or Annual Appropriation Urban Renewal Bond Anticipation Project Notes, Self-Supporting Debt, Annual Appropriation General Obligation Securities Outstanding, Moral Obligation Lease Certificates, Urban Renewal Tax Increment Revenue Obligations Outstanding)
9. Public Funds Investments
10. Debt Limit
11. Overlapping & Underlying Debt (with respect to the Issuer)
12. FINANCIAL SUMMARY

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Annual Report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Piper Jaffray & Co.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing audited financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the audited financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this



Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: the Dated Date

CITY OF CORALVILLE, IOWA

By \_\_\_\_\_  
Mayor

Attest:

By \_\_\_\_\_  
City Clerk

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**APPENDIX D**

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

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**CITY OF CORALVILLE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

# Table of Contents

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<b>Officials</b> .....	1
<b>Independent Auditor’s Report</b> .....	2-3
<b>Management’s Discussion and Analysis (MD&amp;A)</b> .....	4-13
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	14
Statement of Activities.....	15
Governmental Fund Financial Statements	
Balance Sheet.....	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenue, Expenditures and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	19
Proprietary Fund Financial Statements	
Statement of Net Position .....	20
Statement of Revenue, Expenses and Changes in Net Position .....	21
Statement of Cash Flows .....	22
Notes to the Financial Statements .....	23-52
<b>Required Supplementary Information</b>	
Schedule of Budgetary Comparison of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds.....	53
Schedule of Budgetary Comparison - Budget to GAAP Reconciliation .....	54
Notes to Required Supplementary Information - Budgetary Reporting.....	55
Schedule of Proportionate Share of the Net Pension Liability .....	56
Schedule of Contributions.....	57
Notes to Required Supplementary Information - Pension Liability.....	58
Schedule of Funding Progress for the Retiree Health Plan .....	59
<b>Supplementary Information</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet Schedule .....	60
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances .....	61
Nonmajor Special Revenue Funds	
Combining Balance Sheet Schedule .....	62
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances .....	63
Nonmajor Capital Projects Funds	
Combining Balance Sheet Schedule .....	64-65
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances .....	66-67
Nonmajor Proprietary Funds	
Combining Schedule of Net Position .....	68
Combining Schedule of Revenue, Expenses and Changes in Net Position.....	69
Combining Schedule of Cash Flows.....	70-71
Schedule of Revenue by Source and Expenditures by Function - All Governmental Funds.....	72
Schedule of Expenditures of Federal Awards .....	73-74
<b>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</b> .....	75-76
<b>Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance</b> .....	77-78
<b>Schedule of Findings and Questioned Costs</b> .....	79-82

# Officials

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## Elected Officials

Name	Title	Term Expires
(Before November, 2017 Election)		
John Lundell	Mayor	January 1, 2018
Jill Dodds	Council Member	January 1, 2020
Thomas Gill	Council Member	January 1, 2018
Laurie Goodrich	Council Member	January 1, 2018
Mitch Gross	Council Member	January 1, 2020
William Hoeft	Council Member	January 1, 2018
(After November, 2017 Election)		
John Lundell	Mayor	January 1, 2020
Jill Dodds	Council Member	January 1, 2020
Thomas Gill	Council Member	January 1, 2022
Laurie Goodrich	Council Member	January 1, 2022
Mitch Gross	Council Member	January 1, 2020
Meghann Foster	Council Member	January 1, 2022

## Appointed Officials

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

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of funding progress for the retiree health plan on pages 4 through 13 and 53 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coralville's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 60 through 74, including the schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except as noted on Page 72, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018 on our consideration of the City of Coralville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coralville's internal control over financial reporting and compliance.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 9, 2018

## Management's Discussion and Analysis

As management of the City of Coralville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Coralville for the fiscal year ended June 30, 2017.

### FINANCIAL HIGHLIGHTS

- At the close of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of \$17,526,870, a decrease of 22.1% as compared to the prior fiscal year balance of \$22,508,050.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,288,691, or 28%, of the 2017 total General Fund expenditures. As of June 30, 2016, unassigned General Fund balance was \$4,734,776, or 25%, of the 2016 total General Fund expenditures.
- Revenue of the City's governmental activities was approximately the same as the prior year.
- Program expenses of the City's governmental activities increased 2%, to approximately \$43.4 million, from fiscal year 2016 to fiscal year 2017. The increase was attributable to normal increases in expenses.
- The City of Coralville's total net position as of June 30, 2017 and 2016, was \$178,525,216 and \$168,701,005, respectively. Of this amount, \$7,817,730 and \$14,498,793, respectively, are unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors. The larger decrease results from the reduction in debt which increases the net position invested in capital assets.
- Total governmental long-term debt decreased by approximately \$7.2 million during the current fiscal year. The City issued \$96.9 million of new debt and retired \$104.1 million of existing debt. The new debt was issued to fund various projects within the City and to refinance debt at lower interest rates or to extend the maturities with new debt.

Total business-type activity debt issued and retired was approximately \$39.6 million and \$42.8 million, respectively. The new debt was issued to finance water and sewer projects and to refinance hotel debt at a lower rate and to extend the maturity of the debt as contemplated in the original plan of finance for the hotel and conference center.

### USING THIS ANNUAL REPORT

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

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

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

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

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

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental funds.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### **Government-Wide Financial Statement**

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

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

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

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

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

## **Fund Financial Statements**

The City has two kinds of funds:

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

## Statement of Net Position

A condensed version of the statement of net position as of June 30, 2017 and 2016 follows.

### City of Coralville's Net Position

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 47,764,617	\$ 14,041,405	\$ 61,806,022	\$ 49,891,966	\$ 14,415,188	\$ 64,307,154
Restricted assets	2,980,178	8,909,680	11,889,858	4,413,519	8,787,719	13,201,238
Capital assets	305,574,161	111,991,809	417,565,970	300,858,918	111,993,909	412,852,827
Other noncurrent assets	<u>7,505,731</u>	<u>—</u>	<u>7,505,731</u>	<u>6,850,444</u>	<u>—</u>	<u>6,850,444</u>
<b>Total Assets</b>	<b>363,824,687</b>	<b>134,942,894</b>	<b>498,767,581</b>	<b>362,014,847</b>	<b>135,196,816</b>	<b>497,211,663</b>
<b>Deferred Outflows of Resources</b>	<b><u>2,182,957</u></b>	<b><u>606,445</u></b>	<b><u>2,789,402</u></b>	<b><u>920,775</u></b>	<b><u>448,376</u></b>	<b><u>1,369,151</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 366,007,644</u></b>	<b><u>\$ 135,549,339</u></b>	<b><u>\$ 501,556,983</u></b>	<b><u>\$ 362,935,622</u></b>	<b><u>\$ 135,645,192</u></b>	<b><u>\$ 498,580,814</u></b>
Current liabilities	\$ 12,818,118	\$ 4,630,279	\$ 17,448,397	\$ 22,374,161	\$ 5,769,106	\$ 28,143,267
Noncurrent liabilities	<u>202,094,171</u>	<u>67,635,314</u>	<u>269,729,485</u>	<u>198,027,694</u>	<u>68,882,857</u>	<u>266,910,551</u>
<b>Total Liabilities</b>	<b><u>214,912,289</u></b>	<b><u>72,265,593</u></b>	<b><u>287,177,882</u></b>	<b><u>220,401,855</u></b>	<b><u>74,651,963</u></b>	<b><u>295,053,818</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>35,821,728</u></b>	<b><u>32,157</u></b>	<b><u>35,853,885</u></b>	<b><u>34,551,764</u></b>	<b><u>274,227</u></b>	<b><u>34,825,991</u></b>
<b>Net Position</b>						
Invested in capital assets	101,018,393	51,269,819	152,288,212	89,007,772	48,176,614	137,184,386
Restricted	15,116,859	3,302,415	18,419,274	13,805,294	3,212,532	17,017,826
Unrestricted	<u>(861,625)</u>	<u>8,679,355</u>	<u>7,817,730</u>	<u>5,168,937</u>	<u>9,329,856</u>	<u>14,498,793</u>
<b>Total Net Position</b>	<b><u>115,273,627</u></b>	<b><u>63,251,589</u></b>	<b><u>178,525,216</u></b>	<b><u>107,982,003</u></b>	<b><u>60,719,002</u></b>	<b><u>168,701,005</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$ 366,007,644</u></b>	<b><u>\$ 135,549,339</u></b>	<b><u>\$ 501,556,983</u></b>	<b><u>\$ 362,935,622</u></b>	<b><u>\$ 135,645,192</u></b>	<b><u>\$ 498,580,814</u></b>

\$152.3 million of the City's net position (85.3%) represents resources which are invested in capital assets and \$18.4 million of the City's net position (10.3%) represents resources that are subject to external restrictions on how they may be used. This amount includes funds held in reserve accounts pledged to secured creditors. Unrestricted net position totaling \$7.8 million (4.4%) may be used to meet the government's ongoing obligations to citizens and unsecured creditors.

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

## Statement of Activities

A condensed version of the statement of activities as of June 30, 2017 and 2016 follows:

	City of Coralville's Governmental and Business-Type Activities			City of Coralville's Governmental and Business-Type Activities		
	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>						
Charges for service	\$ 7,797,075	\$ 25,947,052	\$ 33,744,127	\$ 7,841,824	\$ 24,906,668	\$ 32,748,492
Operating grants and contributions	5,520,312	740,141	6,260,453	5,157,021	1,171,434	6,328,455
Capital grants and contributions	2,293,114	—	2,293,114	3,530,456	—	3,530,456
Other General Revenue						
Property tax	33,303,450	—	33,303,450	31,504,088	—	31,504,088
Other taxes	3,618,724	—	3,618,724	3,523,277	—	3,523,277
Other	422,475	154,805	577,280	626,698	64,502	691,200
Gain (loss) on sale of capital assets	(959,878)	(84,128)	(1,044,006)	(177,220)	4,992	(172,228)
<b>Total Revenue</b>	<b>51,995,272</b>	<b>26,757,870</b>	<b>78,753,142</b>	<b>52,006,144</b>	<b>26,147,596</b>	<b>78,153,740</b>
<b>Expenses</b>						
Public safety	5,579,458	—	5,579,458	5,058,963	—	5,058,963
Public works	1,681,318	—	1,681,318	1,778,380	—	1,778,380
Health and social services	126,870	—	126,870	124,370	—	124,370
Culture and recreation	11,325,545	—	11,325,545	11,395,062	—	11,395,062
Community and economic development	12,312,342	—	12,312,342	11,226,919	—	11,226,919
General government	3,095,420	—	3,095,420	2,915,472	—	2,915,472
Depreciation - unallocated	10,960	—	10,960	10,959	—	10,959
Interest on long-term debt	9,318,274	—	9,318,274	10,293,356	—	10,293,356
Hotel and conference center	—	14,795,559	14,795,559	—	15,639,043	15,639,043
Sewer	—	2,816,806	2,816,806	—	2,502,623	2,502,623
Parking facilities and operations	—	2,380,027	2,380,027	—	1,770,278	1,770,278
Water	—	1,931,077	1,931,077	—	1,886,340	1,886,340
Solid waste	—	988,444	988,444	—	965,003	965,003
Transit	—	2,133,663	2,133,663	—	1,931,835	1,931,835
Storm water	—	433,168	433,168	—	393,777	393,777
<b>Total Expenses</b>	<b>43,450,187</b>	<b>25,478,744</b>	<b>68,928,931</b>	<b>42,803,481</b>	<b>25,088,899</b>	<b>67,892,380</b>
<b>Increase Before Contributed Capital and Transfers</b>	<b>8,545,085</b>	<b>1,279,126</b>	<b>9,824,211</b>	<b>9,202,663</b>	<b>1,058,697</b>	<b>10,261,360</b>
Contributed capital	—	—	—	(13,657,980)	13,657,980	—
Transfers	(1,253,461)	1,253,461	—	(1,917,824)	1,917,824	—
<b>Increase (Decrease) in Net Assets</b>	<b>7,291,624</b>	<b>2,532,587</b>	<b>9,824,211</b>	<b>(6,373,141)</b>	<b>16,634,501</b>	<b>10,261,360</b>
Beginning Net Position	107,982,003	60,719,002	168,701,005	114,355,144	44,084,501	158,439,645
<b>Ending Net Position</b>	<b>\$ 115,273,627</b>	<b>\$ 63,251,589</b>	<b>\$ 178,525,216</b>	<b>\$ 107,982,003</b>	<b>\$ 60,719,002</b>	<b>\$ 168,701,005</b>

## **Governmental Activities**

Total governmental activities revenue was \$51,995,272 and \$52,006,144 for the years ended June 30, 2017 and 2016, respectively. The largest single revenue source for the City was property and other taxes of \$36,922,174 and \$35,027,365 recorded for the years ended June 30, 2017 and 2016, respectively, which includes property tax paid in the Tax Increment Financing areas of the City. The remaining revenue of the City comes from charges for service, grants, contributions, licenses and permits, interest revenue and miscellaneous sources.

## **Business-Type Activities**

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

## **INDIVIDUAL MAJOR FUND ANALYSIS**

### **Governmental Fund Highlights**

As of the end of the current fiscal year, the City of Coralville's governmental funds reported combined ending fund balances of approximately \$17.5 million. Approximately (\$2.8) million constitutes unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay debt service or for a variety of other restricted purposes which is primarily expendable trust and capital projects.

The General Fund is the chief operating fund of the City of Coralville. As of the end of the current fiscal year, unassigned fund balance of the General Fund was \$5.3 million, while total fund balance reached \$10.1 million. Unassigned fund balance represents 52.4% of total General Fund balance. The General Fund revenue increased approximately \$212,000, or 1.1%, over fiscal year 2016, while expenditures decreased approximately \$32,000, or 0.2%, over the prior year. Key factors in the increase in revenue were higher licenses and permits.

The Special Revenue - Mall/Highway 6 TIF Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects and other project costs. This fund ended 2017 with a fund balance of \$5.2 million compared to the prior year ending fund balance of \$4.3 million. The increase resulted from taxes in excess of current requirements.

The General Obligation Debt Service Fund accounts for general obligation debt issued and the subsequent principal and interest payments. Property tax and transfers in from other funds are the primary sources of cash for this fund. The fund ended 2017 with a balance of \$3.2 million, an increase of approximately \$432,000 from 2016. The primary reason for this increase was due to debt issued for projects and debt proceeds required to be held in reserves until certain bonds are retired.

The Capital Projects - Flood Mitigation Fund accounts for flood control projects being carried out in various areas of the City.

## **Proprietary Fund Highlights**

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

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

The Hotel and Conference Center Fund accounts for the operation and maintenance of the Marriott hotel located on East 9th Street in Coralville. The fund ended 2017 with a net position balance totaling \$11.4 million compared to the prior year ending net position balance of \$10.8 million. The increase was the result of a net income of \$600,000 after net transfers in of \$600,000. The net income was after \$1.4 million of noncash depreciation expense.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2017 with a net position balance of \$16.4 million compared to the prior year ending net position balance of \$15.6 million. The increase was due to an increase in user rates to prepare for significant capital expenditures in the future.

The Parking Facilities and Operations Fund accounts for the two parking ramps, one surface lot and a portion of the Intermodal Facility located in the Iowa River Landing development area and the Town Center parking ramp. The net position totaled approximately \$10.4 million as of the end of 2017, an increase of approximately \$881,000 due to rental income from the parking ramps and transfers in from other funds totaling \$231,923.

The Transit Fund accounts for the City's public bus transportation system. The net position totaled approximately \$14.6 million as of the end of 2017, a decrease of \$227,000 due primarily to depreciation expense of \$456,419.

## **BUDGETARY HIGHLIGHTS**

The City had one budget amendment during the fiscal year which did not change budgeted revenue and increased budgeted expenditures by approximately \$147 million for significant debt refinancing which took place in the Spring of 2017.



The following table presented on a budgetary basis (cash basis) demonstrates the statutory compliance with the annual fiscal year 2017 budget. The amounts in the 'Actual' column were taken from the City's annual report to the State of Iowa prepared on the cash basis of accounting.

