



City of Council Bluffs, Iowa

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016
City of Council Bluffs

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Introductory Section
June 30, 2016

City of Council Bluffs



February 27, 2017

To the Honorable Mayor, Members of the City Council and Citizens of the City of Council Bluffs:

State law requires cities to publish a complete set of financial statements and the financial condition and transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Council Bluffs for the fiscal year ended June 30, 2016. The financial statements are presented in conformity with the United States of America generally accepted accounting principles (GAAP).

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

The City's financial statements have been audited by Eide Bailly. The objective of an independent audit is to provide reasonable assurance the basic financial statements of the City for the year ended June 30, 2016 are free of material misstatement. The independent audit involved examining evidence supporting the amounts and disclosures in the basic financial statements on a test basis. Additionally, the audit assessed the City's accounting principles, significant estimates made by management, and evaluated the overall presentation of the basic financial statements.

Based on their audit, the independent auditors concluded there was a reasonable basis to give an unmodified opinion the City's financial statements for the year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first item of the Financial Section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited governments internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the City’s Single Audit for the fiscal year ended June 30, 2016 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. The results of the Single Audit are reported in the Financial Assistance Section of this report.

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

Profile of the City

The City of Council Bluffs is the county seat of Pottawattamie County, situated on the Missouri River in Western Iowa, adjacent to Omaha, Nebraska and 125 miles west of the State Capital, Des Moines, Iowa. The City encompasses 40.97 square miles and serves a population of 62,597 (United States Census Bureau 2016 estimate based on 2010 census). The United States Census Bureau estimate of the Omaha-Council Bluffs Metropolitan 2016 estimated population was 915,312. The diverse business community includes gaming, railroad transportation, food processing and production, hospitality and health care.

The City is governed by a “strong-Mayor” form of government. The Mayor and five City Council members are elected on a non-partisan basis every four years. The Mayor presides at all meetings of the City Council, is responsible for the administration of the City and appoints all but two department heads. The City Council appoints the City Attorney and the City Clerk.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; planning and zoning; and culture and recreation which include two swimming pools, an eighteen and a nine hole golf course, 594 acres of parks, 42 miles of walking and biking trails and various historic landmarks. The City owns and leases two commercial buildings, one to the Bass Pro Shop and one to a restaurant facility in the Dodge Park Golf clubhouse. Council Bluffs also owns the Mid America Center, a full service convention center and a 7,000 plus seat arena facility. In addition, the City reports the Council Bluffs Airport Authority and the Council Bluffs Library Foundation as component units.

The annual budget serves as the comprehensive financial plan for each fiscal year. The budget is developed by the department heads as coordinated by the Finance Director under the direction of the Mayor. Department heads, the Mayor and the Finance Director identify key services the City intends to provide in the upcoming fiscal year. Additionally, the Community and Economic Development Director coordinates an ongoing five year capital improvement plan with department heads. Department heads and the Finance Director project revenue based on taxing information, volumes and amounts of fees for services and other revenue. The budget is presented and adopted by the City Council and then forwarded to the Iowa Department of Management prior to March 15 for the fiscal year beginning the following July 1.

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

Factors Affecting Financial Condition

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

Local Economy – Council Bluffs is not only the largest city in southwest Iowa but it also has an alternate identity as the largest suburb in the metropolitan Omaha area. The City supports a large agricultural community in Pottawattamie County, is developing as a technology center due to favorable utility rates and ready access to utility providers, and will benefit from its strategic location at the intersection of east/west Interstate 80 and north/south Interstate 29. The City is undergoing an initiative to develop the western edge of Council Bluffs, the Missouri riverfront, to incorporate parks, housing and a corporate office center to boost the City's tax base and to highlight the City's front door from the West. A private development company has begun Phase I of a new development to establish 388 new homes on the east side of Council Bluffs. The metropolitan area has seen the unemployment rate drop to 3.2% in 2016 from 3.9% in 2010.

The City of Council Bluffs is committed to developing the riverfront into a greenspace which has enhanced the natural setting. This includes the Bob Kerry Pedestrian Bridge between Omaha and Council Bluffs and Tom Hanafan River's Edge Park. The City has received numerous awards recognizing the park for its environmental impact and design. Most recently, the park was named River City of the Year by Iowa River Revival. This award celebrates the many vibrant river communities across the state that are reclaiming the riverfronts as anchors for economic development, recreation, and ecological practices, while addressing challenges and solutions related to the safety and quality of Iowa's rivers.

The tax base composition is diverse, consisting of 49.7% residential, 36.8% commercial and 3.5% industrial. The largest taxpayer accounts for 5.50% of total value and the remaining nine leading taxpayers account for a combined total of 15.23% of the taxable value.

Budget Challenges – Recent year's budget processes have faced the challenges presented by the current state and national economies. State shared revenue reductions; loss of investment income due to lower returns in the current markets; state mandated increases in public safety pension costs; increased cost of health care, and increased costs of liability and property insurance are some of the challenges. The City has also undertaken a Flood Mitigation Project to rebuild and certify the levy system which protects the City from flood waters. The City budget ensures all required expenditures are provided for. All known grants and outside funding sources are secured to aid in financing all projects.

Long-term financial planning and major initiatives –The City has adopted a Capital Improvement Plan (CIP) to manage and direct the growth and maintenance of public infrastructure. The Plan includes provisions for streets, parks and recreational facilities, trails, building improvements, vehicles, large maintenance and public safety equipment, and sewer infrastructure. Projects in the CIP demonstrate the importance of developing long range financial planning strategies to facilitate the growth and prosperity of the City. The process assists with both short and long range financial planning needs by:

- Prioritizing and scheduling capital projects and acquisitions over the next five years;
- Estimating cash flow needs and timing; and
- Identifying funding sources for capital projects and acquisitions.

Highlights of the Capital Improvement Plan are as follows:

- Construction of a new Police Headquarters building - \$20,000,000
- Road extension of the East Beltway from US HWY 6 to IA 92 - \$5,340,000
- Sewer Extension for a new housing development - \$350,000
- Demolition of property for the West Broadway redevelopment project - \$1,500,000
- West Broadway road reconstruction - \$6,000,000
- Levee Accreditation project - \$5,000,000

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) again awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Council Bluffs, Iowa, for its Comprehensive Annual Financial Report for the year ended June 30, 2015. This was the fifth consecutive year the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements. The City will submit this report to the GFOA to determine eligibility for another certificate.

Acknowledgements

Elected officials and staff take great pride in providing high quality municipal services, including transparent and clear financial reporting and budgeting. The City's recognition of reporting excellence by the GFOA and the City's AA2 bond rating is reflective of the City's competency, efficiency and attention to detail. Preparation of this report would not be possible without the contributions of many persons committed to providing our residents with quality financial information. This includes all department heads, City Council members and the Mayor who support and encourage the commitment to internal controls, cooperation among departments and a complete flow of financial information to the public. Preparation of this report was accomplished through the dedicated services provided by the Finance Department staff.