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Govern-mental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property tax	\$ 13,717,818	\$ 13,717,818	\$ 13,503,508	\$ —	\$ 13,503,508	\$ (214,310)
Tax increment financing	20,043,923	20,043,923	19,734,389	—	19,734,389	(309,534)
Other city taxes	3,025,945	3,025,945	3,548,623	—	3,548,623	522,678
Licenses and permits	810,050	810,050	1,139,162	—	1,139,162	329,112
Use of money and property	248,580	248,580	1,896,277	—	1,896,277	1,647,697
Intergovernmental	9,939,289	9,939,289	7,936,063	3,861,796	11,797,859	1,858,570
Charges for service	32,157,298	32,157,298	3,098,772	23,349,631	26,448,403	(5,708,895)
Special assessments	—	—	32,189	—	32,189	32,189
Miscellaneous	557,420	557,420	3,580,894	—	3,580,894	3,023,474
<b>Total Receipts</b>	<b>80,500,323</b>	<b>80,500,323</b>	<b>54,469,877</b>	<b>27,211,427</b>	<b>81,681,304</b>	<b>1,180,981</b>
<b>Disbursements</b>						
Public safety	5,555,401	6,837,417	5,633,441	—	5,633,441	(1,203,976)
Public works	1,623,051	2,097,763	2,112,326	—	2,112,326	14,563
Health and social services	119,320	123,120	126,870	—	126,870	3,750
Culture and recreation	7,540,105	12,038,904	10,524,128	—	10,524,128	(1,514,776)
Community and economic development	174,975	4,823,773	4,609,458	—	4,609,458	(214,315)
General government	4,090,656	5,034,654	3,047,533	—	3,047,533	(1,987,121)
Debt service	23,538,565	113,538,565	112,376,168	—	112,376,168	(1,162,397)
Capital projects	10,000,000	19,415,406	22,543,841	—	22,543,841	3,128,435
Business-type activities	25,083,907	60,976,278	—	66,301,656	66,301,656	5,325,378
<b>Total Disbursements</b>	<b>77,725,980</b>	<b>224,885,880</b>	<b>160,973,765</b>	<b>66,301,656</b>	<b>227,275,421</b>	<b>2,389,541</b>
<b>Receipts Over (Under) Disbursements</b>	<b>2,774,343</b>	<b>(144,385,557)</b>	<b>(106,503,888)</b>	<b>(39,090,229)</b>	<b>(145,594,117)</b>	<b>(1,208,560)</b>
<b>Other Financing Sources (Uses)</b>						
Other financing sources	31,396,688	175,704,466	147,059,767	41,092,392	188,152,159	12,447,693
Other financing uses	(29,396,688)	(29,396,688)	(46,725,222)	(1,540,411)	(48,265,633)	(18,868,945)
<b>Total Other Financing Sources (Uses)</b>	<b>2,000,000</b>	<b>146,307,778</b>	<b>100,334,545</b>	<b>39,551,981</b>	<b>139,886,526</b>	<b>(6,421,252)</b>
<b>Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>4,774,343</b>	<b>1,922,221</b>	<b>(6,169,343)</b>	<b>461,752</b>	<b>(5,707,591)</b>	<b>\$ (7,629,812)</b>
Balance - Beginning of Year	35,243,934	35,243,934	17,122,773	19,350,349	36,473,122	
<b>Balance - End of Year</b>	<b>\$ 40,018,277</b>	<b>\$ 37,166,155</b>	<b>\$ 10,953,430</b>	<b>\$ 19,812,101</b>	<b>\$ 30,765,531</b>	

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

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

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 84,804,050	\$ 79,743,403	\$ 3,068,759	\$ 3,068,759	\$ 87,872,809	\$ 82,812,162
Land improvements	71,917,149	72,912,660	—	—	71,917,149	72,912,660
Buildings and improvements	53,687,185	57,015,162	97,091,938	99,907,128	150,779,123	156,922,290
Infrastructure	76,795,287	80,768,877	—	—	76,795,287	80,768,877
Machinery and equipment	7,669,496	8,812,284	6,914,955	7,309,483	14,584,451	16,121,767
Construction-in-progress	10,700,994	1,606,532	4,916,157	1,708,539	15,617,151	3,315,071
<b>Total</b>	<b>\$ 305,574,161</b>	<b>\$ 300,858,918</b>	<b>\$ 111,991,809</b>	<b>\$ 111,993,909</b>	<b>\$ 417,565,970</b>	<b>\$ 412,852,827</b>

### Long-Term Debt

The following summarizes maturities of principal and interest on bonded debt outstanding as of June 30, 2017:

Year Ending June 30,	Governmental Activities				Business-Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2018	\$ 6,915,000	\$ 7,649,406	\$ 289,474	\$ 543,938	\$ 1,718,000	\$ 786,529	\$ 8,922,474	\$ 8,979,873
2019	5,410,000	7,538,469	289,474	553,026	3,868,926	739,207	9,568,400	8,830,702
2020	10,405,000	7,386,275	289,474	538,553	2,237,667	690,343	12,932,141	8,615,171
2021	6,905,000	7,055,084	289,474	524,079	1,966,000	707,317	9,160,474	8,286,480
2022	6,370,000	6,838,554	289,474	495,132	1,816,000	584,171	8,475,474	7,917,857
2023-2027	34,614,000	30,437,316	1,447,370	2,258,552	9,243,000	3,091,076	45,304,370	35,786,944
2028-2032	42,988,000	23,664,314	1,447,370	1,896,710	7,877,000	990,219	52,312,370	26,551,243
2033-2037	77,050,000	12,693,888	1,157,890	1,563,815	489,000	25,463	78,696,890	14,283,166
2038-2042	—	—	1,500,000	1,440,000	—	—	1,500,000	1,440,000
2043-2047	—	—	5,000,000	675,000	—	—	5,000,000	675,000
	190,657,000	103,263,306	12,000,000	10,488,805	29,215,593	7,614,325	231,872,593	121,366,436
Net unamortized bond premium (discount)	(893,048)	—	410,415	—	—	—	(482,633)	—
<b>Net</b>	<b>\$189,763,952</b>	<b>\$103,263,306</b>	<b>\$12,410,415</b>	<b>\$10,488,805</b>	<b>\$29,215,593</b>	<b>\$7,614,325</b>	<b>\$231,389,960</b>	<b>\$121,366,436</b>

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

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is below its constitutional debt limit of approximately \$116 million.

The City of Coralville has been assigned a Baa3 rating from Moody's Investor Services and a BBB+ rating from Standard & Poors for general obligation debt.

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

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

Several economic factors affected decisions made by the City in setting its fiscal year 2018 budget. Unemployment in Johnson County now stands at 2.5% versus 2.6% two years ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.2%. The City will experience an increase in General Fund receipts and disbursements from fiscal year 2017 to fiscal year 2018. The major factors which will play a role in this change are the general pace of growth and the need to maintain services and meet that growth.

The General Fund is projected to end fiscal year 2018 with a fund balance approximately equal to that of 2017.

Water, Storm Water Management and Public Transit rates will remain the same for fiscal year 2018 as fiscal year 2017. Sewer and Solid Waste rates will increase in fiscal year 2018 to meet the capital improvement and programming needs of the users of these systems.

The City property tax levy rate for fiscal year 2018 will be \$13.5277 which is the same as 2017.

Property tax will provide about 47% of General Fund revenue. Over the past five years, City-wide assessed values have increased an average of 5.5%, while taxable values have had an average annual growth rate of 4.6%.

## **FINANCIAL INFORMATION CONTACT**

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

## **Basic Financial Statements**

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# Statement of Net Position

As of June 30, 2017

	Governmental Activities	Business- Type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
<b>Current Assets</b>			
Cash and pooled investments .....	\$ 13,592,502	\$ 5,660,716	\$ 19,253,218
Receivables			
Property Tax			
Current year delinquent, net of allowance for uncollectible taxes .....	149,401	—	149,401
Succeeding year .....	35,575,977	—	35,575,977
Assets held by property manager.....	—	818,287	818,287
Customer accounts, net of allowance for uncollectible accounts .....	—	1,792,893	1,792,893
Internal balances.....	(5,369,094)	5,369,094	—
Due from other governments.....	2,193,846	39,126	2,232,972
Special assessments .....	4,513	—	4,513
Other.....	945,835	—	945,835
Inventories and prepaids .....	671,637	361,289	1,032,926
<b>Total Current Assets .....</b>	<b><u>47,764,617</u></b>	<b><u>14,041,405</u></b>	<b><u>61,806,022</u></b>
<b>Noncurrent Assets</b>			
<b>Restricted Assets</b>			
Cash and pooled investments .....	2,980,178	3,302,415	6,282,593
Beneficial interest in a trust .....	—	5,607,265	5,607,265
Loans, net of allowance for uncollectible amounts .....	7,370,141	—	7,370,141
Special assessments.....	135,590	—	135,590
Capital assets, net of accumulated depreciation .....	305,574,161	111,991,809	417,565,970
<b>Total Noncurrent Assets .....</b>	<b><u>316,060,070</u></b>	<b><u>120,901,489</u></b>	<b><u>436,961,559</u></b>
<b>Total Assets .....</b>	<b><u>363,824,687</u></b>	<b><u>134,942,894</u></b>	<b><u>498,767,581</u></b>
<b>Deferred Outflows of Resources</b>			
Pension-related deferred outflows .....	<b><u>2,182,957</u></b>	<b><u>606,445</u></b>	<b><u>2,789,402</u></b>
<b>Total Assets and Deferred Outflows of Resources .....</b>	<b><u>\$ 366,007,644</u></b>	<b><u>\$ 135,549,339</u></b>	<b><u>\$ 501,556,983</u></b>

See accompanying notes to the financial statements.

	Governmental Activities	Business- Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainages payable .....	\$ 2,985,885	\$ 1,756,782	\$ 4,742,667
Accrued expenses .....	2,154,848	1,155,497	3,310,345
General obligation bonds payable .....	6,915,000	—	6,915,000
Other loans payable .....	472,911	—	472,911
Current Liabilities Payable From Restricted Assets			
Tax increment financing bonds payable ..	289,474	—	289,474
Revenue bonds payable .....	—	1,718,000	1,718,000
<b>Total Current Liabilities</b> .....	<b><u>12,818,118</u></b>	<b><u>4,630,279</u></b>	<b><u>17,448,397</u></b>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable .....	—	27,497,593	27,497,593
General obligation bonds payable .....	182,848,952	—	182,848,952
Tax increment financing bonds payable .....	12,120,941	—	12,120,941
Other loans payable .....	1,908,490	—	1,908,490
Capital leases .....	—	38,211,662	38,211,662
Net pension liability .....	5,215,788	1,926,059	7,141,847
<b>Total Noncurrent Liabilities</b> .....	<b><u>202,094,171</u></b>	<b><u>67,635,314</u></b>	<b><u>269,729,485</u></b>
<b>Total Liabilities</b> .....	<b><u>214,912,289</u></b>	<b><u>72,265,593</u></b>	<b><u>287,177,882</u></b>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax .....	35,575,977	—	35,575,977
Special assessments .....	135,591	—	135,591
Pension-related deferred inflows .....	110,160	32,157	142,317
<b>Total Deferred Inflows of Resources</b> .....	<b><u>35,821,728</u></b>	<b><u>32,157</u></b>	<b><u>35,853,885</u></b>
<b>Net Position</b>			
Invested in capital assets .....	101,018,393	51,269,819	152,288,212
Restricted for			
Debt service .....	12,453,641	3,302,415	15,756,056
Expendable trust .....	761,366	—	761,366
Road use purposes .....	1,861,757	—	1,861,757
Employee benefits .....	4,024	—	4,024
Economic development .....	36,071	—	36,071
Unrestricted .....	(861,625)	8,679,355	7,817,730
<b>Total Net Position</b> .....	<b><u>115,273,627</u></b>	<b><u>63,251,589</u></b>	<b><u>178,525,216</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> .....	<b><u>\$ 366,007,644</u></b>	<b><u>\$ 135,549,339</u></b>	<b><u>\$ 501,556,983</u></b>

# Statement of Activities

Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expenses), Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Public safety .....	\$ 5,579,458	\$ 74,093	\$ 190,780	\$ —	\$ (5,314,585)	\$ —	\$ (5,314,585)
Public works .....	1,681,318	27,515	2,416,180	—	762,377	—	762,377
Health and social services .....	126,870	—	—	—	(126,870)	—	(126,870)
Culture and recreation .....	11,325,545	4,504,005	98,524	—	(6,723,016)	—	(6,723,016)
Community and economic development .....	12,312,342	1,839,881	787,984	2,293,114	(7,391,363)	—	(7,391,363)
General government .....	3,095,420	1,351,581	2,026,844	—	283,005	—	283,005
Depreciation - unallocated* .....	10,960	—	—	—	(10,960)	—	(10,960)
Interest on long-term debt .....	9,318,274	—	—	—	(9,318,274)	—	(9,318,274)
<b>Total Governmental Activities</b> .....	<b>43,450,187</b>	<b>7,797,075</b>	<b>5,520,312</b>	<b>2,293,114</b>	<b>(27,839,686)</b>	<b>—</b>	<b>(27,839,686)</b>
<b>Business-Type Activities</b>							
Hotel and conference center .....	14,795,559	14,738,144	—	—	—	(57,415)	(57,415)
Sewer .....	2,816,806	3,636,534	—	—	—	819,728	819,728
Parking facilities and operations .....	2,380,027	3,041,128	—	—	—	661,101	661,101
Transit .....	2,133,663	544,514	740,141	—	—	(849,008)	(849,008)
Water .....	1,931,077	2,429,571	—	—	—	498,494	498,494
Solid waste .....	988,444	1,086,052	—	—	—	97,608	97,608
Storm water .....	433,168	471,109	—	—	—	37,941	37,941
<b>Total Business-Type Activities</b> .....	<b>25,478,744</b>	<b>25,947,052</b>	<b>740,141</b>	<b>—</b>	<b>—</b>	<b>1,208,449</b>	<b>1,208,449</b>
<b>Total</b> .....	<b>\$ 68,928,931</b>	<b>\$ 33,744,127</b>	<b>\$ 6,260,453</b>	<b>\$ 2,293,114</b>	<b>(27,839,686)</b>	<b>1,208,449</b>	<b>(26,631,237)</b>
<b>General Revenue</b>							
Taxes							
Property tax levied for general purposes .....					10,191,033	—	10,191,033
Property tax levied for debt service .....					3,385,750	—	3,385,750
Tax increment financing .....					19,726,667	—	19,726,667
Other taxes and payments in lieu of taxes .....					3,618,724	—	3,618,724
Investment earnings .....					83,861	40,320	124,181
Miscellaneous .....					348,363	62,163	410,526
Cost of debt issuance .....					(1,529,514)	(580,978)	(2,110,492)
Gain on debt refunding .....					1,519,765	633,300	2,153,065
Loss on sale of capital assets .....					(959,878)	(84,128)	(1,044,006)
<b>Total General Revenue</b> .....					<b>36,384,771</b>	<b>70,677</b>	<b>36,455,448</b>
<b>Change in Net Position Before Other Financing Sources (Uses)</b> .....					<b>8,545,085</b>	<b>1,279,126</b>	<b>9,824,211</b>
<b>Other Financing Sources (Uses)</b>							
Transfers .....					(1,253,461)	1,253,461	—
<b>Change in Net Position</b> .....					<b>7,291,624</b>	<b>2,532,587</b>	<b>9,824,211</b>
Net Position - Beginning of Year .....					107,982,003	60,719,002	168,701,005
<b>Net Position - End of Year</b> .....					<b>\$ 115,273,627</b>	<b>\$ 63,251,589</b>	<b>\$ 178,525,216</b>

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

# Balance Sheet - Governmental Funds

As of June 30, 2017

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects Flood Mitigation	Other Governmental Funds	Total
<b>Assets</b>						
Cash and pooled investments .....	\$ 9,752,590	\$ —	\$ 1,085,734	\$ —	\$ 2,754,178	\$ 13,592,502
Receivables						
Property Tax						
Current year delinquent.....	23,804	98,354	12,288	—	14,955	149,401
Succeeding year .....	9,092,147	16,637,299	3,578,500	—	6,268,031	35,575,977
Loans.....	—	3,565,451	—	—	3,804,690	7,370,141
Due from other funds .....	—	881,237	—	—	2,141,799	3,023,036
Due from other governments.....	26,530	—	—	139,883	2,027,433	2,193,846
Assets held by property manager.....	57,494	—	—	—	—	57,494
Other.....	138,341	750,000	—	—	—	888,341
Special assessments .....	—	—	—	—	140,103	140,103
Inventories and prepaids .....	646,149	—	—	—	25,488	671,637
Restricted Assets						
Cash and pooled investments .....	—	—	2,393,753	—	586,425	2,980,178
<b>Total Assets .....</b>	<b>\$ 19,737,055</b>	<b>\$ 21,932,341</b>	<b>\$ 7,070,275</b>	<b>\$ 139,883</b>	<b>\$ 17,763,102</b>	<b>\$ 66,642,656</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable .....	\$ 449,757	\$ 137,678	\$ 301,500	\$ 788,612	\$ 1,308,338	\$ 2,985,885
Accrued liabilities.....	103,632	—	—	—	210	103,842
Due to other funds.....	—	—	—	5,003,606	3,388,524	8,392,130
<b>Total Liabilities .....</b>	<b>553,389</b>	<b>137,678</b>	<b>301,500</b>	<b>5,792,218</b>	<b>4,697,072</b>	<b>11,481,857</b>
<b>Deferred Inflows of Resources</b>						
Succeeding years property tax .....	9,092,147	16,637,299	3,578,500	—	6,268,031	35,575,977
Special assessments.....	—	—	—	—	135,591	135,591
Other .....	—	—	—	139,883	1,782,478	1,922,361
<b>Total Deferred Inflows of Resources .....</b>	<b>9,092,147</b>	<b>16,637,299</b>	<b>3,578,500</b>	<b>139,883</b>	<b>8,186,100</b>	<b>37,633,929</b>
<b>Fund Balances</b>						
Nonspendable .....	646,149	—	—	—	340,488	986,637
Restricted						
Debt service.....	—	5,157,364	3,190,275	—	4,106,002	12,453,641
Expendable trust.....	—	—	—	—	761,366	761,366
Road use purposes.....	—	—	—	—	1,861,757	1,861,757
Employee benefits .....	—	—	—	—	4,024	4,024
Special assessments .....	—	—	—	—	36,701	36,701
Committed for capital asset acquisition.....	4,156,679	—	—	—	89,434	4,246,113
Unassigned .....	5,288,691	—	—	(5,792,218)	(2,319,842)	(2,823,369)
<b>Total Fund Balances .....</b>	<b>10,091,519</b>	<b>5,157,364</b>	<b>3,190,275</b>	<b>(5,792,218)</b>	<b>4,879,930</b>	<b>17,526,870</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ 19,737,055</b>	<b>\$ 21,932,341</b>	<b>\$ 7,070,275</b>	<b>\$ 139,883</b>	<b>\$ 17,763,102</b>	<b>\$ 66,642,656</b>

See accompanying notes to the financial statements.



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

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As of June 30, 2017

**Total Fund Balances for Governmental Funds (Page 16)....** **\$ 17,526,870**

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

Certain receivables are not available financial resources and, therefore, are reported as deferred inflows of resources in governmental funds..... 1,922,361

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. .... 305,574,161

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

General obligation bonds payable .....	\$ (189,763,952)	
Tax increment financing bonds payable .....	(12,410,415)	
Other loans payable .....	(2,381,401)	
Accrued interest payable .....	(1,137,941)	
Compensated absences.....	(913,065)	
Net pension liability .....	(5,215,788)	(211,822,562)

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

Deferred outflows of resources .....	\$ 2,182,957	
Deferred inflows of resources .....	(110,160)	2,072,797

**Net Position of Governmental Activities (Page 14).....** **\$ 115,273,627**

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

Year Ended June 30, 2017

	General Fund	Special Revenue - Mall/Highway 6 TIF Fund	General Obligation Debt Service	Capital Projects Flood Mitigation	Other Governmental Funds	Total
<b>Revenue</b>						
Property tax.....	\$ 8,981,967	\$ —	\$ 3,560,670	\$ —	\$ 2,145,989	\$ 14,688,626
TIF and other city taxes.....	3,627,315	15,789,720	—	—	4,305,686	23,722,721
Special assessments.....	—	—	—	—	32,188	32,188
Licenses and permits.....	1,033,867	—	—	—	—	1,033,867
Use of money and property.....	188,181	47,400	12,895	35,000	1,500,827	1,784,303
Intergovernmental.....	587,634	—	1,034,605	1,563,832	2,831,936	6,018,007
Charges for service.....	4,558,289	—	—	—	182,535	4,740,824
Miscellaneous.....	253,366	5,562	—	—	234,201	493,129
<b>Total Revenue.....</b>	<b>19,230,619</b>	<b>15,842,682</b>	<b>4,608,170</b>	<b>1,598,832</b>	<b>11,233,362</b>	<b>52,513,665</b>
<b>Expenditures</b>						
Operating						
Public safety.....	5,500,516	—	—	—	30,362	5,530,878
Public works.....	—	—	—	—	2,110,072	2,110,072
Health and social services.....	126,870	—	—	—	—	126,870
Culture and recreation.....	9,862,275	—	—	—	275,023	10,137,298
Community and economic development.....	735,627	1,329,681	—	—	1,886,989	3,952,297
General government.....	3,000,377	—	—	—	—	3,000,377
Debt Service						
Principal.....	—	27,025,045	17,033,895	—	—	44,058,940
Interest and other charges.....	—	1,669,083	7,468,923	—	—	9,138,006
Capital projects.....	—	—	—	7,045,499	12,219,513	19,265,012
<b>Total Expenditures.....</b>	<b>19,225,665</b>	<b>30,023,809</b>	<b>24,502,818</b>	<b>7,045,499</b>	<b>16,521,959</b>	<b>97,319,750</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>4,954</b>	<b>(14,181,127)</b>	<b>(19,894,648)</b>	<b>(5,446,667)</b>	<b>(5,288,597)</b>	<b>(44,806,085)</b>
<b>Other Financing Sources (Uses)</b>						
Bond proceeds.....	—	895,000	37,980,045	—	—	38,875,045
Refunding bonds issued.....	—	5,605,000	52,989,955	—	—	58,594,955
Refunding bond principal payments.....	—	(5,605,000)	(52,989,955)	—	—	(58,594,955)
Discount on bonds issued.....	—	(156,910)	(627,791)	—	—	(784,701)
Cost of debt issuance.....	—	—	(1,360,978)	—	—	(1,360,978)
Proceeds from sale of assets.....	64,000	4,285,000	—	—	—	4,349,000
Transfers in.....	2,761,468	19,624,943	12,843,356	—	9,699,473	44,929,240
Transfers out.....	(1,687,706)	(9,657,746)	(28,508,208)	(460,950)	(5,868,091)	(46,182,701)
<b>Total Other Financing Sources (Uses).....</b>	<b>1,137,762</b>	<b>14,990,287</b>	<b>20,326,424</b>	<b>(460,950)</b>	<b>3,831,382</b>	<b>39,824,905</b>
<b>Net Change in Fund Balances.....</b>	<b>1,142,716</b>	<b>809,160</b>	<b>431,776</b>	<b>(5,907,617)</b>	<b>(1,457,215)</b>	<b>(4,981,180)</b>
Fund Balances - Beginning of Year.....	8,948,803	4,348,204	2,758,499	115,399	6,337,145	22,508,050
<b>Fund Balances - End of Year.....</b>	<b>\$ 10,091,519</b>	<b>\$ 5,157,364</b>	<b>\$ 3,190,275</b>	<b>\$ (5,792,218)</b>	<b>\$ 4,879,930</b>	<b>\$ 17,526,870</b>

See accompanying notes to the financial statements.

# Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities —————

Year Ended June 30, 2017

**Changes in Fund Balances - Total Governmental Funds (Page 18) \$ (4,981,180)**

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

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

Expenditures for capital assets.....	\$ 18,305,733	
Depreciation expense.....	(8,281,612)	
Proceeds from sale of capital assets.....	(4,349,000)	
Loss on disposal of capital assets.....	<u>(959,878)</u>	4,715,243

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

Long-term debt issued.....	\$ (97,470,000)	
Long-term debt principal repaid.....	102,653,895	
Gain on debt refunding.....	1,519,765	
Issuance discounts capitalized.....	616,165	
Amortization of discounts and premiums.....	(24,448)	
Increase in accrued interest.....	<u>(155,820)</u>	7,139,557

Certain receivables are reported in the statement of activities net of the estimated amount that will be uncollectible, but are not available financial resources and, therefore, are not reported as revenue in the governmental funds 311,350

The current year City employer share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the statement of net position 839,744

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

Other.....	\$ 139,884	
Compensated absences.....	11,495	
Pension expense.....	<u>(884,469)</u>	<u>(733,090)</u>

**Change in Net Position of Governmental Activities (Page 15) \$ 7,291,624**

# Statement of Net Position - Proprietary Funds

As of June 30, 2017

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
<b>Current Assets</b>						
Cash and pooled investments .....	\$ —	\$ 1,843,952	\$ 828,486	\$ 1,043,196	\$ 1,945,082	\$ 5,660,716
Receivables						
Assets held by property manager.....	818,287	—	—	—	—	818,287
Customer accounts.....	467,198	623,632	60,998	—	641,065	1,792,893
Due from other funds.....	—	1,200,000	2,000,000	600,000	2,355,000	6,155,000
Due from other governments .....	—	—	—	39,126	—	39,126
Inventories and prepaids ...	65,848	34,733	38,923	39,077	182,708	361,289
<b>Total Current Assets</b>	<b><u>1,351,333</u></b>	<b><u>3,702,317</u></b>	<b><u>2,928,407</u></b>	<b><u>1,721,399</u></b>	<b><u>5,123,855</u></b>	<b><u>14,827,311</u></b>
<b>Noncurrent Assets</b>						
<b>Restricted Assets</b>						
Cash and pooled investments.....	—	621,855	2,346,270	—	334,290	3,302,415
Beneficial interest in a trust.....	5,607,265	—	—	—	—	5,607,265
Capital assets (net of accumulated depreciation)	44,493,840	21,300,967	23,348,273	13,436,625	9,412,104	111,991,809
<b>Total Noncurrent Assets</b>	<b><u>50,101,105</u></b>	<b><u>21,922,822</u></b>	<b><u>25,694,543</u></b>	<b><u>13,436,625</u></b>	<b><u>9,746,394</u></b>	<b><u>120,901,489</u></b>
<b>Total Assets</b> .....	<b><u>51,452,438</u></b>	<b><u>25,625,139</u></b>	<b><u>28,622,950</u></b>	<b><u>15,158,024</u></b>	<b><u>14,870,249</u></b>	<b><u>135,728,800</u></b>
<b>Deferred Outflows of Resources</b>						
Pension-related deferred outflows .....	—	105,304	73,862	191,773	235,506	606,445
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 51,452,438</u></b>	<b><u>\$ 25,730,443</u></b>	<b><u>\$ 28,696,812</u></b>	<b><u>\$ 15,349,797</u></b>	<b><u>\$ 15,105,755</u></b>	<b><u>\$ 136,335,245</u></b>
<b>Liabilities and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable .....	\$ 487,273	\$ 123,788	\$ 566,330	\$ 36,329	\$ 543,062	\$ 1,756,782
Accrued liabilities and compensated absences...	581,694	65,127	23,887	90,816	90,043	851,567
Due to other funds.....	785,906	—	—	—	—	785,906
Current maturities of long-term debt .....	—	632,000	1,027,000	—	59,000	1,718,000
Customer deposits .....	—	—	—	—	303,930	303,930
<b>Total Current Liabilities</b>	<b><u>1,854,873</u></b>	<b><u>820,915</u></b>	<b><u>1,617,217</u></b>	<b><u>127,145</u></b>	<b><u>996,035</u></b>	<b><u>5,416,185</u></b>
<b>Noncurrent Liabilities</b>						
Long-term debt .....	38,211,662	8,208,926	16,464,000	—	2,824,667	65,709,255
Net pension liability .....	—	336,492	228,106	611,811	749,650	1,926,059
<b>Total Noncurrent Liabilities</b> .....	<b><u>38,211,662</u></b>	<b><u>8,545,418</u></b>	<b><u>16,692,106</u></b>	<b><u>611,811</u></b>	<b><u>3,574,317</u></b>	<b><u>67,635,314</u></b>
<b>Total Liabilities</b> .....	<b><u>40,066,535</u></b>	<b><u>9,366,333</u></b>	<b><u>18,309,323</u></b>	<b><u>738,956</u></b>	<b><u>4,570,352</u></b>	<b><u>73,051,499</u></b>
<b>Deferred Inflows of Resources</b>						
Pension-related deferred inflows.....	—	5,240	4,032	9,275	13,610	32,157
<b>Net Position</b>						
Invested in capital assets, net of related debt.....	11,889,443	12,460,041	5,857,273	13,436,625	7,626,437	51,269,819
Restricted for debt service	—	621,855	2,346,270	—	334,290	3,302,415
Unrestricted .....	(503,540)	3,276,974	2,179,914	1,164,941	2,561,066	8,679,355
<b>Total Net Position</b> .....	<b><u>11,385,903</u></b>	<b><u>16,358,870</u></b>	<b><u>10,383,457</u></b>	<b><u>14,601,566</u></b>	<b><u>10,521,793</u></b>	<b><u>63,251,589</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> .....	<b><u>\$ 51,452,438</u></b>	<b><u>\$ 25,730,443</u></b>	<b><u>\$ 28,696,812</u></b>	<b><u>\$ 15,349,797</u></b>	<b><u>\$ 15,105,755</u></b>	<b><u>\$ 136,335,245</u></b>

See accompanying notes to the financial statements.

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

Year Ended June 30, 2017

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
<b>Operating Revenue</b>						
<b>Charges for Sales and Service</b> .....	<b>\$ 14,738,144</b>	<b>\$ 3,636,534</b>	<b>\$ 3,041,128</b>	<b>\$ 544,514</b>	<b>\$ 3,986,732</b>	<b>\$ 25,947,052</b>
<b>Operating Expenses</b>						
Salaries and employee benefits.....	—	566,866	381,395	1,023,911	1,327,187	3,299,359
Contractual services.....	1,359,674	822,408	262,142	257,868	809,079	3,511,171
Commodities.....	10,374,901	310,656	526,402	395,465	576,002	12,183,426
Depreciation.....	1,395,034	900,086	664,389	456,419	564,839	3,980,767
<b>Total Operating Expenses</b>	<b>13,129,609</b>	<b>2,600,016</b>	<b>1,834,328</b>	<b>2,133,663</b>	<b>3,277,107</b>	<b>22,974,723</b>
<b>Operating Income (Loss)</b>	<b>1,608,535</b>	<b>1,036,518</b>	<b>1,206,800</b>	<b>(1,589,149)</b>	<b>709,625</b>	<b>2,972,329</b>
<b>Nonoperating Revenue (Expenses)</b>						
Rent revenue.....	—	—	—	62,163	—	62,163
Intergovernmental Revenue						
Federal.....	—	—	—	462,309	—	462,309
State.....	—	—	—	277,832	—	277,832
Loss on sale of assets.....	—	—	(18,184)	(32,105)	(33,839)	(84,128)
Interest revenue.....	28,411	2,236	9,990	—	(317)	40,320
Cost of debt issuance.....	(580,978)	—	—	—	—	(580,978)
Gain on debt refunding....	633,300	—	—	—	—	633,300
Interest expense.....	(1,665,950)	(216,790)	(545,699)	—	(75,582)	(2,504,021)
<b>Total Nonoperating Revenue (Expenses) ..</b>	<b>(1,585,217)</b>	<b>(214,554)</b>	<b>(553,893)</b>	<b>770,199</b>	<b>(109,738)</b>	<b>(1,693,203)</b>
<b>Income (Loss) Before Transfers</b> .....	<b>23,318</b>	<b>821,964</b>	<b>652,907</b>	<b>(818,950)</b>	<b>599,887</b>	<b>1,279,126</b>
Transfers in.....	600,000	—	231,923	591,418	81,120	1,504,461
Transfers out.....	(25,000)	(87,500)	(3,500)	—	(135,000)	(251,000)
<b>Net Income (Loss)</b> .....	<b>598,318</b>	<b>734,464</b>	<b>881,330</b>	<b>(227,532)</b>	<b>546,007</b>	<b>2,532,587</b>
Net Position - Beginning of Year.....	10,787,585	15,624,406	9,502,127	14,829,098	9,975,786	60,719,002
<b>Net Position - End of Year</b> .....	<b>\$ 11,385,903</b>	<b>\$ 16,358,870</b>	<b>\$ 10,383,457</b>	<b>\$ 14,601,566</b>	<b>\$ 10,521,793</b>	<b>\$ 63,251,589</b>

# Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2017

	Hotel and Conference Center	Sewer	Parking Facilities and Operations	Transit	Nonmajor Proprietary Funds	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers .....	\$ 14,862,068	\$ 3,591,332	\$ 3,014,636	\$ 544,514	\$ 3,985,186	\$ 25,997,736
Payments to suppliers .....	(11,932,123)	(1,114,829)	(748,925)	(656,782)	(1,299,730)	(15,752,389)
Payments to employees .....	—	(564,878)	(379,962)	(1,020,254)	(1,321,720)	(3,286,814)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b><u>2,929,945</u></b>	<b><u>1,911,625</u></b>	<b><u>1,885,749</u></b>	<b><u>(1,132,522)</u></b>	<b><u>1,363,736</u></b>	<b><u>6,958,533</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>						
Noncapital federal and state grants .....	—	—	—	1,152,322	—	1,152,322
Net transfers.....	575,000	(87,500)	228,423	591,418	(53,880)	1,253,461
<b>Net Cash Provided by (Used in) Noncapital Financing Activities.....</b>	<b><u>575,000</u></b>	<b><u>(87,500)</u></b>	<b><u>228,423</u></b>	<b><u>1,743,740</u></b>	<b><u>(53,880)</u></b>	<b><u>2,405,783</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Increase in due to other funds .....	785,906	—	—	—	—	785,906
Capital lease issuance costs .....	(580,978)	—	—	—	—	(580,978)
Proceeds from debt .....	38,298,065	843,425	—	—	445,986	39,587,476
Net received from trust .....	(8,825)	—	—	—	—	(8,825)
Purchase of capital assets.....	(777,512)	(2,065,201)	(60,314)	—	(744,022)	(3,647,049)
Repayment of debt .....	(39,420,000)	(613,000)	(998,000)	—	(958,000)	(41,989,000)
Payment of interest .....	(1,806,759)	(215,171)	(545,699)	—	(78,074)	(2,645,703)
<b>Net Cash Used in Capital and Related Financing Activities.....</b>	<b><u>(3,510,103)</u></b>	<b><u>(2,049,947)</u></b>	<b><u>(1,604,013)</u></b>	<b><u>—</u></b>	<b><u>(1,334,110)</u></b>	<b><u>(8,498,173)</u></b>
<b>Cash Flows From Investing Activities</b>						
Increase in due from other funds .....	—	(1,200,000)	(2,000,000)	(600,000)	(1,375,810)	(5,175,810)
Rent revenue.....	—	—	—	62,163	—	62,163
Interest received.....	5,158	2,236	9,990	—	(317)	17,067
<b>Net Cash Provided by (Used in) Investing Activities.....</b>	<b><u>5,158</u></b>	<b><u>(1,197,764)</u></b>	<b><u>(1,990,010)</u></b>	<b><u>(537,837)</u></b>	<b><u>(1,376,127)</u></b>	<b><u>(5,096,580)</u></b>
<b>Net Increase (Decrease) in Cash .....</b>	<b><u>—</u></b>	<b><u>(1,423,586)</u></b>	<b><u>(1,479,851)</u></b>	<b><u>73,381</u></b>	<b><u>(1,400,381)</u></b>	<b><u>(4,230,437)</u></b>
Cash and Pooled Investments at Beginning of Year.....	—	3,889,393	4,654,607	969,815	3,679,753	13,193,568
<b>Cash and Pooled Investments at End of Year.....</b>	<b><u>\$ —</u></b>	<b><u>\$ 2,465,807</u></b>	<b><u>\$ 3,174,756</u></b>	<b><u>\$ 1,043,196</u></b>	<b><u>\$ 2,279,372</u></b>	<b><u>\$ 8,963,131</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>						
Operating income (loss) .....	\$ 1,608,535	\$ 1,036,518	\$ 1,206,800	\$ (1,589,149)	\$ 709,625	\$ 2,972,329
Adjustments to Reconcile Income (Loss) by (Used in) Operating Activities						
From Operations to Net Cash Provided by (Used in) Operating Activities						
Depreciation .....	1,395,034	900,086	664,389	456,419	564,839	3,980,767
(Increase) decrease in receivables .....	123,924	(45,202)	(26,493)	—	(19,711)	32,518
(Increase) decrease in inventories and prepaids .....	(3,998)	912	623	961	169	(1,333)
Decrease in pension-related deferred outflows.....	—	(42,071)	(28,300)	(77,383)	(73,769)	(221,523)
Increase (decrease) in accounts and retainages payable.....	(89,785)	37,243	50,507	20,510	116,134	134,609
Decrease in accrued liabilities and compensated absences.....	(103,765)	(19,920)	(11,510)	(24,920)	(30,952)	(191,067)
Increase in customer deposits .....	—	—	—	—	18,165	18,165
Increase (decrease) in net pension liability	—	71,106	195,774	130,726	159,613	557,219
Increase (decrease) in pension-related deferred inflows .....	—	(27,047)	(166,041)	(49,686)	(80,377)	(323,151)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b><u>\$ 2,929,945</u></b>	<b><u>\$ 1,911,625</u></b>	<b><u>\$ 1,885,749</u></b>	<b><u>\$ (1,132,522)</u></b>	<b><u>\$ 1,363,736</u></b>	<b><u>\$ 6,958,533</u></b>
<b>Schedule of Noncash Investing and Financing Activities</b>						
<b>Cash Paid for Capital Assets</b>						
Capital asset additions .....	\$ 777,512	\$ 2,084,401	\$ 60,314	\$ —	\$ 1,140,567	\$ 4,062,794
Net change in accounts payable.....	—	(19,200)	—	—	(396,545)	(415,745)
<b>Cash Paid for Capital Assets .....</b>	<b><u>\$ 777,512</u></b>	<b><u>\$ 2,065,201</u></b>	<b><u>\$ 60,314</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 744,022</u></b>	<b><u>\$ 3,647,049</u></b>
<b>Loss on Asset Disposal</b>						
Cash received .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Book value of assets disposed .....	—	—	18,184	32,105	33,839	84,128
<b>Loss on Asset Disposal .....</b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (18,184)</u></b>	<b><u>\$ (32,105)</u></b>	<b><u>\$ (33,839)</u></b>	<b><u>\$ (84,128)</u></b>

See accompanying notes to the financial statements.

# Notes to the Financial Statements

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

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

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

### **Reporting Entity**

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

### **Excluded Component Unit**

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

### **Basis of Presentation**

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

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

## (1) Summary of Significant Accounting Policies

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

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

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

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

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

### **Fund Financial Statements**

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

The City had the following major governmental funds:

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

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

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

The Flood Mitigation Fund is a capital project fund used to account for grant revenue and project expenses in connection with flood control projects.



# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

The City had the following major enterprise funds:

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

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

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

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

### Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

#### **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City amended its budget once during the year ended June 30, 2017.

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

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

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

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. As of June 30, 2017, disbursements exceeded the budgeted amounts in Public Works, Health and Social Services, Capital Projects and Business-Type Activities functional areas.

## (1) Summary of Significant Accounting Policies

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

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

#### ***Cash and Pooled Investments***

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

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

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

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

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

#### ***Receivables and Payables***

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

Property tax revenue became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2015 assessed property valuations, is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2016.

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

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

## (1) Summary of Significant Accounting Policies

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

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

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

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

### ***Inventories and Prepays***

Inventories are valued at the lower of first-in, first-out cost or market. The cost of governmental fund-type inventory is recorded as an expenditure when purchased. Inventories and prepaids recorded in the governmental fund types do not reflect current appropriable resources; therefore, an equivalent portion of fund balance is recorded as nonspendable.

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

### ***Restricted Assets***

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

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

### ***Capital Assets***

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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

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

### ***Deferred Outflows of Resources***

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

### ***Compensated Absences***

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. In the government-wide and proprietary fund financial statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the year earned. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

### ***Long-Term Liabilities***

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

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

### ***Pensions***

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

## (1) Summary of Significant Accounting Policies

### ***Deferred Inflows of Resources***

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

Deferred inflows of resources in the statement of net position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments

### ***Fund Balance***

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

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

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

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

***Unassigned*** - All amounts not included in other spendable classifications.

### ***Net Position***

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

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### Estimates and Assumptions

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

## (2) Cash and Pooled Investments

The City's deposits as of June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

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

The City's cash and pooled investments as of June 30, 2017 were as follows:

Cash accounts.....	\$ 25,251,117
Pooled cash investments - Iowa Public Agency Investment Trust.....	1,225
Certificates of deposit.....	<u>283,469</u>
<b>Total .....</b>	<b><u>\$ 25,535,811</u></b>

The City uses the fair value hierarchy established by generally accepted accounting principles, based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$1,225 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated.

The City had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

## (3) Loans Receivable

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

## Notes to the Financial Statements

### (3) Loans Receivable

The following is a summary of the loans as of June 30, 2017:

Year Entered Into	Balance July 1, 2016	Loans Made	Loans Forgiven	Balance June 30, 2017
2005	\$ 1,100,000	\$ —	\$ —	\$ 1,100,000
2006	1,019,190	—	—	1,019,190
2007	450,200	—	—	450,200
2008	210,000	—	—	210,000
2009	1,757,500	—	—	1,757,500
2012	579,000	—	—	579,000
2013	728,000	—	—	728,000
2014	750,000	—	—	750,000
2015	—	—	—	—
2016	—	—	—	—
2017	—	690,000	—	690,000
	<u>\$ 6,593,890</u>	<u>\$ 690,000</u>	<u>\$ —</u>	<u>\$ 7,283,890</u>

No interest income was recognized on these loans during the year ended June 30, 2017.

In addition, during the year ended June 30, 2005, the City made a \$300,000 economic development loan to the Iowa City/Coralville Convention and Visitors Bureau. The loan includes interest at 5.5% with quarterly payments due through June 30, 2020. During 2017, the City Council approved forgiving \$23,638 of principal and \$5,562 of interest. The unpaid balance as of June 30, 2017 was \$86,251.

### (4) Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2017 is as follows:

Due From/To	Interfund Receivables	Interfund Payables
Special Revenue Funds		
Iowa River Landing Operations .....	\$ 648,886	\$ —
12th Avenue TIF .....	41,958	—
Mall/Highway 6 TIF Fund .....	881,237	—
Police Grants .....	—	9,162
Capital Projects Funds		
First Avenue Projects .....	651,292	—
Transit/Parks Facility .....	237,318	—
Animal Control Facility .....	36,779	—
Recreation Improvements .....	147,206	—
Land Use Project .....	341,822	—
Water Connection Camp Cardinal .....	36,538	—
Flood Mitigation .....	—	5,003,606
Street Projects .....	—	1,596,087
Iowa River Landing .....	—	100,424



## Notes to the Financial Statements

### (4) Interfund Receivables and Payables

Due From/To	Interfund Receivables	Interfund Payables
Capital Projects Funds		
Brownfields .....	\$ —	\$ 37,774
Coral Ridge Avenue .....	—	477,654
Coral Ridge Mall Area .....	—	1,014,668
Northridge Trails .....	—	18,997
12th Avenue Urban Renewal .....	—	41,958
North End Area Projects .....	—	76,800
Southeast Commercial Area .....	—	15,000
Proprietary Funds		
Sewer .....	1,200,000	—
Parking Facilities and Operations .....	2,000,000	—
Transit .....	600,000	—
Water .....	1,945,000	—
Solid Waste .....	300,000	—
Storm Water .....	110,000	—
Hotel and Conference Center .....	—	785,906
	<u>\$ 9,178,036</u>	<u>\$ 9,178,036</u>

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

### (5) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land .....	\$ 79,743,403	\$ 5,735,389	\$ 674,742	\$ 84,804,050
Construction in progress .....	<u>1,606,532</u>	<u>9,785,335</u>	<u>690,873</u>	<u>10,700,994</u>
Total Capital Assets Not Being Depreciated .....	<u>81,349,935</u>	<u>15,520,724</u>	<u>1,365,615</u>	<u>95,505,044</u>
Capital Assets Being Depreciated				
Land improvements .....	80,711,826	690,873	—	81,402,699
Buildings and improvements .....	71,939,776	1,553,612	3,472,805	70,020,583
Furniture and equipment .....	15,970,107	666,249	2,646,160	13,990,196
Vehicles .....	3,095,430	565,148	515,208	3,145,370
Road network .....	115,057,553	—	—	115,057,553
Bridge network .....	7,903,035	—	—	7,903,035
Parking ramps .....	<u>5,522,881</u>	<u>—</u>	<u>—</u>	<u>5,522,881</u>
Total Capital Assets Being Depreciated .....	<u>300,200,608</u>	<u>3,475,882</u>	<u>6,634,173</u>	<u>297,042,317</u>

## Notes to the Financial Statements

### (5) Capital Assets

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Less Accumulated Depreciation for				
Land improvements.....	\$ 7,799,166	\$ 1,686,384	\$ —	\$ 9,485,550
Buildings and improvements.....	14,924,614	1,746,477	337,693	16,333,398
Furniture and equipment.....	8,638,528	640,498	1,147,136	8,131,890
Vehicles.....	1,614,725	234,663	515,208	1,334,180
Road network.....	45,019,660	3,705,071	—	48,724,731
Bridge network.....	1,645,581	158,061	—	1,803,642
Parking ramps.....	1,049,351	110,458	—	1,159,809
Total Accumulated Depreciation ...	<u>80,691,625</u>	<u>8,281,612</u>	<u>2,000,037</u>	<u>86,973,200</u>
Net Capital Assets Being Depreciated..	<u>219,508,983</u>	<u>(4,805,730)</u>	<u>4,634,136</u>	<u>210,069,117</u>
<b>Net Governmental Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 300,858,918</u></b>	<b><u>\$ 10,714,994</u></b>	<b><u>\$ 5,999,751</u></b>	<b><u>\$ 305,574,161</u></b>
<b>Business-Type Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 3,068,759	\$ —	\$ —	\$ 3,068,759
Construction in progress.....	<u>1,708,539</u>	<u>3,207,618</u>	<u>—</u>	<u>4,916,157</u>
Total Capital Assets Not Being Depreciated.....	<u>4,777,298</u>	<u>3,207,618</u>	<u>—</u>	<u>7,984,916</u>
Capital Assets Being Depreciated				
Buildings and improvements.....	133,449,420	377,643	191,798	133,635,265
Furniture and equipment.....	27,790,273	434,566	430,532	27,794,307
Vehicles.....	<u>998,470</u>	<u>42,967</u>	<u>—</u>	<u>1,041,437</u>
Total Capital Assets Being Depreciated.....	<u>162,238,163</u>	<u>855,176</u>	<u>622,330</u>	<u>162,471,009</u>
Less Accumulated Depreciation for				
Buildings and improvements.....	33,542,292	3,190,060	189,025	36,543,327
Furniture and equipment.....	21,047,703	691,848	349,178	21,390,373
Vehicles.....	<u>431,557</u>	<u>98,859</u>	<u>—</u>	<u>530,416</u>
Total Accumulated Depreciation ...	<u>55,021,552</u>	<u>3,980,767</u>	<u>538,203</u>	<u>58,464,116</u>
Net Capital Assets Being Depreciated..	<u>107,216,611</u>	<u>(3,125,591)</u>	<u>84,127</u>	<u>104,006,893</u>
<b>Net Business-Type Activities</b>				
<b>Capital Assets</b> .....	<b><u>\$ 111,993,909</u></b>	<b><u>\$ 82,027</u></b>	<b><u>\$ 84,127</u></b>	<b><u>\$ 111,991,809</u></b>

Depreciation expense was charged to functions as follows for the year ended June 30, 2017:

Governmental Activities	
Public safety.....	\$ 420,215
Public works.....	187,455
Culture and recreation.....	1,351,378
Community and economic development.....	6,140,327
General government.....	<u>171,277</u>
	8,270,652
Unallocated depreciation.....	<u>10,960</u>
<b>Total Governmental Activities Depreciation Expense</b> .....	<b><u>\$ 8,281,612</u></b>

## Notes to the Financial Statements

### (5) Capital Assets

Business-Type Activities	
Hotel and conference center .....	\$ 1,395,034
Sewer.....	900,086
Parking facilities and operations.....	664,389
Water .....	448,138
Solid waste.....	116,701
Transit.....	456,419
<b>Total Business-Type Activities Depreciation Expense .....</b>	<b><u>\$ 3,980,767</u></b>

### (6) Long-Term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2017:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amount Due in the Next Year	Range of Interest Rates
<b>Governmental Activities</b>						
General obligation						
bonds .....	\$ 170,158,543	\$ 90,510,745	\$ 70,905,336	\$ 189,763,952	\$ 6,915,000	2.00%-6.875%
Tax increment						
revenue bonds .....	38,710,226	6,343,090	32,642,901	12,410,415	289,474	4.50%-5.000%
Other long-term debt	2,982,377	—	600,976	2,381,401	472,911	2.65%-4.500%
Compensated						
absences.....	924,560	913,065	924,560	913,065	913,065	N/A
Net pension liability ..	3,617,481	1,598,307	—	5,215,788	—	N/A
<b>Totals.....</b>	<b><u>\$ 216,393,187</u></b>	<b><u>\$ 99,365,207</u></b>	<b><u>\$ 105,073,773</u></b>	<b><u>\$ 210,684,621</u></b>	<b><u>\$ 8,590,450</u></b>	
<b>Business-Type Activities</b>						
Revenue bonds .....	\$ 30,495,182	\$ 1,289,411	\$ 2,569,000	\$ 29,215,593	\$ 1,718,000	0.00%-5.000%
Capital leases.....	40,053,300	38,298,065	40,139,703	38,211,662	—	4.000%
Compensated						
absences.....	209,064	200,258	209,064	200,258	200,258	N/A
Net pension liability ..	1,513,375	412,684	—	1,926,059	—	N/A
<b>Totals.....</b>	<b><u>\$ 72,270,921</u></b>	<b><u>\$ 40,200,418</u></b>	<b><u>\$ 42,917,767</u></b>	<b><u>\$ 69,553,572</u></b>	<b><u>\$ 1,918,258</u></b>	

### Governmental Activities

#### **General Obligation Bonds**

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

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

## Notes to the Financial Statements

### (6) Long-Term Debt

As of June 30, 2017, there were 25 outstanding general obligation bonds/notes outstanding with interest rates ranging from 2% to 6.875%, with annual principal and interest payments due through June, 2037.