Respectfully submitted,



Matthew J. Walsh,
Mayor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

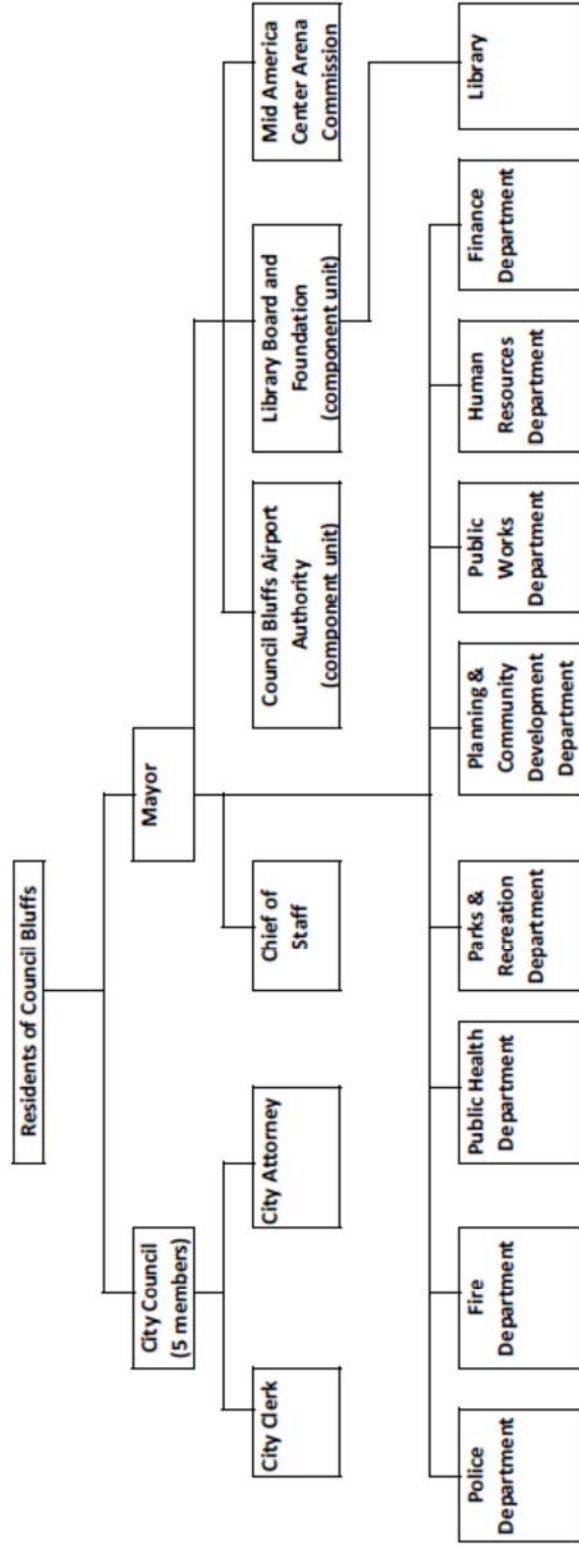
City of Council Bluffs
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Council Bluffs, Iowa
 City Organizational Chart
 June 30, 2016



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

City of Council Bluffs
Officials
June 30, 2016

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Melissa Head	City Council	December 2017
Al Ringgenberg	City Council	December 2017
Roger Sandau	City Council	December 2019
Nate Watson	City Council	December 2019
Sharon White	City Council	December 2019
Matt Walsh	Mayor	December 2017

Council Appointed Officials

Richard Wade	City Attorney
Don Bauermeister	Assistant City Attorney
David McCann	Assistant City Attorney
Graham Jura	Assistant City Attorney
Marcy Worden	City Clerk

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Financial Statements
June 30, 2016

City of Council Bluffs



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2016, 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 did not audit the financial statements of the Council Bluffs Airport Authority, which represents 74 percent, 73 percent, and 98 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Council Bluffs Airport Authority, is based solely on the reports of the other auditors. 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 entity'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 entity'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.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the City has corrected the beginning balance of the Bass Pro Shop fund and the Governmental Activities, and accordingly, has restated the related fund balance and net position as of June 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Council Bluffs, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2017, on our consideration of the City of Council Bluffs, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Council Bluffs, Iowa's internal control over financial reporting and compliance.



Dubuque, Iowa
February 27, 2017

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This portion of the Comprehensive Annual Financial Report (CAFR) of the City of Council Bluffs, Iowa (the City) provides administration's narrative overview and analysis of the City's financial activities based on currently known facts, decisions and conditions related to the fiscal year that ended June 30, 2016. We encourage readers to consider information in this section along with information we presented in the letter of transmittal found on pages 1 through 4.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Council Bluffs exceeded the liabilities and deferred inflows of resources at June 30, 2016 by \$415,801,013.
- The City's net position increased \$36,866,027 during the year. The net position associated with governmental activities increased \$31,222,275 and the net position associated with business type activities increased \$5,643,752.
- The City's overall long-term liabilities decreased to \$93,895,023, a decrease of \$202,006 during the year. The governmental activities general obligation bond/note portion of indebtedness decreased \$9,955,000 during the year and the net pension liability was \$35,966,840, at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

In both the Statement of Net Position and the Statement of Activities, the City reports the financial information of two discretely presented component units – the Council Bluffs Airport Authority and the Council Bluffs Library Foundation. Component units are separate legal entities apart from the City of Council Bluffs for which the City has a degree of financial accountability.

One of the most important questions asked about the City's finances is, "Is the City of Council Bluffs 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 about the City as a whole and about its activities in a way which helps answer this question.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The analysis that follows shows the City's total net position at June 30, 2016 and 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 (restated)	2016	2015	Total 2016	2015 (restated)
Current and Other Assets	\$ 119,397,994	\$ 113,748,731	\$ 9,663,809	\$ 9,540,314	\$ 129,061,803	\$ 123,289,045
Capital Assets	291,306,358	279,492,805	155,270,848	149,540,497	446,577,206	429,033,302
Total Assets	<u>410,704,352</u>	<u>393,241,536</u>	<u>164,934,657</u>	<u>159,080,811</u>	<u>575,639,009</u>	<u>552,322,347</u>
Deferred Outflows of Resources	9,082,873	7,783,297	453,352	440,720	9,536,225	8,224,017
Long-Term Liabilities	86,306,491	87,118,052	7,588,532	6,978,977	93,895,023	94,097,029
Other Liabilities	21,359,466	24,385,114	1,240,301	1,049,506	22,599,767	25,434,620
Total Liabilities	<u>107,665,957</u>	<u>111,503,166</u>	<u>8,828,833</u>	<u>8,028,483</u>	<u>116,494,790</u>	<u>119,531,649</u>
Deferred Inflows of Resources	52,663,403	61,286,077	216,028	793,653	52,879,431	62,079,730
Net Position:						
Net investment in capital assets	244,666,094	237,742,599	150,532,508	144,959,497	395,198,602	382,702,096
Restricted	44,378,329	31,773,393	-	-	44,378,329	31,773,393
Unrestricted	(29,586,558)	(41,280,402)	5,810,640	5,739,898	(23,775,918)	(35,540,504)
Total net position	<u>\$ 259,457,865</u>	<u>\$ 228,235,590</u>	<u>\$ 156,343,148</u>	<u>\$ 150,699,395</u>	<u>\$ 415,801,013</u>	<u>\$ 378,934,985</u>

Net position of governmental activities increased approximately \$31.2 million, or 13.67%, from fiscal year 2015. Net position of business type activities increased approximately \$5.6 million, or 3.7%, over fiscal year 2015. Capital assets of governmental activities increased \$11.8 million, or 4.2%, from fiscal year 2015, primarily due to the improvements made to the levee system surrounding the City of Council Bluffs and the ongoing development of the River's Edge Park area. Capital assets of business type activities increased approximately \$5.7 million, or 3.8%, over fiscal year 2015, primarily due to ongoing improvements to the sanitary and storm sewer infrastructure required by the relocation of the infrastructure for the reconstruction of the Interstate Highway system through Council Bluffs.

The largest portion of the City's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position increased approximately \$12.6 million, or 39.6%, from fiscal year 2015. This increase is primarily due to more funds held at June 30, 2016 that are restricted for road construction and sewer maintenance and improvement projects.

Total unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is at a deficit of approximately \$23.8 million. This is an increase of approximately \$11.7 million over the prior year unrestricted net position, which was at a deficit of approximately \$35.5 million.