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

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

As of June 30, 2017, there were two outstanding tax increment revenue bonds/notes outstanding with interest rates ranging from 4.50% to 5.00%, with annual principal and interest payments due through June, 2047.

### Other Long-Term Debt

#### ***Land Purchase Contracts***

The City has entered into agreements to purchase land for recreation space and future development. The agreements include interest at rates ranging from 2.65% to 4.50%. Total principal and interest paid during the year ended June 30, 2017 totaled \$600,975 and \$88,908, respectively.

As of June 30, 2017, annual maturities of the land purchase contracts are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018.....	\$ 472,911	\$ 69,956	\$ 542,867
2019.....	1,599,165	55,548	1,654,713
2020.....	91,921	11,819	103,740
2021.....	186,628	9,791	196,419
2022.....	13,169	1,029	14,198
Later years.....	17,607	532	18,139
<b>Total .....</b>	<b><u>\$ 2,381,401</u></b>	<b><u>\$ 148,675</u></b>	<b><u>\$ 2,530,076</u></b>

## Notes to the Financial Statements

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### (6) Long-Term Debt

#### Business-Type Activities

As of June 30, 2017, there were the following outstanding enterprise fund revenue bonds/notes and certifications of participation capital lease obligations outstanding:

Fund	Number of Bonds/Notes Outstanding	Interest Rates	Principal and Interest Payments Due Through
Hotel and Conference Center	1	4.00%	June, 2036
Sewer	6	0.00% to 3.00%	June, 2034
Iowa River Landing Parking	1	2.95% to 5.00%	June, 2031
Water	3	0.00% to 3.02%	June, 2028
Storm Water	1	1.75%	June, 2033

#### **Revenue Bonds**

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

The City has pledged future water customer revenue, net of specified operating expenses, to repay certain water revenue notes. Proceeds from the notes provided financing for the construction of improvements to the water plant. The notes are payable solely from water customer net revenue and are payable through 2030. Net revenue is required to be at least 125% of the debt service coming due in the next year. The total principal and interest remaining to be paid on the notes is \$2,027,720. Principal and interest due in the next year and total customer net revenue (operating income plus depreciation) for 2017 was \$31,710 and \$999,191, respectively.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net revenue and are payable through 2031. Net revenue is required to be at least 110% of the current year debt service. The total principal and interest remaining to be paid on the notes is \$10,579,222. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation) was \$851,620 and \$1,936,604, respectively.

The City has pledged future storm water fee revenue, net of specified operating expenses, to repay storm water revenue notes. Proceeds from the notes provided financing for the construction of storm water infrastructure. The notes are payable solely from storm water fee net revenue and are payable through 2033. Net revenue is required to be at least 110% of the current year debt service. The City did not meet this requirement. The total principal and interest remaining to be paid on the notes is \$1,269,362. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation and certain expenditures) was \$78,230 and \$150,451, respectively.

## Notes to the Financial Statements

### (6) Long-Term Debt

#### **Capital Lease Obligation**

**Hotel and Conference Center** - The City entered into various agreements to construct an upscale hotel and conference center. The hotel is being operated under a qualified management agreement by the Marriott hotel chain. To finance the construction, the City entered into an agreement to lease land it owns to Bankers Trust Company, NA (Bankers) as trustee, and in turn lease that land back from Bankers for approximately 99 years for the total lease payment of \$1. The City and Bankers further entered into a lease purchase agreement being accounted for as a capital lease by the City. The capital lease agreement requires payments in amounts necessary to pay Bankers for the proceeds that Bankers obtained by selling Certificates of Participation in the lease to investors. Once the Certificates of Participation are repaid, title to the land transfers to the City. The original Certificates of Participation were issued during the year ended June 30, 2007 at a premium of \$1,206,283. Those additional proceeds were used for the project.

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

During the year ended June 30, 2017, interest paid totaled \$1,797,259.

As of June 30, 2017, future minimum lease payments on the capital lease obligation are as follows:

<b>Year Ending June 30,</b>	
2018.....	\$ 1,412,925
2019.....	2,842,925
2020.....	2,840,725
2021.....	2,841,325
2022.....	2,839,525
2023-2027.....	14,201,625
2028-2032.....	14,201,625
2033-2036.....	<u>11,368,050</u>
Total Minimum Lease Payments .....	52,548,725
Less amount representing interest .....	(15,978,725)
Plus unamortized original issue premium .....	<u>1,641,662</u>
<b>Present Value of Net Minimum Lease Payments .....</b>	<b><u>\$ 38,211,662</u></b>

#### **Adjustable Rate Debt**

During the year ended June 30, 2016, the City issued a bond which is being repaid with TIF revenue and rent income generated from the property purchased with the debt. The agreement contains an adjustable interest rate initially set at 5.00% which will reset on April 15, 2021, 2026 and 2031 to be equal to the rate on United States Treasury Notes adjusted to a constant maturity of five years (as identified in the Federal Reserve Bank weekly release H.15 during the week of such interest rate adjustment) plus 3.25%.

## Notes to the Financial Statements

### (6) Long-Term Debt

During the year ended June 30, 2013, the City issued Parking Revenue Bonds with an adjustable interest rate initially set at 2.95% which can reset once on June 15, 2022 to be equal to the five-year LIBOR Swap Rate plus 1.98% provided, however, that the rate will not be more than 5%.

#### Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, special assessment bonds and revenue bonds as of June 30, 2017 are as follows:

Year Ending June 30,	Governmental Activities				Business- Type Activities		Total	
	General Obligation Bonds		Tax Increment Revenue Bonds		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2018 .....	\$ 6,915,000	\$ 7,649,406	\$ 289,474	\$ 543,938	\$ 1,718,000	\$ 786,529	\$ 8,922,474	\$ 8,979,873
2019 .....	5,410,000	7,538,469	289,474	553,026	3,868,926	739,207	9,568,400	8,830,702
2020 .....	10,405,000	7,386,275	289,474	538,553	2,237,667	690,343	12,932,141	8,615,171
2021 .....	6,905,000	7,055,084	289,474	524,079	1,966,000	707,317	9,160,474	8,286,480
2022 .....	6,370,000	6,838,554	289,474	495,132	1,816,000	584,171	8,475,474	7,917,857
2023-2027 ...	34,614,000	30,437,316	1,447,370	2,258,552	9,243,000	3,091,076	45,304,370	35,786,944
2028-2032 ...	42,988,000	23,664,314	1,447,370	1,896,710	7,877,000	990,219	52,312,370	26,551,243
2033-2037 ...	77,050,000	12,693,888	1,157,890	1,563,815	489,000	25,463	78,696,890	14,283,166
2038-2042 ...	—	—	1,500,000	1,440,000	—	—	1,500,000	1,440,000
2043-2047 ...	—	—	5,000,000	675,000	—	—	5,000,000	675,000
	190,657,000	103,263,306	12,000,000	10,488,805	29,215,593	7,614,325	231,872,593	121,366,436
Net unamor- tized bond premium (discount)....	(893,048)	—	410,415	—	—	—	(482,633)	—
<b>Net .....</b>	<b><u>\$189,763,952</u></b>	<b><u>\$103,263,306</u></b>	<b><u>\$12,410,415</u></b>	<b><u>\$10,488,805</u></b>	<b><u>\$29,215,593</u></b>	<b><u>\$7,614,325</u></b>	<b><u>\$231,389,960</u></b>	<b><u>\$121,366,436</u></b>

Interest expense and other charges recorded in governmental fund types totaled \$9.1 million for the year ended June 30, 2017. Interest expense recorded in proprietary fund types totaled \$2.5 million.

#### Revenue Bond Resolution Requirements

The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. As of June 30, 2017, the City was in compliance with these covenants, in all material respects.

### (7) Retirement System

#### Plan Description

IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

### (7) Retirement System

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

#### **Pension Benefits**

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

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

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

#### **Disability and Death Benefits**

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



## Notes to the Financial Statements

### (7) Retirement System

#### Contributions

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

In fiscal year 2017, pursuant to the required rate, regular members contributed 5.95% of covered payroll and the City contributed 8.93% for a total rate of 14.88%. Protective occupation members contributed 6.56% of covered payroll and the City contributed 9.84% for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 were \$1,056,567.

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

As of June 30, 2017, the City reported a liability of \$7,141,847 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. As of June 30, 2016, the City's proportion was 0.113483% which was an increase of 0.009630% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,113,837. As of June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience .....	\$ 61,689	\$ 137,677
Changes of assumptions .....	106,492	710
Net difference between projected and actual earnings on IPERS' investments .....	1,375,115	—
Changes in proportion and differences between City contributions and proportionate share of contributions .....	189,539	3,930
City contributions subsequent to the measurement date .....	1,056,567	—
<b>Total</b> .....	<b><u>\$ 2,789,402</u></b>	<b><u>\$ 142,317</u></b>

\$1,056,567 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## Notes to the Financial Statements

### (7) Retirement System

Year Ending June 30,	
2018 .....	\$ 211,472
2019 .....	211,472
2020 .....	744,995
2021 .....	424,192
2022 .....	(1,613)
<b>Total .....</b>	<b><u>\$ 1,590,518</u></b>

There were no nonemployer contributing entities at IPERS.

#### Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3% per annum.
Salary increases (effective June 30, 2010)	4% to 17%, average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.5% per annum, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4% per annum, based on 3% inflation assumption and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
<b>Total</b>	<b><u>100%</u></b>	

**(7) Retirement System**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability	\$12,879,011	\$7,141,847	\$2,301,313

**IPERS' Plan Fiduciary Net Position**

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to IPERS**

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to IPERS by June 30, 2017.

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

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2009. The computed expense and liability are not material to the City's government-wide financials statements and therefore have not been accrued. The required disclosures are included below.

**Plan Description**

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 150 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

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

## Notes to the Financial Statements

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

#### Funding Policy

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

#### Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the City's net OPEB obligation based upon the January 1, 2015 actuarial report:

Annual required contribution.....	\$ 47,223
Interest on net OPEB obligation.....	8,834
Adjustment to annual required contribution.....	<u>(12,052)</u>
Annual OPEB Cost .....	44,005
Contributions made .....	<u>(30,794)</u>
Increase in Net OPEB Obligation .....	13,211
Net OPEB Obligation - Beginning of Year.....	<u>215,241</u>
Net OPEB Obligation - End of Year .....	<u><b>\$ 228,452</b></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end-of-year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015, the date of the most recent valuation report.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 44,383	48.1%	\$ 196,311
2016	44,383	56.5	215,241
2017	44,005	70.0	228,452

#### Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$405,037 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$405,037. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8.5 million and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2017, there were no trust fund assets.

## Notes to the Financial Statements

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

#### Actuarial Methods and Assumptions

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

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

As of the January 1, 2015 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. The general inflation rate is projected to be 3%.

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

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

### (9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer From	Amount
General	Special Revenue	
	Mall/Highway 6 TIF	\$ 352,274
	Nonmajor Governmental Funds	2,067,977
	Capital Projects	
	Nonmajor Governmental Funds	72,500
	Permanent Funds	
	Cemetery	17,717
	Proprietary	
	Hotel and Conference Center	25,000
	Sewer	87,500
	Parking Facilities and Operations	3,500
	Nonmajor Proprietary	<u>135,000</u>
		<u>2,761,468</u>

## Notes to the Financial Statements

### (9) Interfund Transfers

Transfer to	Transfer From	Amount
Mall/Highway 6 TIF	Special Revenue	
	Nonmajor Governmental Funds	\$ 231,208
	General Obligation Debt Service	<u>19,393,735</u>
		<u>19,624,943</u>
General Obligation Debt Service	General	1,016,288
	Special Revenue	
	Mall/Highway 6 TIF	8,119,352
	Nonmajor Governmental Funds	3,246,766
	Capital Projects	
	Flood Mitigation	<u>460,950</u>
		<u>12,843,356</u>
Nonmajor Special Revenue	General Obligation Debt Service	<u>200,000</u>
Nonmajor Capital Projects	General	80,000
	Special Revenue	
	Mall/Highway 6 TIF	505,000
	General Obligation Debt Service	<u>8,914,473</u>
		<u>9,499,473</u>
Hotel and Conference Center	Special Revenue	
	Mall/Highway 6 TIF	<u>600,000</u>
Parking Facilities and Operations	Special Revenue	
	Nonmajor Governmental Funds	<u>231,923</u>
Transit	General	<u>591,418</u>
Nonmajor Proprietary		
Storm Water	Special Revenue	
	Mall/Highway 6 TIF	<u>81,120</u>
<b>Total</b>		<b><u>\$ 46,433,701</u></b>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources or are for other legal purposes. Further, certain transfers during 2017 were made to resolve funds with negative fund balances and to close some capital projects funds where the project had been completed.

### (10) Deficit Balances

Deficit balances result primarily from the timing between construction project payments and grants being received or debt being issued. The deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following individual funds had a deficit as of June 30, 2017:

Special Revenue		
Police Grants .....	\$	9,162
Rental Properties .....		493

## Notes to the Financial Statements

### (10) Deficit Balances

Capital Projects	
Flood Mitigation.....	\$ 5,792,218
Street Projects .....	1,596,466
Iowa River Landing .....	655,964
Coral Ridge Avenue.....	556,618
Coral Ridge Mall Area.....	1,015,327
Northridge Trails .....	55,132
12th Avenue Urban Renewal .....	42,617
North End Area Projects .....	76,879
Brownfields .....	48,128
Southeast Commercial Area .....	15,000
Proprietary	
Storm Water.....	783,715

### (11) Operating Lease

The City is leasing golf carts and two beverage carts under an operating lease requiring annual payments totaling \$45,499. The City is also leasing GPS units for use at the golf course. That lease requires payments totaling \$11,712 per year. The expense for this lease is recorded in the General Fund.

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

<b>Year Ending June 30,</b>	
2018 .....	\$ 57,211
2019 .....	8,113
	<u>\$ 65,324</u>

### (12) Leasing Activities

The City owned a building which was outfitted to operate as a brewery. The building and equipment were being leased under an operating lease to a local business which is operating a brewery. The lease requires monthly rental payments of \$37,333 through September, 2022. At that time the business has an option to purchase the building and equipment or to renew the lease for another ten years. During 2016, the lease was amended to reduce the monthly rental payment in exchange for the lessee agreeing to purchase the property before January 31, 2017. No rent income was recognized during the year ended June 30, 2017; however, the City received \$111,665 in common area maintenance fees and payments in lieu of taxes. The City sold the building and equipment to the lessee for \$3,800,000 of which \$3,050,000 was received in cash prior to June 30, 2017 and the balance of \$750,000 is due during the year ending June 30, 2018. At the time of the sale, the net book value of the assets was \$4,623,979 which resulted in the City recognizing an \$823,979 loss on the sale of the building and equipment.

The City owns retail space in four buildings located in the Iowa River Landing area. The City has also completed improvements to certain spaces within the buildings or paid allowances for improvements made by tenants. These retail spaces are generally leased to tenants at fixed monthly rates with additional rents due for some leases upon the tenant reaching certain levels of sales. Total rent income earned from these leases was \$413,277 for the year ended June 30, 2017.

# Notes to the Financial Statements

## (12) Leasing Activities

In connection with its ownership of the retail space in the Iowa River Landing area, the City provides certain common area maintenance to businesses located adjacent to the City's property. In exchange, the businesses have agreed to pay a fee for this service. Total common area maintenance fees and payments in lieu of taxes earned from these businesses during the year ended June 30, 2017 was \$530,737.

The City also owns real estate which it is leasing to businesses until such time as the City either needs the land for development or decides ownership is no longer beneficial to the City. Total rent income from these leases totaled \$470,383 for the year ended June 30, 2017.

The following is an analysis of the leased property as of June 30, 2017:

<b>Class of Property</b>	<b>Asset Balance</b>
<b>Iowa River Landing Retail Space</b>	
Buildings and improvements.....	\$ 15,378,365
Less accumulated depreciation .....	<u>757,055</u>
<b>Total</b> .....	<b><u>\$ 14,621,310</u></b>

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

<b>Year Ending June 30,</b>	
2018 .....	\$ 789,476
2019 .....	597,219
2020 .....	448,114
2021 .....	407,471
2022 .....	<u>654,766</u>
<b>Total Minimum Rentals</b> .....	<b><u>\$ 2,897,046</u></b>

## (13) Commitments

### Construction

The City is involved in construction of capital assets, including flood mitigation, streets and streetscape improvements, recreation facilities and water and sewer plant improvements. Some construction is funded through grants from the state and federal government. The remainder is generally funded through the proceeds of debt issues. As of June 30, 2017, the City was committed to approximately \$15 million of construction contracts and agreements to purchase capital assets.

### Economic Development

The City has made commitments to provide economic development loans totaling \$575,000 to a local business.



### **(14) Jointly Governed Organizations**

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

### **(15) Risk Management**

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

During 2005, the City became a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose approximately 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the year ended June 30, 2017, the City made payments of approximately \$634,000 to the risk pool.

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

### **(15) Risk Management**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims, property loss or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2017, no liability has been recorded in the City's financial statements. As of June 30, 2017, settled claims had not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

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

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

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2017 were approximately \$190,000.

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

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

## Notes to the Financial Statements

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### **(16) Subsequent Events**

Management has evaluated subsequent events through January 9, 2018, the date which the financial statements were available to be issued.

Subsequent events included the following:

#### **Projects, Land and Equipment**

The City entered into several new agreements with consultants, engineers and construction companies for various capital projects and approved the purchase of land totaling approximately \$8 million.

### **(17) Contingencies**

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

### **(18) Conduit Debt**

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

### **(19) Tax Abatements**

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

#### **City Tax Abatements**

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

For the year ended June 30, 2017, the City abated approximately \$1,050,000 of property tax under the urban renewal and economic development projects.

### **(20) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the statement of net position is expected to include a significant liability for the government's other postemployment benefits.

**Required Supplementary Information** 

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

Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual			Over (Under) Budget
			Govern- mental Fund Types	Proprietary Funds	Total	
<b>Receipts</b>						
Property tax .....	\$ 13,717,818	\$ 13,717,818	\$ 13,503,508	\$ —	\$ 13,503,508	\$ (214,310)
Tax increment						
financing .....	20,043,923	20,043,923	19,734,389	—	19,734,389	(309,534)
Other city taxes .....	3,025,945	3,025,945	3,548,623	—	3,548,623	522,678
Licenses and permits .....	810,050	810,050	1,139,162	—	1,139,162	329,112
Use of money and						
property .....	248,580	248,580	1,896,277	—	1,896,277	1,647,697
Intergovernmental .....	9,939,289	9,939,289	7,936,063	3,861,796	11,797,859	1,858,570
Charges for service .....	32,157,298	32,157,298	3,098,772	23,349,631	26,448,403	(5,708,895)
Special assessments .....	—	—	32,189	—	32,189	32,189
Miscellaneous .....	557,420	557,420	3,580,894	—	3,580,894	3,023,474
<b>Total Receipts .....</b>	<b>80,500,323</b>	<b>80,500,323</b>	<b>54,469,877</b>	<b>27,211,427</b>	<b>81,681,304</b>	<b>1,180,981</b>
<b>Disbursements</b>						
Public safety .....	5,555,401	6,837,417	5,633,441	—	5,633,441	(1,203,976)
Public works .....	1,623,051	2,097,763	2,112,326	—	2,112,326	14,563
Health and social						
services .....	119,320	123,120	126,870	—	126,870	3,750
Culture and recreation .....	7,540,105	12,038,904	10,524,128	—	10,524,128	(1,514,776)
Community and						
economic development	174,975	4,823,773	4,609,458	—	4,609,458	(214,315)
General government .....	4,090,656	5,034,654	3,047,533	—	3,047,533	(1,987,121)
Debt service .....	23,538,565	113,538,565	112,376,168	—	112,376,168	(1,162,397)
Capital projects .....	10,000,000	19,415,406	22,543,841	—	22,543,841	3,128,435
Business-type activities .....	25,083,907	60,976,278	—	66,301,656	66,301,656	5,325,378
<b>Total Disbursements .....</b>	<b>77,725,980</b>	<b>224,885,880</b>	<b>160,973,765</b>	<b>66,301,656</b>	<b>227,275,421</b>	<b>2,389,541</b>
<b>Receipts Over (Under)</b>						
<b>Disbursements .....</b>	<b>2,774,343</b>	<b>(144,385,557)</b>	<b>(106,503,888)</b>	<b>(39,090,229)</b>	<b>(145,594,117)</b>	<b>(1,208,560)</b>
<b>Other Financing</b>						
<b>Sources (Uses) .....</b>	<b>31,396,688</b>	<b>175,704,466</b>	<b>147,059,767</b>	<b>41,092,392</b>	<b>188,152,159</b>	<b>12,447,693</b>
Other financing sources .....	(29,396,688)	(29,396,688)	(46,725,222)	(1,540,411)	(48,265,633)	(18,868,945)
Other financing uses .....						
<b>Total Other Financing</b>						
<b>Sources (Uses) .....</b>	<b>2,000,000</b>	<b>146,307,778</b>	<b>100,334,545</b>	<b>39,551,981</b>	<b>139,886,526</b>	<b>(6,421,252)</b>
<b>Receipts and Other</b>						
<b>Financing Sources</b>						
<b>Over (Under) Disburse-</b>						
<b>ments and Other</b>						
<b>Financing Uses .....</b>	<b>4,774,343</b>	<b>1,922,221</b>	<b>(6,169,343)</b>	<b>461,752</b>	<b>(5,707,591)</b>	<b>\$ (7,629,812)</b>
Balance - Beginning						
of Year .....	35,243,934	35,243,934	17,122,773	19,350,349	36,473,122	
<b>Balance - End of Year .....</b>	<b>\$ 40,018,277</b>	<b>\$ 37,166,155</b>	<b>\$ 10,953,430</b>	<b>\$ 19,812,101</b>	<b>\$ 30,765,531</b>	

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

# Schedule of Budgetary Comparison - Budget to GAAP Reconciliation ▬

Year Ended June 30, 2017

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue.....	\$ 54,469,877	\$ (1,956,212)	\$ 52,513,665
Expenditures .....	<u>160,973,765</u>	<u>(63,654,015)</u>	<u>97,319,750</u>
Net.....	(106,503,888)	61,697,803	(44,806,085)
Other financing sources (uses).....	100,334,545	(60,509,640)	39,824,905
Beginning fund balances .....	<u>17,122,773</u>	<u>5,385,277</u>	<u>22,508,050</u>
<b>Ending Fund Balances .....</b>	<b><u>\$ 10,953,430</u></b>	<b><u>\$ 6,573,440</u></b>	<b><u>\$ 17,526,870</u></b>

	<b>Proprietary Fund Types</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>GAAP Basis</b>
Revenue.....	\$ 27,211,427	\$ 211,549	\$ 27,422,976
Expenditures .....	<u>66,301,656</u>	<u>(40,157,806)</u>	<u>26,143,850</u>
Net.....	(39,090,229)	40,369,355	1,279,126
Other financing sources (uses).....	39,551,981	(38,298,520)	1,253,461
Beginning fund balances .....	<u>19,350,349</u>	<u>41,368,653</u>	<u>60,719,002</u>
<b>Ending Fund Balances .....</b>	<b><u>\$ 19,812,101</u></b>	<b><u>\$ 43,439,488</u></b>	<b><u>\$ 63,251,589</u></b>

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

Year Ended June 30, 2017

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type and Nonprogram. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, the City amended the budget once.

During the year ended June 30, 2017, disbursements in Public Works, Health and Social Services, Capital Projects and Business-Type Activities functional areas exceeded the budgeted amount.



# Schedule of Proportionate Share of the Net Pension Liability ————— Iowa Public Employees' Retirement System

Last Three Years\*

	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability.....	0.113483%	0.103853%	0.0948%
City's proportionate share of the net pension liability	\$7,141,847	\$5,130,856	\$3,759,774
City's covered-employee payroll.....	\$11,954,000	\$10,523,819	\$10,137,660
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll .	59.74%	48.75%	37.09%
Plan fiduciary net position as a percentage of the total pension liability .....	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

**Schedule of Contributions**  
**Iowa Public Employees' Retirement System**

Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution .....	\$ 1,056,567	\$ 972,898	\$ 939,777	\$ 905,293	\$ 851,288	\$ 752,572	\$ 639,649	\$ 578,085	\$ 527,213	\$ 474,589
Contributions in relation to the statutorily required contributions.....	<u>(1,056,567)</u>	<u>(972,898)</u>	<u>(939,777)</u>	<u>(905,293)</u>	<u>(851,288)</u>	<u>(752,572)</u>	<u>(639,649)</u>	<u>(578,085)</u>	<u>(527,213)</u>	<u>(474,589)</u>
Contribution Deficiency (Excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered-employee payroll .....	\$ 11,538,408	\$ 11,954,000	\$ 10,523,819	\$ 10,137,660	\$ 9,818,777	\$ 9,337,122	\$ 9,203,583	\$ 8,693,008	\$ 8,302,567	\$ 7,844,446
Contributions as a percentage of covered-employee payroll .....	9.16%	8.14%	8.93%	8.93%	8.67%	8.06%	6.95%	6.65%	6.35%	6.05%

## Notes to Required Supplementary Information - Pension Liability ---

Year Ended June 30, 2017

### Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

### Changes of Assumptions

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

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

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## Schedule of Funding Progress for the Retiree Health Plan

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7-1-09	\$ —	\$ 319,122	\$ 319,122	—%	\$ 6,845,174	4.7%
2010	7-1-09	—	319,122	319,122	—	7,000,000 (est)	4.6
2011	7-1-09	—	319,122	319,122	—	8,000,000 (est)	4.0
2012	7-1-11	—	364,635	364,635	—	7,700,000	4.8
2013	7-1-11	—	364,635	364,635	—	7,700,000 (est)	4.8
2014	7-1-11	—	364,635	364,635	—	7,700,000 (est)	4.8
2015	7-1-14	—	405,037	405,037	—	8,500,000	4.7
2016	7-1-14	—	405,037	405,037	—	8,500,000 (est)	4.7
2017	7-1-14	—	405,037	405,037	—	8,500,000 (est)	4.7

See Note 8 in the accompanying notes to the financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## Supplementary Information

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# Combining Balance Sheet Schedule - Nonmajor Governmental Funds ▬▬▬

As of June 30, 2017

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
<b>Assets</b>				
Cash and pooled investments .....	\$ 2,664,744	\$ —	\$ 89,434	\$ 2,754,178
Receivables				
Property Tax				
Current year delinquent .....	14,955	—	—	14,955
Succeeding year.....	6,268,031	—	—	6,268,031
Loans.....	3,804,690	—	—	3,804,690
Due from other funds .....	690,844	1,450,955	—	2,141,799
Due from other governments.....	244,955	1,782,478	—	2,027,433
Special assessments .....	140,103	—	—	140,103
Inventories and prepaids .....	25,488	—	—	25,488
Restricted Assets				
Cash and pooled investments .....	<u>586,425</u>	<u>—</u>	<u>—</u>	<u>586,425</u>
<b>Total Assets .....</b>	<b><u>\$ 14,440,235</u></b>	<b><u>\$ 3,233,433</u></b>	<b><u>\$ 89,434</u></b>	<b><u>\$ 17,763,102</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 128,741	\$ 1,179,597	\$ —	\$ 1,308,338
Accrued liabilities.....	210	—	—	210
Due to other funds.....	<u>9,162</u>	<u>3,379,362</u>	<u>—</u>	<u>3,388,524</u>
<b>Total Liabilities .....</b>	<b><u>138,113</u></b>	<b><u>4,558,959</u></b>	<b><u>—</u></b>	<b><u>4,697,072</u></b>
<b>Deferred Inflows of Resources</b>				
Succeeding years property tax .....	6,268,031	—	—	6,268,031
Special assessments.....	135,591	—	—	135,591
Other .....	<u>—</u>	<u>1,782,478</u>	<u>—</u>	<u>1,782,478</u>
<b>Total Deferred Inflows     of Resources.....</b>	<b><u>6,403,622</u></b>	<b><u>1,782,478</u></b>	<b><u>—</u></b>	<b><u>8,186,100</u></b>
<b>Fund Balances</b>				
Nonspendable .....	340,488	—	—	340,488
Restricted				
Debt service .....	4,106,002	—	—	4,106,002
Expendable trust.....	761,366	—	—	761,366
Road use purposes.....	1,861,757	—	—	1,861,757
Employee benefits .....	4,024	—	—	4,024
Special assessments .....	36,701	—	—	36,701
Committed for capital asset acquisition	—	—	89,434	89,434
Unassigned .....	<u>788,162</u>	<u>(3,108,004)</u>	<u>—</u>	<u>(2,319,842)</u>
<b>Total Fund Balances.....</b>	<b><u>7,898,500</u></b>	<b><u>(3,108,004)</u></b>	<b><u>89,434</u></b>	<b><u>4,879,930</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 14,440,235</u></b>	<b><u>\$ 3,233,433</u></b>	<b><u>\$ 89,434</u></b>	<b><u>\$ 17,763,102</u></b>

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

Year Ended June 30, 2017

	Special Revenue	Capital Projects	Permanent - Cemetery Perpetual Care	Total
<b>Revenue</b>				
Property tax.....	\$ 2,145,989	\$ —	\$ —	\$ 2,145,989
TIF and other city taxes .....	4,305,686	—	—	4,305,686
Special assessments.....	32,188	—	—	32,188
Use of money and property .....	1,500,827	—	—	1,500,827
Intergovernmental .....	2,437,364	394,572	—	2,831,936
Charges for service .....	112,149	70,386	—	182,535
Miscellaneous.....	<u>231,026</u>	<u>—</u>	<u>3,175</u>	<u>234,201</u>
<b>Total Revenue.....</b>	<b><u>10,765,229</u></b>	<b><u>464,958</u></b>	<b><u>3,175</u></b>	<b><u>11,233,362</u></b>
<b>Expenditures</b>				
Operating				
Public safety .....	30,362	—	—	30,362
Public works.....	2,110,072	—	—	2,110,072
Culture and recreation.....	275,023	—	—	275,023
Community and economic development.....	1,886,989	—	—	1,886,989
Capital projects.....	<u>—</u>	<u>12,219,513</u>	<u>—</u>	<u>12,219,513</u>
<b>Total Expenditures .....</b>	<b><u>4,302,446</u></b>	<b><u>12,219,513</u></b>	<b><u>—</u></b>	<b><u>16,521,959</u></b>
<b>Revenue Over (Under) Expenditures</b>	<b><u>6,462,783</u></b>	<b><u>(11,754,555)</u></b>	<b><u>3,175</u></b>	<b><u>(5,288,597)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers in .....	200,000	9,499,473	—	9,699,473
Transfers out .....	<u>(5,777,874)</u>	<u>(72,500)</u>	<u>(17,717)</u>	<u>(5,868,091)</u>
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>(5,577,874)</u></b>	<b><u>9,426,973</u></b>	<b><u>(17,717)</u></b>	<b><u>3,831,382</u></b>
<b>Net Change in Fund Balances .....</b>	<b>884,909</b>	<b>(2,327,582)</b>	<b>(14,542)</b>	<b>(1,457,215)</b>
Fund Balances - Beginning of Year ..	<u>7,013,591</u>	<u>(780,422)</u>	<u>103,976</u>	<u>6,337,145</u>
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 7,898,500</u></b>	<b><u>\$ (3,108,004)</u></b>	<b><u>\$ 89,434</u></b>	<b><u>\$ 4,879,930</u></b>

# Combining Balance Sheet Schedule - Nonmajor Special Revenue Funds

As of June 30, 2017

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
<b>Assets</b>											
Cash and pooled investments .....	\$ —	\$ —	\$ 766,625	\$ 225,893	\$ —	\$ 1,640,037	\$ —	\$ —	\$ —	\$ 32,189	\$ 2,664,744
Receivables											
Property Tax											
Current year delinquent.....	10,931	—	—	—	—	—	4,024	—	—	—	14,955
Succeeding year .....	1,824,503	2,363,753	—	—	—	—	2,079,775	—	—	—	6,268,031
Loans .....	—	3,489,690	—	—	—	—	—	—	315,000	—	3,804,690
Due from other funds .....	41,958	—	—	648,886	—	—	—	—	—	—	690,844
Special assessments .....	—	—	—	—	—	—	—	—	—	140,103	140,103
Due from other governments.....	—	—	—	—	—	244,955	—	—	—	—	244,955
Inventories and prepaids .....	—	—	120	6,465	—	18,903	—	—	—	—	25,488
Restricted Assets											
Cash and cash equivalents .....	404,866	181,559	—	—	—	—	—	—	—	—	586,425
<b>Total Assets .....</b>	<b>\$ 2,282,258</b>	<b>\$ 6,035,002</b>	<b>\$ 766,745</b>	<b>\$ 881,244</b>	<b>\$ —</b>	<b>\$ 1,903,895</b>	<b>\$ 2,083,799</b>	<b>\$ —</b>	<b>\$ 315,000</b>	<b>\$ 172,292</b>	<b>\$ 14,440,235</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>											
<b>Liabilities</b>											
Accounts payable .....	\$ 20,002	\$ 3,000	\$ 5,379	\$ 57,939	\$ —	\$ 41,928	\$ —	\$ 493	\$ —	\$ —	\$ 128,741
Accrued liabilities.....	—	—	—	—	—	210	—	—	—	—	210
Due to other funds.....	—	—	—	—	9,162	—	—	—	—	—	9,162
<b>Total Liabilities .....</b>	<b>20,002</b>	<b>3,000</b>	<b>5,379</b>	<b>57,939</b>	<b>9,162</b>	<b>42,138</b>	<b>—</b>	<b>493</b>	<b>—</b>	<b>—</b>	<b>138,113</b>
<b>Deferred Inflows of Resources</b>											
Unavailable Revenue											
Succeeding year property tax.....	1,824,503	2,363,753	—	—	—	—	2,079,775	—	—	—	6,268,031
Other.....	—	—	—	—	—	—	—	—	—	135,591	135,591
<b>Total Deferred Inflows of Resources .....</b>	<b>1,824,503</b>	<b>2,363,753</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,079,775</b>	<b>—</b>	<b>—</b>	<b>135,591</b>	<b>6,403,622</b>
<b>Fund Balances</b>											
Nonspendable .....	—	—	120	6,465	—	18,903	—	—	315,000	—	340,488
Restricted .....	437,753	3,668,249	761,246	816,840	(9,162)	1,842,854	4,024	(493)	—	36,701	7,558,012
<b>Total Fund Balances .....</b>	<b>437,753</b>	<b>3,668,249</b>	<b>761,366</b>	<b>823,305</b>	<b>(9,162)</b>	<b>1,861,757</b>	<b>4,024</b>	<b>(493)</b>	<b>315,000</b>	<b>36,701</b>	<b>7,898,500</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ 2,282,258</b>	<b>\$ 6,035,002</b>	<b>\$ 766,745</b>	<b>\$ 881,244</b>	<b>\$ —</b>	<b>\$ 1,903,895</b>	<b>\$ 2,083,799</b>	<b>\$ —</b>	<b>\$ 315,000</b>	<b>\$ 172,292</b>	<b>\$ 14,440,235</b>