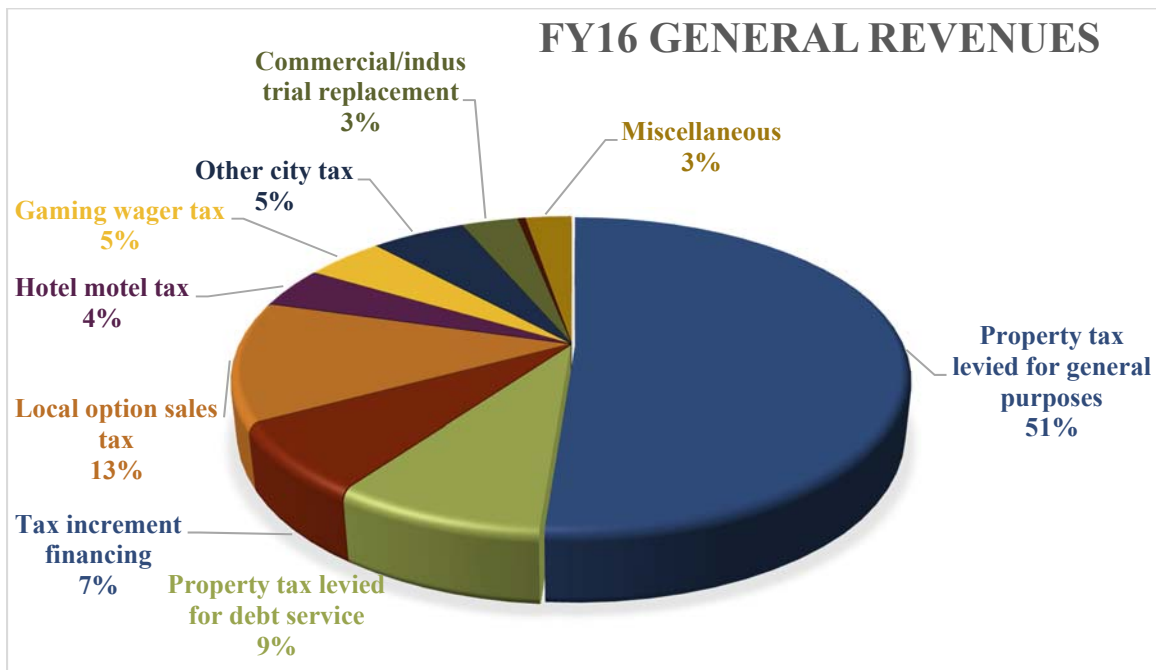
City of Council Bluffs
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
Revenues						
Program revenues						
Charges for service	\$ 16,052,517	\$ 17,897,620	\$ 11,609,443	\$ 10,898,820	\$ 27,661,960	\$ 28,796,440
Operating grants, contributions, and restricted interest	13,620,858	14,683,571	-	-	13,620,858	14,683,571
Capital grants, contributions, and restricted interest	34,746,417	8,392,730	-	-	34,746,417	8,392,730
General revenues						
Property tax levied for:						
General purposes	34,568,770	32,682,818	-	-	34,568,770	32,682,818
Debt service	5,840,540	6,109,993	-	-	5,840,540	6,109,993
Tax increment financing	4,845,542	5,966,145	-	-	4,845,542	5,966,145
Local option sales tax	8,373,886	11,394,035	-	-	8,373,886	11,394,035
Hotel motel tax	2,805,846	2,889,262	-	-	2,805,846	2,889,262
Gaming wager tax	3,079,108	3,091,006	-	-	3,079,108	3,091,006
Other city tax	3,642,031	4,310,624	-	-	3,642,031	4,310,624
Commercial/industrial replacement	2,207,727	1,071,331	-	-	2,207,727	1,071,331
Unrestricted investment earnings	247,577	294,173	-	-	247,577	294,173
Insurance settlement	-	650,796	-	-	-	650,796
Gain on disposition of capital assets	-	-	32,848	13,932	32,848	13,932
Miscellaneous	1,810,130	2,751,718	7,065	7,066	1,817,195	2,758,784
Total revenues	<u>131,840,949</u>	<u>112,185,822</u>	<u>11,649,356</u>	<u>10,919,818</u>	<u>143,490,305</u>	<u>123,105,640</u>
Program expenses						
Public safety	32,306,014	30,124,650	-	-	32,306,014	30,124,650
Public works	17,093,394	13,691,207	-	-	17,093,394	13,691,207
Health and social services	727,678	638,134	-	-	727,678	638,134
Culture and recreation	16,375,706	15,348,323	-	-	16,375,706	15,348,323
Community and economic development	8,730,016	18,507,380	-	-	8,730,016	18,507,380
General government	14,200,473	15,571,464	-	-	14,200,473	15,571,464
Interest on long-term debt	2,108,862	1,750,993	-	-	2,108,862	1,750,993
Sewer	-	-	9,601,503	9,365,727	9,601,503	9,365,727
Refuse and disposal	-	-	5,480,632	5,449,198	5,480,632	5,449,198
Total expenses	<u>91,542,143</u>	<u>95,632,151</u>	<u>15,082,135</u>	<u>14,814,925</u>	<u>106,624,278</u>	<u>110,447,076</u>
Excess (deficiency) of revenues over (under) expenses	40,298,806	16,553,671	(3,432,779)	(3,895,107)	36,866,027	12,658,564
Transfers, net	<u>(9,076,531)</u>	<u>(11,562,737)</u>	<u>9,076,531</u>	<u>11,562,737</u>	<u>-</u>	<u>-</u>
Change in net position	31,222,275	4,990,934	5,643,752	7,667,630	36,866,027	12,658,564
Net position beginning of year, as restated	<u>228,235,590</u>	<u>223,244,656</u>	<u>150,699,396</u>	<u>143,031,766</u>	<u>378,934,986</u>	<u>366,276,422</u>
Net position end of year	<u>\$ 259,457,865</u>	<u>\$ 228,235,590</u>	<u>\$ 156,343,148</u>	<u>\$ 150,699,396</u>	<u>\$ 415,801,013</u>	<u>\$ 378,934,986</u>

Total revenues reported for the primary government for the year ended June 30, 2016 were \$143,490,305. Program revenues totaled \$76,029,235 for the year ended June 30, 2016. Governmental activities provided \$64,419,792 and business type activities provided \$11,609,443 of program revenues. Revenue from charges for service during fiscal year 2016 was \$27,661,960 accounting for 37% of total program revenues. The following charts break down program revenues by source:

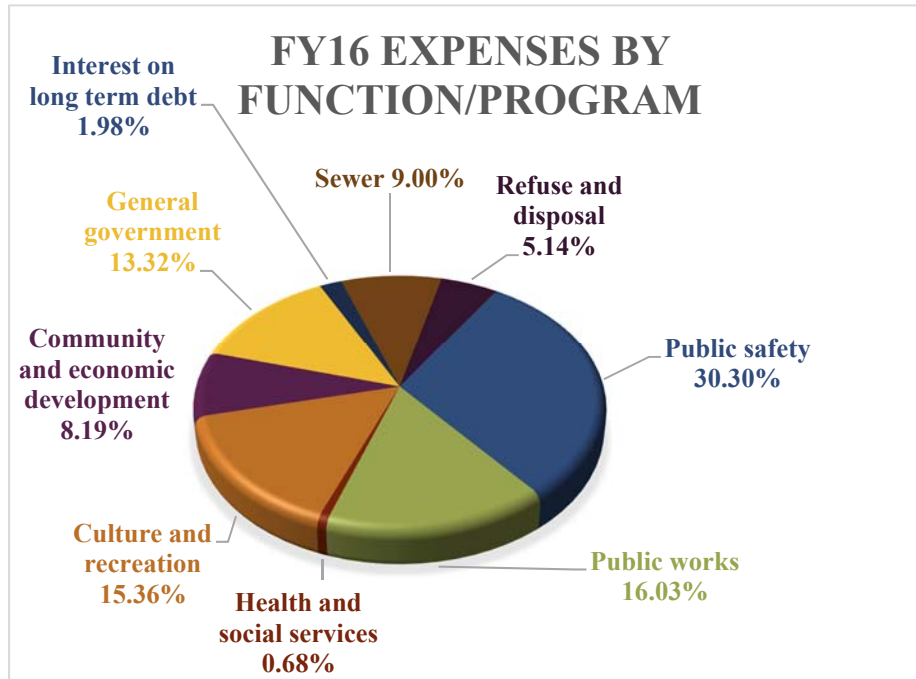


General revenues for the year ended June 30, 2016 totaled \$67,461,070. Governmental activities provided \$67,421,157 and business type activities provided \$39,913 of general revenues. Property tax revenue for fiscal year 2016 totaled \$40,409,310 accounting for 60% of general revenues. The following chart illustrates general revenues by source:



Overall revenues increased approximately \$20.4 million, or 16.6%, from fiscal year 2015. The change is primarily the result of receiving \$20 million from the State of Iowa to reconstruct a major corridor, West Broadway and reimbursements for costs incurred due to the improvements being made to the Council Bluffs Interstate system.

Expenses for the primary government for the year ended June 30, 2016 totaled \$106.6 million. This is a decrease of 3.4% from the prior year total of \$110.4 million. Expenses for governmental activities totaled \$91.5 million, accounting for 85.8% of total expenses. Business type activities expenses totaled \$15.1 million, or 14.1% of the total. The following chart breaks down expenses by function/program:



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

<u>Function/Program</u>	<u>Activity</u>
Public safety	Individual and community protection, and physical health
Public works	Public service, utilities and transportation
Health and social services	Health regulation and inspection
Culture and recreation	Education and recreation
Community and economic development	Environmental preservation, housing and community development
General government	Policy and administration, including in-house services provided to City departments.

Governmental Activities

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format which is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balances. Please note the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for health and social services, the City spent \$727,678 and received \$203,815 in revenue, leaving a cost to taxpayers of \$523,863, an increase of 46.2% from fiscal year 2015, to be funded by various methods. This format identifies how much each function draws from general revenues or is self-sustaining through fees or grants.

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

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

The total cost of governmental activities this year was \$91,542,143. Of these costs, \$16,052,517 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations which subsidized certain programs with operating and capital grants and contributions were \$48,367,275, leaving a net expense of \$27,122,351 for governmental activities. These expenses were financed by tax revenues, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

Governmental Activities Function/Program	Net (Expense) Revenue and Changes in Net Position	
	2016	2015
Public safety	\$ (27,709,231)	\$ (23,092,358)
Public works	22,424,430	247,750
Health and social services	(523,863)	(358,277)
Culture and recreation	(9,141,964)	(9,618,292)
Community and economic development	(2,218,941)	(12,509,216)
General government	(7,925,095)	(9,410,304)
Interest on long-term debt	(2,027,687)	(1,664,673)
Net (expense) revenue of governmental activities	(27,122,351)	(56,405,370)
General revenues and transfers	58,344,626	59,649,164
Change in net position	\$ 31,222,275	\$ 3,243,794

Resources available during the year to finance governmental activities totaled \$351,000,008, consisting of net position (as restated) at July 1, 2015 of \$228,235,590, program revenues of \$64,419,792 and general revenues and transfers of \$58,344,626. During the year, governmental activities expenses totaled \$91,542,143. Governmental activities net position (as restated) increased \$31,222,275 to \$259,457,865.

Business-Type Activities

The cost of all business type activities for the year was \$15,082,135 as shown in the Statement of Activities. The amount charged to users of the systems was \$11,609,443. Net expense for business type activities was \$3,472,692. The net (expense) revenue by business type activity for the years ended June 30, 2016 and 2015 is as follows:

Business-Type Activities	Net (Expense) Revenue and Changes in Net Position	
	2016	2015
Sewer	\$ (3,646,175)	\$ (4,224,285)
Refuse and disposal	173,483	308,180
Total net (expense) revenue	(3,472,692)	(3,916,105)
General revenues and transfers	9,116,444	11,583,734
Change in net position	\$ 5,643,752	\$ 7,667,629

Resources available during the year to finance business-type activities totaled \$171,425,283, consisting of net position at July 1, 2015 of \$150,699,396, program revenues of \$11,609,443, and general revenues and transfers of \$9,116,444. During the year, business-type activities expenses totaled \$15,082,135 and business-type activities net position increased \$5,643,752 to \$156,343,148.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUND HIGHLIGHTS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balances may serve as a useful measure of net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$46,846,207. The combined governmental fund balances increased \$8,091,803 from the prior year.

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

The General Fund balance decreased \$846,003, or 3.9%, from the prior year. Revenues decreased \$3,116,119, or 4.7%. Expenditures increased \$587,495, or .9%, from the prior year. The fund balance decrease is due primarily to the decrease in revenue from licenses and permits for major construction projects offset by the decrease in transfers out of the General Fund.

The Special Revenue, Bass Pro Shop fund, restated beginning fund balance at July 1, 2015. Fund balance decreased \$1,030,616 to \$(756,115). This was due to recognizing the property tax payment which would be due if the City chose to sell the Bass Pro Shop facility.

The Special Revenue, Tax Increment Financing Fund balance increased \$224,882 to \$914,472. Tax increment financing revenues decreased \$928,028, or 15.5%, due to the completion of rebate agreements with two developers. Expenditures for this fund decreased \$7,161,888 or 70.9%, primarily due to the issuance of a \$5.95 million dollar economic development grant in fiscal year 2015.

The Special Revenue, City Local Option Sales Tax Fund balance increased \$1,925,708, or 17.7%, from the prior year. The increase is chiefly due to the timing of the projects using local option sales tax dollars. Funds received in fiscal year 2016 are reserved for future year's capital projects.

The Debt Service fund balance decreased \$3,833,037 due to the redemption of general obligation bonds issued June 23, 2008 callable in fiscal year 2016. The City received the funds to redeem the bonds in fiscal year 2015 by issuing the 2015B refunding bond issue of \$3,620,000.

The Capital Project fund decreased \$3,536,012 due to ongoing expenses for the development of the River's Edge Park multi-use area which will include commercial, retail and housing.

The Non-major Governmental Fund balance decreased \$2,197,325 primarily due to the cost of improvements being made to the levee system that protects a vast majority of the western portion of the City of Council Bluffs.

PROPRIETARY FUND HIGHLIGHTS

The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal year 2016 with a \$150,344,435 net position compared to the prior year ending net position of \$144,896,033, an increase of \$5,448,402, or 3.76%. The increase is primarily due to a decrease in the funds net operating loss and the contribution of infrastructure completed in fiscal year 2016.

The Enterprise, Refuse and Disposal Fund ended fiscal year 2016 with a \$5,998,713 net position compared to the prior year ending net position of \$5,803,363 an increase of \$195,350, or 3.37%. The slight increase in net position occurred as operations continued to produce revenues in excess of operating costs despite softness in prices for recyclable material during the year. The fund balance is at an adequate level to upgrade capital equipment within the facility as needed.

BUDGETARY HIGHLIGHTS

The City adopted one budget amendment in the fiscal year ended June 30, 2016. In June 2016, City officials reviewed year to date operations, projected activity to the end of the year and determined adjustments to the budget were needed based on five items. They are: (1) revenues and costs related to the Flood Mitigation Project, (2) revenues and costs associated with a targeted jobs program for a large employer, (3) costs associated with a debt transaction, (4) revenues and costs associated with the issuance of building permits for the expansion of a large international technology company and (5) revenues and costs associated with the Mid America Center.

In the fiscal year, ended June 30, 2016, actual revenues of \$130,598,973 exceeded the amended budget revenue of \$125,273,140 by \$5,325,833. This variance arose primarily due to funds received from the Iowa Department of Transportation for reimbursement of expense associated with the Council Bluffs Interstate project and reimbursement from private landowners for construction completed on non-city owned property as required for the levee improvement project.

Overall, total expenditures were \$2,239,078 higher than budgeted amounts. Expenditures during the year ended June 30, 2016 totaled \$142,123,555. The amended expenditure budget was \$139,884,477. The City is currently involved in several large constructions projects, specifically, construction due to the improvement of the Council Bluffs Interstate system and improvements to the levee system. Project expenses were greater than amounts budgeted for fiscal 2016.

The City is currently in the process of developing an operating budget for the fiscal year ending June 30, 2018, which will plan to have revenues and approximate expenditures for all funds, including the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure, represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2016 were \$446,577,206 (net of accumulated depreciation). See Note 3 to the financial statements for more information about the City's capital assets.

During the fiscal year ending June 30, 2016, the City's investment in capital assets included public safety equipment (police vehicles, fire protection equipment and land purchased for a new police station), street infrastructure (various ongoing neighborhood street improvements and a new commercial development area), public works (levee improvement construction, as well as, equipment that included trucks and plows), and information technology infrastructure upgrades.

Capital improvements in business type activities included major investments to relocate sewers in the following areas: Mosquito Creek, Woodbury Avenue, and Railroad areas required by the Iowa Department of Transportation for the reconstruction of the Council Bluffs Interstate System. Additional neighborhood sewer improvements were made in fiscal year 2016.

Long-term Debt

At June 30, 2016, the City had approximately \$40.53 million of general obligation bonds and notes outstanding versus approximately \$50.49 million last year. The decrease resulted in the repayment of callable bonds in fiscal year 2016 from bond proceeds received in fiscal year 2015. No new general obligation bonds were issued in fiscal year 2016. The City continues to operate well under the State debt capacity limitation. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the City.

ECONOMIC FACTORS

The City's operating plan for fiscal year 2017 calls for revenue and other financing activity of \$110,328,572 and expenditures of \$102,300,894. Currently, City operations are approximating expected results. Major expansion of Interstate Highways 80 and 29 is generating a great deal of both construction activity and economic growth. The reconstruction of the Interstate System includes a new interchange onto Broadway which is the main corridor into Council Bluffs from downtown Omaha. In addition, the State of Iowa transferred control of Broadway (a.k.a. State Highway 6) to the City of Council Bluffs, which has allowed the City to begin reconstruction of the roadway. The vital interstate interchange and reconstruction of this major artery will stimulate significant development of the western edge of the City.

Changes to the State of Iowa's commercial property tax valuation formulas were enacted in 2013 by the Iowa Legislature with the objective of creating new commercial development throughout the state. Future tax planning will need to include analysis of the impact of those legislative initiatives when projecting future financial resources. The City anticipates significant property tax growth with the River's Edge Park development, which may offset lower valuations as retail establishments may shrink due to online sales.

The Iowa agricultural sector will face challenges in calendar year 2017 that may have an impact on the economy of the region. Because of the City's proximity to the agricultural community and a biofuel production facility, the local economy will be attentive to future agricultural activity. The City continues to monitor activity in this area as well as the actions of the Federal Reserve Board when considering capital projects funded by issuance of general obligation bonds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have questions or require additional financial information, please contact Patricia Hendrix, Internal Control and Reporting Manager at 712-328-4617.

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Basic Financial Statements
June 30, 2016

City of Council Bluffs

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	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash, cash equivalents and pooled investments	\$ 36,477,586	\$ 7,360,591	\$ 43,838,177
Receivables			
Delinquent property tax	156,487	-	156,487
Succeeding year property tax	45,468,942	-	45,468,942
Succeeding year tax increment financing	3,601,220	-	3,601,220
Accounts	2,837,920	99,362	2,937,282
Special and drainage assessments	530,507	-	530,507
Customer accounts and unbilled usage	-	1,698,610	1,698,610
Loans	2,471,058	-	2,471,058
Due from other governments	16,188,609	162,801	16,351,410
Inventories	1,353,489	334,945	1,688,434
Prepaid items	902,449	7,500	909,949
Total current assets	<u>109,988,267</u>	<u>9,663,809</u>	<u>119,652,076</u>
Noncurrent Assets			
Land held for resale	9,409,727	-	9,409,727
Capital assets-nondepreciable	67,695,589	9,848,027	77,543,616
Capital assets-depreciable (net)	<u>223,610,769</u>	<u>145,422,821</u>	<u>369,033,590</u>
Total noncurrent assets	<u>300,716,085</u>	<u>155,270,848</u>	<u>455,986,933</u>
Total Assets	<u>410,704,352</u>	<u>164,934,657</u>	<u>575,639,009</u>
Deferred Outflows of Resources			
Pension related deferred outflows- IPERS	1,474,410	453,352	1,927,762
Pension related deferred outflows- MFPRSI	<u>7,608,463</u>	<u>-</u>	<u>7,608,463</u>
Total deferred outflows of resources	<u>9,082,873</u>	<u>453,352</u>	<u>9,536,225</u>
Liabilities			
Current Liabilities			
Accounts payable	8,368,874	458,674	8,827,548
Salaries and benefits payable	1,864,009	126,899	1,990,908
Accrued interest payable	256,035	-	256,035
Due to other governments	140,045	5,234	145,279
Deposits	-	-	-
Unearned revenue	-	92,771	92,771
General obligation bonds/notes	5,460,000	-	5,460,000
Revenue bonds/notes	-	213,000	213,000
Term loan notes	2,442,105	-	2,442,105
Settlement agreement	528,571	-	528,571
Iowa Finance Authority loan	355,000	-	355,000
Capital lease	-	-	-
Notes payable	-	113,320	113,320
Compensated absences	<u>1,944,827</u>	<u>230,403</u>	<u>2,175,230</u>
Total current liabilities	<u>21,359,466</u>	<u>1,240,301</u>	<u>22,599,767</u>

See Notes to Financial Statements

City of Council Bluffs
Statement of Net Position
June 30, 2016

Component Units	
Airport Authority	Library Foundation
\$ 479,331	\$ 8,360,054
-	-
21,999	-
-	-
9,499	-
-	-
-	-
184,604	-
-	-
525	-
<u>695,958</u>	<u>8,360,054</u>
-	-
2,569,320	-
21,132,576	-
<u>23,701,896</u>	<u>-</u>
<u>24,397,854</u>	<u>8,360,054</u>
25,173	-
-	-
<u>25,173</u>	<u>-</u>
23,601	-
7,956	-
2,540	-
-	-
3,385	-
-	-
-	-
-	-
-	-
-	-
1,178	-
225,000	-
-	-
<u>263,660</u>	<u>-</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
General obligation bonds/notes	\$ 35,075,000	\$ -	\$ 35,075,000
Revenue bonds/notes	-	4,162,000	4,162,000
Term loan note	3,663,159	-	3,663,159
Settlement agreement	2,314,284	-	2,314,284
Iowa Finance Authority loan	5,180,000	-	5,180,000
Capital lease	-	-	-
Notes payable	-	250,020	250,020
Compensated absences	1,648,325	143,793	1,792,118
Net OPEB liability	1,846,410	279,342	2,125,752
Termination benefit liability	612,473	188,354	800,827
Net pension liability - IPERS	8,342,082	2,565,023	10,907,105
Net pension liability - MFPRSI	27,624,758	-	27,624,758
Total noncurrent liabilities	<u>86,306,491</u>	<u>7,588,532</u>	<u>93,895,023</u>
Total Liabilities	<u>107,665,957</u>	<u>8,828,833</u>	<u>116,494,790</u>
Deferred Inflows of Resources			
Succeeding year property tax	45,468,942	-	45,468,942
Succeeding year tax increment financing	3,601,220	-	3,601,220
Pension related deferred inflows- IPERS	702,573	216,028	918,601
Pension related deferred inflows- MFPRSI	2,890,668	-	2,890,668
Total deferred inflows of resources	<u>52,663,403</u>	<u>216,028</u>	<u>52,879,431</u>
Net Position			
Net investment in capital assets	244,666,094	150,532,508	395,198,602
Restricted for			
Nonexpendable			
Permanent Fund	60,080	-	60,080
Expendable			
Debt service	1,874,774	-	1,874,774
Street and sewer maintenance and improvements	20,117,893	-	20,117,893
Community development block grant programs	1,748,061	-	1,748,061
Capital projects	13,749,655	-	13,749,655
Employee benefits	1,352,997	-	1,352,997
Insurance	3,868,634	-	3,868,634
Library	153,105	-	153,105
Other purposes	1,453,130	-	1,453,130
Unrestricted	(29,586,558)	5,810,640	(23,775,918)
Total net position	<u>\$ 259,457,865</u>	<u>\$ 156,343,148</u>	<u>\$ 415,801,013</u>

See Notes to Financial Statements

City of Council Bluffs
Statement of Net Position
June 30, 2016

Component Units	
Airport Authority	Library Foundation
\$ -	\$ -
-	-
-	-
-	-
-	-
1,381	-
1,670,000	-
-	-
-	-
-	-
138,533	-
-	-
<u>1,809,914</u>	<u>-</u>
<u>2,073,574</u>	<u>-</u>
-	-
-	-
16,452	-
-	-
<u>16,452</u>	<u>-</u>
21,804,337	-
-	-
-	-
-	-
-	-
-	-
-	-
-	8,360,054
-	-
528,664	-
<u>\$ 22,333,001</u>	<u>\$ 8,360,054</u>

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental Activities				
Public safety	\$ 32,306,014	\$ 4,246,795	\$ 349,988	\$ -
Public works	17,093,394	339,287	8,080,057	31,098,480
Health and social services	727,678	125,267	78,548	-
Culture and recreation	16,375,706	5,506,381	501,773	1,225,588
Community and economic development	8,730,016	835,578	3,253,148	2,422,349
General government	14,200,473	4,999,209	1,276,169	-
Interest on long-term debt	2,108,862	-	81,175	-
Total governmental activities	<u>91,542,143</u>	<u>16,052,517</u>	<u>13,620,858</u>	<u>34,746,417</u>
Business-Type Activities				
Sewer	9,601,503	5,955,328	-	-
Refuse and disposal	5,480,632	5,654,115	-	-
Total business type activities	<u>15,082,135</u>	<u>11,609,443</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 106,624,278</u>	<u>\$ 27,661,960</u>	<u>\$ 13,620,858</u>	<u>\$ 34,746,417</u>
Component Units				
Airport Authority	\$ 1,391,739	\$ 301,983	\$ -	\$ 203,647
Library Foundation	344,037	-	27,697	-
Total component units	<u>\$ 1,735,776</u>	<u>\$ 301,983</u>	<u>\$ 27,697</u>	<u>\$ 203,647</u>
General Revenues				
Property and other County tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel tax				
Gaming wager tax				
Other city tax				
Commercial/industrial replacement				
Unrestricted investment earnings				
Insurance settlement				
Gain on disposition of capital assets				
Miscellaneous				
Transfers and capital contributions				
Total general revenues and transfers				
Change in Net Position				
Net Position Beginning of Year, as Restated				
Net Position End of Year				

See Notes to Financial Statements

City of Council Bluffs
Statement of Activities
Year Ended June 30, 2016

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Airport Authority	Library Foundation
\$ (27,709,231)	\$ -	\$ (27,709,231)	\$ -	\$ -
22,424,430	-	22,424,430	-	-
(523,863)	-	(523,863)	-	-
(9,141,964)	-	(9,141,964)	-	-
(2,218,941)	-	(2,218,941)	-	-
(7,925,095)	-	(7,925,095)	-	-
(2,027,687)	-	(2,027,687)	-	-
<u>(27,122,351)</u>	<u>-</u>	<u>(27,122,351)</u>	<u>-</u>	<u>-</u>
-	(3,646,175)	(3,646,175)	-	-
-	173,483	173,483	-	-
<u>-</u>	<u>(3,472,692)</u>	<u>(3,472,692)</u>	<u>-</u>	<u>-</u>
<u>\$ (27,122,351)</u>	<u>\$ (3,472,692)</u>	<u>\$ (30,595,043)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (886,109)	\$ -
-	-	-	-	(316,340)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (886,109)</u>	<u>\$ (316,340)</u>
\$ 34,568,770	\$ -	\$ 34,568,770	\$ 712,509	\$ -
5,840,540	-	5,840,540	-	-
4,845,542	-	4,845,542	-	-
8,373,886	-	8,373,886	-	-
2,805,846	-	2,805,846	-	-
3,079,108	-	3,079,108	-	-
3,642,031	-	3,642,031	-	-
2,207,727	-	2,207,727	-	-
247,577	-	247,577	-	(47,705)
-	-	-	427	-
-	32,848	32,848	6,500	-
1,810,130	7,065	1,817,195	59,777	-
(9,076,531)	9,076,531	-	-	-
<u>58,344,626</u>	<u>9,116,444</u>	<u>67,461,070</u>	<u>779,213</u>	<u>(47,705)</u>
31,222,275	5,643,752	36,866,027	(106,896)	(364,045)
<u>228,235,590</u>	<u>150,699,396</u>	<u>378,934,986</u>	<u>22,439,897</u>	<u>8,724,099</u>
<u>\$ 259,457,865</u>	<u>\$ 156,343,148</u>	<u>\$ 415,801,013</u>	<u>\$ 22,333,001</u>	<u>\$ 8,360,054</u>

	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Assets				
Cash, Cash Equivalents and Pooled Investments	\$ 12,722,794	\$ 456,563	\$ 906,532	\$ 13,560,737
Receivables				
Property Tax				
Delinquent	134,887	-	-	-
Succeeding year property taxes	39,629,101	-	-	-
Succeeding year tax increment financing	-	-	3,601,220	-
Accounts (net)	1,856,618	-	50,759	-
Special and drainage assessments	357,156	-	-	-
Loans	1,895,000	-	-	-
Due From Other Governments	1,599,095	-	7,939	1,363,738
Due from Other Funds	6,209,399	-	-	-
Inventories	356,939	-	-	-
Prepaid Items	902,449	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	\$ 65,663,438	\$ 456,563	\$ 4,566,450	\$ 14,924,475
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 2,691,886	\$ 1,042,694	\$ 50,758	\$ 944,473
Salaries and benefits payable	1,762,660	-	-	-
Due to other governments	137,352	-	-	51
Due to other funds	-	-	-	-
Total Liabilities	4,591,898	1,042,694	50,758	944,524
Deferred Inflows of Resources				
Unavailable revenues				
Succeeding year property tax	39,629,101	-	-	-
Succeeding year tax increment financing	-	-	3,601,220	-
Other	863,719	-	-	1,226,568
Total deferred inflows of resources	40,492,820	-	3,601,220	1,226,568
Fund Balances				
Nonspendable				
Cemetery perpetual care	-	-	-	-
Inventories	356,939	-	-	-
Prepaid items	902,449	-	-	-
Restricted				
Street and sewer maintenance and improvements	-	-	-	12,753,383
Debt service	-	-	914,472	-
Community development block grant program	-	-	-	-
Capital projects	-	-	-	-
Other purposes	5,274,353	-	-	-
Unassigned	14,044,979	(586,131)	-	-
Total fund balances	20,578,720	(586,131)	914,472	12,753,383
Total liabilities, deferred inflows of resources and fund balances	\$ 65,663,438	\$ 456,563	\$ 4,566,450	\$ 14,924,475

See Notes to Financial Statements

City of Council Bluffs
Balance Sheet
Governmental Funds
Year Ended June 30, 2016

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 864,387	\$ -	\$ 7,966,573	\$ 36,477,586
21,600	-	-	156,487
5,839,841	-	-	45,468,942
-	-	-	3,601,220
-	930,543	-	2,837,920
-	-	173,351	530,507
-	125,000	451,058	2,471,058
74,315	11,742,014	1,401,508	16,188,609
-	-	-	6,209,399
-	-	996,550	1,353,489
-	-	-	902,449
-	8,963,886	445,841	9,409,727
<u>\$ 6,800,143</u>	<u>\$ 21,761,443</u>	<u>\$ 11,434,881</u>	<u>\$ 125,607,393</u>
\$ -	\$ 2,403,332	\$ 1,235,731	\$ 8,368,874
-	-	101,349	1,864,009
-	-	2,642	140,045
-	5,608,456	600,943	6,209,399
<u>-</u>	<u>8,011,788</u>	<u>1,940,665</u>	<u>16,582,327</u>
5,839,841	-	-	45,468,942
-	-	-	3,601,220
21,600	10,643,631	353,179	13,108,697
<u>5,861,441</u>	<u>10,643,631</u>	<u>353,179</u>	<u>62,178,859</u>
-	-	60,080	60,080
-	-	996,550	1,353,489
-	-	-	902,449
-	-	6,137,942	18,891,325
938,702	-	-	1,853,174
-	-	1,575,455	1,575,455
-	3,106,024	-	3,106,024
-	-	1,372,939	6,647,292
-	-	(1,001,929)	12,456,919
<u>938,702</u>	<u>3,106,024</u>	<u>9,141,037</u>	<u>46,846,207</u>
<u>\$ 6,800,143</u>	<u>\$ 21,761,443</u>	<u>\$ 11,434,881</u>	<u>\$ 125,607,393</u>

City of Council Bluffs
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 June 30, 2016

Total Governmental Fund Balances \$ 46,846,207

Amounts Reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

These assets consist of:

Capital assets, net of accumulated depreciation 291,306,358

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 13,108,697

Pension related deferred outflows of resources and deferred inflows of resources 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- IPERS	1,474,410	
Deferred outflows of resources- MFPRSI	7,608,463	
Deferred inflows of resources- IPERS	(702,573)	
Deferred inflows of resources- MFPRSI	<u>(2,890,668)</u>	
		5,489,632

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2016, are:

General obligation bonds/ notes	(40,535,000)	
Urban renewal term loan note	(6,105,264)	
Settlement agreement	(2,842,855)	
Iowa Finance Authority	(5,535,000)	
Compensated absences	(3,593,152)	
Net OPEB liability	(1,846,410)	
Termination benefit liability	(612,473)	
Net pension liability- IPERS	(8,342,082)	
Net pension liability- MFPRSI	(27,624,758)	
Accrued interest payable	<u>(256,035)</u>	
Total long-term liabilities		<u>(97,293,029)</u>

Net Position of Governmental Activities \$ 259,457,865

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	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Revenues				
Property tax	\$ 34,435,438	\$ -	\$ -	\$ -
Tax increment financing	-	-	4,845,542	-
Other city tax	9,139,211	-	204,564	8,373,886
License and permits	4,210,652	-	-	-
Use of money and property	291,148	670,055	-	-
Intergovernmental	3,537,920	192,560	-	3,982,208
Charge for service	8,191,959	-	-	-
Special and drainage assessments	-	-	-	-
Miscellaneous	3,792,944	2,200,000	4,000	126,473
Total revenues	<u>63,599,272</u>	<u>3,062,615</u>	<u>5,054,106</u>	<u>12,482,567</u>
Expenditures				
Current				
Public safety	32,799,747	-	-	-
Public works	1,472,524	-	-	-
Health and social services	700,896	-	-	-
Culture and recreation	12,824,655	-	-	-
Community and economic development	1,947,464	1,056,738	2,944,761	-
General government	14,140,033	-	-	-
Debt service				
Principal redeemed	-	2,442,105	-	-
Interest paid	-	181,246	-	-
Miscellaneous debt expenditures	-	-	-	-
Capital projects	-	-	-	10,556,859
Total expenditures	<u>63,885,319</u>	<u>3,680,089</u>	<u>2,944,761</u>	<u>10,556,859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(286,047)</u>	<u>(617,474)</u>	<u>2,109,345</u>	<u>1,925,708</u>
Other Financing Sources (Uses)				
Transfers in	-	787,458	-	-
Transfers out	(559,956)	-	(1,884,463)	-
Total other financing sources (uses)	<u>(559,956)</u>	<u>787,458</u>	<u>(1,884,463)</u>	<u>-</u>
Net Change in Fund Balances	(846,003)	169,984	224,882	1,925,708
Fund Balances Beginning of Year, as Restated	<u>21,424,723</u>	<u>(756,115)</u>	<u>689,590</u>	<u>10,827,675</u>
Fund Balances End of Year	<u>\$ 20,578,720</u>	<u>\$ (586,131)</u>	<u>\$ 914,472</u>	<u>\$ 12,753,383</u>

See Notes to Financial Statements

City of Council Bluffs
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

Debt Service	Capital Projects	Nonmajor	Total
\$ 5,840,540	\$ -	\$ -	\$ 40,275,978
-	-	-	4,845,542
521,107	-	-	18,238,768
-	-	106,960	4,317,612
10,875	-	-	972,078
390,188	13,322,011	9,824,560	31,249,447
-	-	9,452	8,201,411
-	-	304,272	304,272
-	3,927,809	493,283	10,544,509
<u>6,762,710</u>	<u>17,249,820</u>	<u>10,738,527</u>	<u>118,949,617</u>
-	-	151,558	32,951,305
-	-	11,534,024	13,006,548
-	-	-	700,896
-	-	390,939	13,215,594
-	-	790,050	6,739,013
-	-	624,836	14,764,869
9,955,000	-	-	12,397,105
1,615,867	-	-	1,797,113
5,511	-	-	5,511
-	20,906,607	-	31,463,466
<u>11,576,378</u>	<u>20,906,607</u>	<u>13,491,407</u>	<u>127,041,420</u>
<u>(4,813,668)</u>	<u>(3,656,787)</u>	<u>(2,752,880)</u>	<u>(8,091,803)</u>
980,631	120,775	555,555	2,444,419
-	-	-	(2,444,419)
<u>980,631</u>	<u>120,775</u>	<u>555,555</u>	<u>-</u>
(3,833,037)	(3,536,012)	(2,197,325)	(8,091,803)
<u>4,771,739</u>	<u>6,642,036</u>	<u>11,338,362</u>	<u>54,938,010</u>
<u>\$ 938,702</u>	<u>\$ 3,106,024</u>	<u>\$ 9,141,037</u>	<u>\$ 46,846,207</u>

City of Council Bluffs
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (8,091,803)

Amounts Reported for Governmental Activities in the Statement of Activities are different because

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

Expenditures for capital assets	\$ 22,281,127	
Capital assets contributed by developers	886,141	
Depreciation/amortization expense	<u>(11,287,257)</u>	11,880,011

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the asset being disposed. (66,548)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows of resources increased by these amounts this year:

Other 12,005,195

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repaid 13,822,002

The current year City's share of IPERS and MFPRSI contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

IPERS	1,110,382	
MFPRSI	<u>4,453,179</u>	5,563,561

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

Compensated absences	(173,352)	
Net OPEB expense	(77,840)	
Termination benefit liability	(81,656)	
Pension expense - IPERS	(800,568)	
Pension expense - MFPRSI	(2,643,475)	
Interest on long-term debt	<u>(113,252)</u>	<u>(3,890,143)</u>

Change in Net Position of Governmental Activities \$ 31,222,275

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City of Council Bluffs
Statement of Net Position
Proprietary Funds
Year Ended June 30, 2016

	Sewer	Non-major Refuse and Disposal	Total
Assets			
Current Assets			
Cash, cash equivalents and pooled investments	\$ 3,801,438	\$ 3,559,153	\$ 7,360,591
Receivables			
Accounts	21,440	77,922	99,362
Customer accounts and unbilled usage	804,544	894,066	1,698,610
Due from other governments	4,914	157,887	162,801
Inventories	300,303	34,642	334,945
Prepaid items	-	7,500	7,500
Total current assets	<u>4,932,639</u>	<u>4,731,170</u>	<u>9,663,809</u>
Noncurrent Assets			
Capital assets-nondepreciable	9,487,405	360,622	9,848,027
Capital assets-depreciable (net)	142,962,690	2,460,131	145,422,821
Total noncurrent assets	<u>152,450,095</u>	<u>2,820,753</u>	<u>155,270,848</u>
Total assets	<u>157,382,734</u>	<u>7,551,923</u>	<u>164,934,657</u>
Deferred Outflows of Resources			
IPERS pension related deferred outflows	355,540	97,812	453,352
Liabilities			
Current Liabilities			
Accounts payable	81,168	377,506	458,674
Salaries and benefits payable	97,996	28,903	126,899
Due to other governments	5,115	119	5,234
Unearned revenue	-	92,771	92,771
Revenue notes and loans	213,000	-	213,000
Notes payable	-	113,320	113,320
Compensated absences	175,608	54,795	230,403
Total current liabilities	<u>572,887</u>	<u>667,414</u>	<u>1,240,301</u>
Noncurrent Liabilities			
Revenue notes and loans	4,162,000	-	4,162,000
Notes payable	-	250,020	250,020
Compensated absences	99,420	44,373	143,793
Net OPEB liability	230,830	48,512	279,342
Termination benefit liability	147,672	40,682	188,354
Net IPERS pension liability	2,011,611	553,412	2,565,023
Total noncurrent liabilities	<u>6,651,533</u>	<u>936,999</u>	<u>7,588,532</u>
Total liabilities	<u>7,224,420</u>	<u>1,604,413</u>	<u>8,828,833</u>
Deferred Inflows of Resources			
IPERS pension related deferred inflows	169,419	46,609	216,028
Net Position			
Net Investment in Capital Assets	148,075,095	2,457,413	150,532,508
Unrestricted	2,269,340	3,541,300	5,810,640
Total net position	<u>\$ 150,344,435</u>	<u>\$ 5,998,713</u>	<u>\$ 156,343,148</u>

City of Council Bluffs
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	Sewer	Non-major Refuse and Disposal	Total
Operating Revenues			
Charges for service	\$ 5,911,338	\$ 5,059,048	\$ 10,970,386
Miscellaneous	43,990	595,067	639,057
Total operating revenues	<u>5,955,328</u>	<u>5,654,115</u>	<u>11,609,443</u>
Operating Expenses			
Sewer system and sewage disposal	5,819,968	-	5,819,968
Refuse disposal	-	5,250,298	5,250,298
Depreciation	3,633,167	230,334	3,863,501
Total operating expenses	<u>9,453,135</u>	<u>5,480,632</u>	<u>14,933,767</u>
Operating Income (Loss)	<u>(3,497,807)</u>	<u>173,483</u>	<u>(3,324,324)</u>
Non-Operating Revenues (Expenses):			
Land rent	7,065	-	7,065
Gain on asset disposal	10,981	21,867	32,848
Interest expense	(136,915)	-	(136,915)
Miscellaneous debt expense	(11,453)	-	(11,453)
Total non-operating revenues (expenses)	<u>(130,322)</u>	<u>21,867</u>	<u>(108,455)</u>
Net Income (Loss) Before Contributions	<u>(3,628,129)</u>	<u>195,350</u>	<u>(3,432,779)</u>
Capital Contributions	<u>9,076,531</u>	<u>-</u>	<u>9,076,531</u>
Change in Net Position	5,448,402	195,350	5,643,752
Net Position Beginning of Year	144,896,033	5,803,363	150,699,396
Net Position End of Year	<u>\$ 150,344,435</u>	<u>\$ 5,998,713</u>	<u>\$ 156,343,148</u>

City of Council Bluffs
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Sewer	Non-major Refuse and Disposal	Total
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 5,842,946	\$ 5,438,317	\$ 11,281,263
Cash received from other sources	52,790	649,192	701,982
Cash paid for personal services	(4,054,876)	(1,166,231)	(5,221,107)
Cash paid to suppliers	(1,752,765)	(4,103,026)	(5,855,791)
Net cash flows from operating activities	<u>88,095</u>	<u>818,252</u>	<u>906,347</u>
Cash Flows from Noncapital Financing Activities			
Land rent	<u>7,065</u>	<u>-</u>	<u>7,065</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(18,316)	(466,158)	(484,474)
Loan proceeds	-	420,000	420,000
Principal payments	(206,000)	(56,660)	(262,660)
Interest and fees	(148,368)	-	(148,368)
Net cash used in capital and related financing activities	<u>(372,684)</u>	<u>(102,818)</u>	<u>(475,502)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(277,524)	715,434	437,910
Cash and Cash Equivalents Beginning of Year	<u>4,078,962</u>	<u>2,843,719</u>	<u>6,922,681</u>
Cash and Cash Equivalents End of Year	<u>\$ 3,801,438</u>	<u>\$ 3,559,153</u>	<u>\$ 7,360,591</u>

City of Council Bluffs
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	<u>Sewer</u>	<u>Non-major Refuse and Disposal</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (3,497,807)	\$ 173,483	\$ (3,324,324)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	3,633,167	230,334	3,863,501
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Accounts receivable and unbilled usage	(68,392)	170,953	102,561
Due from other governments	8,800	209,657	218,457
Inventories	(1,881)	2,779	898
IPERS deferred outflows	(11,966)	(666)	(12,632)
Accounts payable	28,289	(9,091)	19,198
Prepaid items	-	(7,500)	(7,500)
Salaries and benefits payable	23,559	8,416	31,975
Due to other governments	316	41	357
Unearned revenue	-	52,782	52,782
Compensated absences	(9,908)	10,445	537
OPEB Liability	16,855	5,057	21,912
Termination benefit liability	82,748	28,423	111,171
IPERS net pension liability	337,348	67,730	405,078
IPERS deferred outflows	(453,033)	(124,591)	(577,624)
Total adjustments	<u>3,585,902</u>	<u>644,769</u>	<u>4,230,671</u>
Net cash provided by operating activities	<u>\$ 88,095</u>	<u>\$ 818,252</u>	<u>\$ 906,347</u>
Noncash Capital and Related Financing Activities			
Contributions of capital assets from Governmental Activities	<u>\$ 9,076,531</u>	<u>\$ -</u>	<u>\$ 9,076,531</u>

Note 1 - Summary of Significant Accounting Policies

The City of Council Bluffs is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. Council Bluffs provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates an airport and provides sewer and sanitation utilities for its citizens. The financial statements of the City of Council Bluffs have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

Discretely Presented Component Units

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

The Council Bluffs Public Library Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Council Bluffs Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the City of Council Bluffs Library. The Foundation does not issue separate financial statements.

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

Related Organizations and Organizations with Joint Venture Characteristics

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

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

The City reports the following major proprietary fund:

Enterprise:

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

The City also reports the Refuse and Disposal Fund as a nonmajor enterprise fund. This fund is used to account for the operation and maintenance of the City's solid waste collection and recycling 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2016 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County in March 2015.

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

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

Due from and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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 a limited amount of earned but unused vacation and sick leave benefits and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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 and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, expenditures exceeded the amounts budgeted in the public safety, public works, culture and recreation, general government and capital project functions.

Note 2 - Cash and Investments

The City’s deposits in banks at June 30, 2016 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 ensure 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 following is a reconciliation of cash and investments as shown on the financial statements:

Cash Deposits and Petty Cash	\$ 3,515,731
Certificate of Deposit	2,500,000
Money Market Accounts	37,822,344
IPAIT Diversified Fund	102
	\$ 43,838,177
Governmental Funds/Governmental Activities	\$ 36,477,586
Enterprise Funds/Bussiness-Type Activites	7,360,591
	\$ 43,838,177

At June 30, 2016, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$102, which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments.

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

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

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

Discretely Presented Component Unit – Library Foundation

The City of Council Bluffs Library Foundation possesses mutual funds which mandate disclosure requirements under Governmental Accounting Standards Board Statement No.72, *Fair Value Measurement and Application*.

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.

The Council Bluffs Public Library Foundation's investments at June 30, 2016 consist of mutual funds with a fair value of \$8,360,054. The recurring fair value measurement for these mutual funds was determined using the last reported sales price at current exchange rates (Level 1 inputs).

Note 3 - Capital Assets

	Beginning Balances (as Restated)	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 37,408,317	\$ 1,233,229	\$ -	\$ 38,641,546
Construction in progress	13,716,622	17,925,708	2,588,287	29,054,043
Total capital assets not being depreciated	<u>51,124,939</u>	<u>19,158,937</u>	<u>2,588,287</u>	<u>67,695,589</u>
Capital assets being depreciated				
Land improvements	128,038,455	331,677	-	128,370,132
Buildings	27,828,406	-	-	27,828,406
Building improvements	25,980,937	2,475,529	551,537	27,904,929
Furniture and equipment	186,848,593	3,561,234	-	190,409,827
Intangibles	903,332	250,000	-	1,153,332
Total capital assets being depreciated	<u>369,599,723</u>	<u>6,618,440</u>	<u>551,537</u>	<u>375,666,626</u>
Less accumulated depreciation for				
Land improvements	33,649,883	2,888,004	-	36,537,887
Buildings	17,274,871	1,279,336	-	18,554,207
Building improvements	18,432,015	2,178,508	463,256	20,147,267
Furniture and equipment	71,256,085	4,810,057	-	76,066,142
Intangibles	619