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

Year Ended June 30, 2017

	12th Avenue TIF	Oakdale Area TIF	Expendable Trust	Iowa River Landing Operations	Police Grants	Road Use Tax	Employee Benefit Levy	Rental Properties	Economic Development	Special Assessments	Total
<b>Revenue</b>											
Property tax.....	\$ 76,352	\$ 167,973	\$ —	\$ —	\$ —	\$ —	\$ 1,901,664	\$ —	\$ —	\$ —	\$ 2,145,989
TIF and other city taxes.....	2,696,815	1,608,871	—	—	—	—	—	—	—	—	4,305,686
Special assessments.....	—	—	—	—	—	—	—	—	—	32,188	32,188
Interest and rent income.....	—	919	8,329	1,056,196	—	—	—	435,383	—	—	1,500,827
Intergovernmental.....	—	—	—	—	21,184	2,416,180	—	—	—	—	2,437,364
Charges for service.....	—	—	112,149	—	—	—	—	—	—	—	112,149
Miscellaneous.....	—	—	203,511	—	16	27,499	—	—	—	—	231,026
<b>Total Revenue.....</b>	<b>2,773,167</b>	<b>1,777,763</b>	<b>323,989</b>	<b>1,056,196</b>	<b>21,200</b>	<b>2,443,679</b>	<b>1,901,664</b>	<b>435,383</b>	<b>—</b>	<b>32,188</b>	<b>10,765,229</b>
<b>Expenditures</b>											
Operating											
Public safety.....	—	—	—	—	30,362	—	—	—	—	—	30,362
Public works.....	—	—	—	—	—	2,110,072	—	—	—	—	2,110,072
Culture and recreation.....	—	—	275,023	—	—	—	—	—	—	—	275,023
Community and economic development.....	586,994	166,953	—	931,607	—	—	—	201,435	—	—	1,886,989
<b>Total Expenditures.....</b>	<b>586,994</b>	<b>166,953</b>	<b>275,023</b>	<b>931,607</b>	<b>30,362</b>	<b>2,110,072</b>	<b>—</b>	<b>201,435</b>	<b>—</b>	<b>—</b>	<b>4,302,446</b>
<b>Revenue Over (Under) Expenditures.....</b>	<b>2,186,173</b>	<b>1,610,810</b>	<b>48,966</b>	<b>124,589</b>	<b>(9,162)</b>	<b>333,607</b>	<b>1,901,664</b>	<b>233,948</b>	<b>—</b>	<b>32,188</b>	<b>6,462,783</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in.....	—	—	—	—	—	200,000	—	—	—	—	200,000
Transfers out.....	(2,320,403)	(1,114,364)	—	(157,923)	—	(50,000)	(1,903,977)	(231,207)	—	—	(5,777,874)
<b>Total Other Financing Sources (Uses).....</b>	<b>(2,320,403)</b>	<b>(1,114,364)</b>	<b>—</b>	<b>(157,923)</b>	<b>—</b>	<b>150,000</b>	<b>(1,903,977)</b>	<b>(231,207)</b>	<b>—</b>	<b>—</b>	<b>(5,577,874)</b>
<b>Net Change in Fund Balances.....</b>	<b>(134,230)</b>	<b>496,446</b>	<b>48,966</b>	<b>(33,334)</b>	<b>(9,162)</b>	<b>483,607</b>	<b>(2,313)</b>	<b>2,741</b>	<b>—</b>	<b>32,188</b>	<b>884,909</b>
Fund Balances - Beginning of Year.....	571,983	3,171,803	712,400	856,639	—	1,378,150	6,337	(3,234)	315,000	4,513	7,013,591
<b>Fund Balances - End of Year.....</b>	<b>\$ 437,753</b>	<b>\$ 3,668,249</b>	<b>\$ 761,366</b>	<b>\$ 823,305</b>	<b>\$ (9,162)</b>	<b>\$ 1,861,757</b>	<b>\$ 4,024</b>	<b>\$ (493)</b>	<b>\$ 315,000</b>	<b>\$ 36,701</b>	<b>\$ 7,898,500</b>

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

As of June 30, 2017

	Street Projects	Iowa River Landing	Brownfields	Coral Ridge Avenue	Highway 6 Projects	First Avenue Projects	Coral Ridge Mall Area	Transit/ Parks Facility
<b>Assets</b>								
Receivables								
Due from other funds .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 651,292	\$ —	\$ 237,318
Due from other governments.....	—	—	—	113,100	1,073,524	579,564	—	—
<b>Total Assets .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 113,100</b>	<b>\$ 1,073,524</b>	<b>\$ 1,230,856</b>	<b>\$ —</b>	<b>\$ 237,318</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable .....	\$ 379	\$ 555,540	\$ 10,354	\$ 78,964	\$ —	\$ 496,828	\$ 659	\$ —
Due to other funds.....	1,596,087	100,424	37,774	477,654	—	—	1,014,668	—
<b>Total Liabilities .....</b>	<b>1,596,466</b>	<b>655,964</b>	<b>48,128</b>	<b>556,618</b>	<b>—</b>	<b>496,828</b>	<b>1,015,327</b>	<b>—</b>
<b>Deferred Inflows of Resources</b>								
Unavailable Revenue								
Other.....	—	—	—	113,100	1,073,524	579,564	—	—
<b>Fund Balances</b>								
Restricted.....	(1,596,466)	(655,964)	(48,128)	(556,618)	—	154,464	(1,015,327)	237,318
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 113,100</b>	<b>\$ 1,073,524</b>	<b>\$ 1,230,856</b>	<b>\$ —</b>	<b>\$ 237,318</b>

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

As of June 30, 2017

	Animal Control Facility	Recreation Improvements	Northridge Trails	12th Avenue Urban Renewal	Land Use Project	North End Area Projects	Water Connection Camp Cardinal	Southeast Commercial Area	Total
<b>Assets</b>									
Receivables									
Due from other funds .....	\$ 36,779	\$ 147,206	\$ —	\$ —	\$ 341,822	\$ —	\$ 36,538	\$ —	\$ 1,450,955
Due from other governments.....	—	—	16,290	—	—	—	—	—	1,782,478
<b>Total Assets .....</b>	<b>\$ 36,779</b>	<b>\$ 147,206</b>	<b>\$ 16,290</b>	<b>\$ —</b>	<b>\$ 341,822</b>	<b>\$ —</b>	<b>\$ 36,538</b>	<b>\$ —</b>	<b>\$ 3,233,433</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable .....	\$ —	\$ —	\$ 36,135	\$ 659	\$ —	\$ 79	\$ —	\$ —	\$ 1,179,597
Due to other funds.....	—	—	18,997	41,958	—	76,800	—	15,000	3,379,362
<b>Total Liabilities .....</b>	<b>—</b>	<b>—</b>	<b>55,132</b>	<b>42,617</b>	<b>—</b>	<b>76,879</b>	<b>—</b>	<b>15,000</b>	<b>4,558,959</b>
<b>Deferred Inflows of Resources</b>									
Unavailable Revenue									
Other.....	—	—	16,290	—	—	—	—	—	1,782,478
<b>Fund Balances</b>									
Restricted.....	36,779	147,206	(55,132)	(42,617)	341,822	(76,879)	36,538	(15,000)	(3,108,004)
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b>\$ 36,779</b>	<b>\$ 147,206</b>	<b>\$ 16,290</b>	<b>\$ —</b>	<b>\$ 341,822</b>	<b>\$ —</b>	<b>\$ 36,538</b>	<b>\$ —</b>	<b>\$ 3,233,433</b>

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

Year Ended June 30, 2017

	Street Projects	Iowa River Landing	Brownfields	Coral Ridge Avenue	Highway 6 Projects	First Avenue Projects	Coral Ridge Mall Area	Transit/Parks Facility
<b>Revenue</b>								
Intergovernmental .....	\$ —	\$ —	\$ 179,316	\$ 40,000	\$ —	\$ —	\$ —	\$ —
Charges for service .....	—	—	—	—	—	—	—	—
<b>Total Revenue</b> .....	<u>—</u>	<u>—</u>	<u>179,316</u>	<u>40,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Expenditures</b>								
Capital projects.....	<u>547,547</u>	<u>7,792,248</u>	<u>237,220</u>	<u>491,668</u>	<u>—</u>	<u>1,623,036</u>	<u>1,014,797</u>	<u>—</u>
<b>Revenue Over (Under) Expenditures</b> .....	<u>(547,547)</u>	<u>(7,792,248)</u>	<u>(57,904)</u>	<u>(451,668)</u>	<u>—</u>	<u>(1,623,036)</u>	<u>(1,014,797)</u>	<u>—</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in .....	—	6,819,473	—	—	—	1,850,000	—	—
Transfers out .....	—	—	—	—	—	(72,500)	—	—
<b>Total Other Financing Sources (Uses)</b> .....	<u>—</u>	<u>6,819,473</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,777,500</u>	<u>—</u>	<u>—</u>
<b>Net Change in Fund Balances</b> .....	<u>(547,547)</u>	<u>(972,775)</u>	<u>(57,904)</u>	<u>(451,668)</u>	<u>—</u>	<u>154,464</u>	<u>(1,014,797)</u>	<u>—</u>
Fund Balances - Beginning of Year .....	<u>(1,048,919)</u>	<u>316,811</u>	<u>9,776</u>	<u>(104,950)</u>	<u>—</u>	<u>—</u>	<u>(530)</u>	<u>237,318</u>
<b>Fund Balances - End of Year</b> .....	<u>\$ (1,596,466)</u>	<u>\$ (655,964)</u>	<u>\$ (48,128)</u>	<u>\$ (556,618)</u>	<u>\$ —</u>	<u>\$ 154,464</u>	<u>\$ (1,015,327)</u>	<u>\$ 237,318</u>

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

Year Ended June 30, 2017

	Animal Control Facility	Recreation Improvements	Northridge Trails	12th Avenue Urban Renewal	Land Use Project	North End Area Projects	Water Connection Camp Cardinal	Southeast Commercial Area	Total
<b>Revenue</b>									
Intergovernmental .....	\$ —	\$ 120,804	\$ 54,452	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 394,572
Charges for service .....	—	—	—	—	70,386	—	—	—	70,386
<b>Total Revenue</b> .....	<u>—</u>	<u>120,804</u>	<u>54,452</u>	<u>—</u>	<u>70,386</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>464,958</u>
<b>Expenditures</b>									
Capital projects.....	—	—	193,873	42,167	3,033	258,924	—	15,000	12,219,513
<b>Revenue Over (Under) Expenditures</b> .....	<u>—</u>	<u>120,804</u>	<u>(139,421)</u>	<u>(42,167)</u>	<u>67,353</u>	<u>(258,924)</u>	<u>—</u>	<u>(15,000)</u>	<u>(11,754,555)</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in .....	—	496,000	80,000	—	—	254,000	—	—	9,499,473
Transfers out .....	—	—	—	—	—	—	—	—	(72,500)
<b>Total Other Financing Sources (Uses)</b> .....	<u>—</u>	<u>496,000</u>	<u>80,000</u>	<u>—</u>	<u>—</u>	<u>254,000</u>	<u>—</u>	<u>—</u>	<u>9,426,973</u>
<b>Net Change in Fund Balances</b> .....	<u>—</u>	<u>616,804</u>	<u>(59,421)</u>	<u>(42,167)</u>	<u>67,353</u>	<u>(4,924)</u>	<u>—</u>	<u>(15,000)</u>	<u>(2,327,582)</u>
Fund Balances - Beginning of Year .....	36,779	(469,598)	4,289	(450)	274,469	(71,955)	36,538	—	(780,422)
<b>Fund Balances - End of Year</b> .....	<u>\$ 36,779</u>	<u>\$ 147,206</u>	<u>\$ (55,132)</u>	<u>\$ (42,617)</u>	<u>\$ 341,822</u>	<u>\$ (76,879)</u>	<u>\$ 36,538</u>	<u>\$ (15,000)</u>	<u>\$ (3,108,004)</u>

## Combining Schedule of Net Position - Nonmajor Proprietary Funds

As of June 30, 2017

	Water	Solid Waste	Storm Water	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and pooled investments .....	\$ 1,416,163	\$ 373,157	\$ 155,762	\$ 1,945,082
Receivables				
Customer accounts .....	378,598	181,029	81,438	641,065
Due from other funds .....	1,945,000	300,000	110,000	2,355,000
Inventories and prepaids .....	160,027	9,278	13,403	182,708
<b>Total Current Assets .....</b>	<b><u>3,899,788</u></b>	<b><u>863,464</u></b>	<b><u>360,603</u></b>	<b><u>5,123,855</u></b>
<b>Noncurrent Assets</b>				
Restricted Assets				
Cash and pooled investments ....	326,085	—	8,205	334,290
Capital assets (net of accumulated depreciation) .....	8,453,428	958,676	—	9,412,104
<b>Total Noncurrent Assets .....</b>	<b><u>8,779,513</u></b>	<b><u>958,676</u></b>	<b><u>8,205</u></b>	<b><u>9,746,394</u></b>
<b>Total Assets .....</b>	<b><u>12,679,301</u></b>	<b><u>1,822,140</u></b>	<b><u>368,808</u></b>	<b><u>14,870,249</u></b>
<b>Deferred Outflows of Resources</b>				
Pension-related deferred outflows	<u>120,876</u>	<u>92,397</u>	<u>22,233</u>	<u>235,506</u>
<b>Total Assets and Deferred Outflows of Resources .....</b>	<b><u>\$ 12,800,177</u></b>	<b><u>\$ 1,914,537</u></b>	<b><u>\$ 391,041</u></b>	<b><u>\$ 15,105,755</u></b>
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable .....	\$ 519,900	\$ 18,246	\$ 4,916	\$ 543,062
Accrued liabilities and compensated absences .....	37,032	49,825	3,186	90,043
Current maturities of long-term debt.....	—	—	59,000	59,000
Customer deposits.....	303,930	—	—	303,930
<b>Total Current Liabilities.....</b>	<b><u>860,862</u></b>	<b><u>68,071</u></b>	<b><u>67,102</u></b>	<b><u>996,035</u></b>
<b>Noncurrent Liabilities</b>				
Long-term debt .....	1,785,667	—	1,039,000	2,824,667
Net pension liability.....	388,054	294,439	67,157	749,650
<b>Total Noncurrent Liabilities</b>	<b><u>2,173,721</u></b>	<b><u>294,439</u></b>	<b><u>1,106,157</u></b>	<b><u>3,574,317</u></b>
<b>Total Liabilities .....</b>	<b><u>3,034,583</u></b>	<b><u>362,510</u></b>	<b><u>1,173,259</u></b>	<b><u>4,570,352</u></b>
<b>Deferred Inflows of Resources</b>				
Pension-related deferred inflows ...	<u>6,791</u>	<u>5,322</u>	<u>1,497</u>	<u>13,610</u>
<b>Net Position</b>				
Invested in capital assets, net of of related debt .....	6,667,761	958,676	—	7,626,437
Restricted for debt service .....	326,085	—	8,205	334,290
Unrestricted .....	2,764,957	588,029	(791,920)	2,561,066
<b>Total Net Position .....</b>	<b><u>9,758,803</u></b>	<b><u>1,546,705</u></b>	<b><u>(783,715)</u></b>	<b><u>10,521,793</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$ 12,800,177</u></b>	<b><u>\$ 1,914,537</u></b>	<b><u>\$ 391,041</u></b>	<b><u>\$ 15,105,755</u></b>

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

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Year Ended June 30, 2017

	Water	Solid Waste	Storm Water	Total
<b>Operating Revenue</b>				
Charges for sales and service .....	<u>\$ 2,429,571</u>	<u>\$ 1,086,052</u>	<u>\$ 471,109</u>	<u>\$ 3,986,732</u>
<b>Operating Expenses</b>				
Salaries and employee benefits.....	651,379	525,858	149,950	1,327,187
Contractual services .....	629,113	68,206	111,760	809,079
Commodities .....	149,888	277,679	148,435	576,002
Depreciation .....	448,138	116,701	—	564,839
<b>Total Operating Expenses .....</b>	<u><b>1,878,518</b></u>	<u><b>988,444</b></u>	<u><b>410,145</b></u>	<u><b>3,277,107</b></u>
<b>Operating Income .....</b>	<u><b>551,053</b></u>	<u><b>97,608</b></u>	<u><b>60,964</b></u>	<u><b>709,625</b></u>
<b>Nonoperating Revenue (Expenses)</b>				
Loss on sale of assets .....	(26,445)	(7,394)	—	(33,839)
Interest revenue .....	(347)	15	15	(317)
Interest expense .....	(52,559)	—	(23,023)	(75,582)
<b>Total Nonoperating Revenue (Expenses) .....</b>	<u><b>(79,351)</b></u>	<u><b>(7,379)</b></u>	<u><b>(23,008)</b></u>	<u><b>(109,738)</b></u>
<b>Income Before Transfers .....</b>	<u><b>471,702</b></u>	<u><b>90,229</b></u>	<u><b>37,956</b></u>	<u><b>599,887</b></u>
Transfers in .....	—	—	81,120	81,120
Transfers out .....	(80,000)	(25,000)	(30,000)	(135,000)
<b>Net Income .....</b>	<u><b>391,702</b></u>	<u><b>65,229</b></u>	<u><b>89,076</b></u>	<u><b>546,007</b></u>
Net Position - Beginning of Year.....	<u>9,367,101</u>	<u>1,481,476</u>	<u>(872,791)</u>	<u>9,975,786</u>
<b>Net Position - End of Year.....</b>	<u><b>\$ 9,758,803</b></u>	<u><b>\$ 1,546,705</b></u>	<u><b>\$ (783,715)</b></u>	<u><b>\$ 10,521,793</b></u>

## Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2017

	Water	Solid Waste	Storm Water	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers.....	\$ 2,454,261	\$ 1,066,852	\$ 464,073	\$ 3,985,186
Payments to suppliers .....	(685,320)	(350,746)	(263,664)	(1,299,730)
Payments to employees .....	<u>(648,077)</u>	<u>(524,109)</u>	<u>(149,534)</u>	<u>(1,321,720)</u>
<b>Net Cash Provided by Operating Activities.....</b>	<b><u>1,120,864</u></b>	<b><u>191,997</u></b>	<b><u>50,875</u></b>	<b><u>1,363,736</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Net transfers .....	<u>(80,000)</u>	<u>(25,000)</u>	<u>51,120</u>	<u>(53,880)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from debt.....	445,986	—	—	445,986
Purchase of capital assets .....	(726,672)	(17,350)	—	(744,022)
Repayment of debt.....	(900,000)	—	(58,000)	(958,000)
Payment of interest.....	<u>(54,954)</u>	<u>—</u>	<u>(23,120)</u>	<u>(78,074)</u>
<b>Net Cash Used in Capital and Related Financing Activities .....</b>	<b><u>(1,235,640)</u></b>	<b><u>(17,350)</u></b>	<b><u>(81,120)</u></b>	<b><u>(1,334,110)</u></b>
<b>Cash Flows From Investing Activities</b>				
Increase in due from other funds .....	(965,810)	(300,000)	(110,000)	(1,375,810)
Interest received.....	<u>(347)</u>	<u>15</u>	<u>15</u>	<u>(317)</u>
<b>Net Cash Used in Investing Activities.....</b>	<b><u>(966,157)</u></b>	<b><u>(299,985)</u></b>	<b><u>(109,985)</u></b>	<b><u>(1,376,127)</u></b>
<b>Net Decrease in Cash.....</b>	<b>(1,160,933)</b>	<b>(150,338)</b>	<b>(89,110)</b>	<b>(1,400,381)</b>
Cash and Pooled Investments at Beginning of Year .....	<u>2,903,181</u>	<u>523,495</u>	<u>253,077</u>	<u>3,679,753</u>
<b>Cash and Pooled Investments at End of Year.....</b>	<b><u>\$ 1,742,248</u></b>	<b><u>\$ 373,157</u></b>	<b><u>\$ 163,967</u></b>	<b><u>\$ 2,279,372</u></b>



## Combining Schedule of Cash Flows - Nonmajor Proprietary Funds

Year Ended June 30, 2017

	Water	Solid Waste	Storm Water	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income.....	\$ 551,053	\$ 97,608	\$ 60,964	\$ 709,625
Adjustments to Reconcile Income From Operations to Net Cash Provided by Operating Activities				
Depreciation.....	448,138	116,701	—	564,839
(Increase) decrease in receivables.....	6,525	(19,200)	(7,036)	(19,711)
Increase in pension-related deferred outflows.....	(29,194)	(37,008)	(7,567)	(73,769)
(Increase) decrease in inventories and prepaids .....	(426)	243	352	169
Increase (decrease) in accounts payable .....	109,517	7,537	(920)	116,134
Decrease in accrued liabilities and compensated absences	(15,410)	(12,641)	(2,901)	(30,952)
Increase in customer deposits	18,165	—	—	18,165
Increase in net pension liability	82,237	62,519	14,857	159,613
Decrease in pension-related deferred inflows.....	<u>(49,741)</u>	<u>(23,762)</u>	<u>(6,874)</u>	<u>(80,377)</u>
<b>Net Cash Provided by Operating Activities.....</b>	<b><u>\$ 1,120,864</u></b>	<b><u>\$ 191,997</u></b>	<b><u>\$ 50,875</u></b>	<b><u>\$ 1,363,736</u></b>

### Schedule of Noncash Investing and Financing Activities

#### Cash Paid for Capital Assets

Capital asset additions .....	\$ 1,123,217	\$ 17,350	\$ —	\$ 1,140,567
Net change in accounts payable.....	<u>(396,545)</u>	<u>—</u>	<u>—</u>	<u>(396,545)</u>
<b>Cash Paid for Capital Assets .....</b>	<b><u>\$ 726,672</u></b>	<b><u>\$ 17,350</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 744,022</u></b>

#### Loss on Asset Disposal

Cash received .....	\$ —	\$ —	\$ —	\$ —
Book value of assets disposed .....	<u>26,445</u>	<u>7,394</u>	<u>—</u>	<u>33,839</u>

<b>Loss on Asset Disposal .....</b>	<b><u>\$ (26,445)</u></b>	<b><u>\$ (7,394)</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (33,839)</u></b>
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**Schedule of Revenue by Source and Expenditures by Function**  
**All Governmental Funds**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenue</b>										
Property tax.....	\$ 14,688,626	\$ 14,155,082	\$ 13,477,889	\$ 12,470,651	\$ 12,122,228	\$ 11,666,499	\$ 11,281,558	\$ 10,811,220	\$ 10,371,050	\$ 9,777,725
TIF and other city taxes.....	23,722,721	22,363,579	23,139,723	20,058,183	19,052,501	18,747,034	18,863,375	17,161,601	16,642,895	15,030,854
Special assessments.....	32,188	300,830	19,383	55,906	71,790	280,101	227,302	123,848	431,610	1,239,963
Licenses and permits.....	1,033,867	702,810	669,766	592,207	549,717	674,089	576,401	412,577	451,523	474,595
Use of money and property.....	1,784,303	1,702,761	1,615,505	2,685,995	762,405	1,091,475	1,276,051	1,116,480	815,258	946,203
Intergovernmental.....	6,018,007	7,146,575	16,718,042	12,584,964	16,179,608	13,799,733	26,866,111	8,346,001	5,356,316	5,351,026
Charges for service.....	4,740,824	5,227,042	2,556,704	2,452,927	3,009,752	1,956,937	1,948,703	1,879,808	1,791,577	1,680,722
Miscellaneous.....	493,129	798,367	572,670	441,687	737,070	1,391,780	498,273	827,165	1,269,316	1,537,664
<b>Total Revenue.....</b>	<b>\$ 52,513,665</b>	<b>\$ 52,397,046</b>	<b>\$ 58,769,682</b>	<b>\$ 51,342,520</b>	<b>\$ 52,485,071</b>	<b>\$ 49,607,648</b>	<b>\$ 61,537,774</b>	<b>\$ 40,678,700</b>	<b>\$ 37,129,545</b>	<b>\$ 36,038,752</b>
<b>Expenditures</b>										
Operating										
Public safety.....	\$ 5,530,878	\$ 5,114,295	\$ 5,088,714	\$ 5,178,097	\$ 4,761,114	\$ 5,070,890	\$ 4,322,466	\$ 4,030,223	\$ 4,446,950	\$ 4,201,185
Public works.....	2,110,072	1,854,533	1,446,340	1,693,000	1,729,154	1,412,413	1,255,807	1,682,532	1,826,042	1,635,688
Health and social services.....	126,870	124,370	130,320	115,732	85,599	94,420	92,004	91,520	156,322	86,859
Culture and recreation.....	10,137,298	10,575,119	7,392,376	7,376,349	7,200,849	6,543,383	5,645,219	5,598,284	5,226,438	4,925,136
Community and economic development..	3,952,297	4,159,133	4,136,884	4,118,053	2,965,705	2,117,826	2,187,438	2,749,405	9,218,894	1,824,297
General government.....	3,000,377	2,995,245	2,856,759	3,178,173	2,756,732	2,570,471	2,599,830	2,662,316	2,129,519	1,852,344
Debt service.....	53,196,946	16,060,930	24,849,838	22,070,482	26,709,034	19,794,431	18,737,642	17,635,000	15,877,962	21,420,881
Capital projects.....	19,265,012	15,221,200	33,415,386	18,192,254	39,404,017	47,319,803	34,036,991	19,144,343	9,735,463	13,730,878
<b>Total Expenditures.....</b>	<b>\$ 97,319,750</b>	<b>\$ 56,104,825</b>	<b>\$ 79,316,617</b>	<b>\$ 61,922,140</b>	<b>\$ 85,612,204</b>	<b>\$ 84,923,637</b>	<b>\$ 68,877,397</b>	<b>\$ 53,593,623</b>	<b>\$ 48,617,590</b>	<b>\$ 49,677,268</b>

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
<b>Indirect</b>				
<b>U.S. Department of Education</b>				
Indirect				
Pass-Through Iowa Department of Agriculture				
Summer Food Service Program for Children .....	10.559		\$ —	\$ <u>12,471</u>
<b>U.S. Department of Housing and Urban Development</b>				
Indirect				
Pass-Through Iowa Economic Development Authority				
Community Development Block Grants/Entitlement Grants .....	14.218	13-NDRI-010	—	<u>92,809</u>
<b>U.S. Department of Transportation</b>				
Direct				
Federal Transit - Formula Grants .....	20.507	N/A	—	<u>430,989</u>
Enhanced Mobility for Seniors and Individuals With Disabilities .....	20.513	N/A	—	<u>31,320</u>
Total Direct .....			—	<u>462,309</u>
Indirect				
Pass-Through Iowa Department of Transportation				
Highway Planning and Construction	20.205	TAP-U-1557(644)--8I-52 STP-U-1557(639)--70-52	—	70,742
			—	<u>451,470</u>
Total Indirect .....			—	<u>522,212</u>
<b>Total U.S. Department of         Transportation .....</b>			<u>—</u>	<u>984,521</u>
<b>U.S. Environmental Protection Agency</b>				
Direct				
Brownfields Assessment and Cleanup Cooperative Agreements .....	66.818	BF 97740701-0	—	<u>175,111</u>
<b>Total .....</b>			<u>\$ —</u>	<u>\$ 1,264,912</u>

## Schedule of Expenditures of Federal Awards ---

Year Ended June 30, 2017

### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the City of Coralville under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the City of Coralville, it is not indented to and does not present the financial position, changes in financial position or cash flows of the City of Coralville.

### **Summary of Significant Accounting Policies**

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

### **Indirect Cost Rate**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coralville, Iowa, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 9, 2018.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings and questioned costs as items 17-II-R-1 and 17-II-R-2 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Coralville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II 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, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City of Coralville's Response to Findings**

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

### **Purpose of This Report**

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 9, 2018

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

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

### **Report on Compliance for the Major Federal Program**

We have audited the City of Coralville's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2017. The City of Coralville's major federal program is identified in Part I of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

### **Opinion on the Major Federal Program**

In our opinion, the City of Coralville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 9, 2018



# Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

## Part I: Summary of Independent Auditor's Results:

### Financial Statements

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted?  yes  no

### Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of the Uniform Guidance?  yes  no

Identification of major program:

#### **CFDA Numbers or Cluster**

#### **Name of Federal Program**

20.205

Highway Planning and Construction

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

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# Schedule of Findings and Questioned Costs

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Year Ended June 30, 2017

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

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

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

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

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

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

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

**Identification of Repeat Finding** - 16-I R-1.

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

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

#### **17-II-R-2 Failure to Void Check Which was Reissued**

**Criteria** - When the situation arises where a check needs to be reissued to a vendor, procedures should be in place to ensure that the original check is first voided before reissuing another check.

**Condition** - We found that the City issued a check to a vendor in the amount of \$98,932 in January, 2017 which should have been voided when a replacement check was issued. However, the original check was not voided and was listed as outstanding on the June 30, 2017 bank reconciliation. When the error was brought to the City's attention, management took the necessary steps to void the check and update the bank reconciliation as of June 30, 2017.

**Cause** - The cause of the error was a failure to follow policies requiring the original check to be voided at the time a new check is issued. Further, staff are not reviewing the list of outstanding checks each month to search for checks which have been outstanding for a long period of time or taking action to follow up on the status of those checks.

## Schedule of Findings and Questioned Costs

---

Year Ended June 30, 2017

**Effect or Potential Effect** - The effect of this error is that cash and related expenditures may be materially misstated and there are no properly functioning controls in place to detect this.

**Identification of Repeat Finding** - Not applicable.

**Auditor's Recommendation** - Each month the staff person responsible for preparing the bank reconciliation should be reviewing the list of outstanding checks and investigating any check that has not cleared the bank within 30 days.

**Views of Responsible Officials and Planned Corrective Action** - City staff reconciling the bank account will begin investigating outstanding checks that do not clear the bank within a reasonable amount of time and take appropriate action.

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

#### **Instances of Noncompliance**

There were no reported instances of noncompliance.

#### **Internal Control Deficiencies**

There were no matters reported.

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

**17-IV-A Certified Budget** - Disbursements in the Public Works, Health and Social Services, Capital Projects and Business-Type activities functional areas exceeded amounts budgeted during the year. In addition, disbursements exceeded the original budget prior to it being amended. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

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

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

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

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

**17-IV-D Business Transactions** - There were no business transactions between the City and City officials or employees that exceeded \$1,500.

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

- 17-IV-E Bond Coverage** - Surety bond coverage of the City of Coralville officials and employees is in accordance with statutory provisions and was reviewed and updated during the year. We recommend that the amount of coverage continue to be reviewed annually to ensure that the coverage is adequate for current operations.
- 17-IV-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 17-IV-G Revenue Bonds** - The City has complied with the provisions of the revenue bond indentures and with the provisions of the tax increment revenue bond issues.
- 17-IV-H Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- 17-IV-I Financial Condition** - The funds listed below had deficit balances as of June 30, 2017 as noted:

Special Revenue	
Police Grants .....	\$ 9,162
Rental Properties .....	493
Capital Projects	
Flood Mitigation .....	5,792,218
Street Projects .....	1,596,466
Iowa River Landing .....	655,964
Coral Ridge Avenue.....	556,618
Coral Ridge Mall Area.....	1,015,327
Northridge Trails .....	55,132
12th Avenue Urban Renewal .....	42,617
North End Area Projects .....	76,879
Brownfields .....	48,128
Southeast Commercial Area .....	15,000
Proprietary	
Storm Water .....	783,715

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

**City's Response** - The deficits will be eliminated as financing for projects, state and federal grants and tax revenue is received in fiscal year 2018 and future years.

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

- 17-IV-J Urban Renewal Annual Report** - The 2017 urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

## APPENDIX E

### BOOK-ENTRY SYSTEM

*The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriter nor the Issuer take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.*

#### **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Direct

Participant as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on any payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof.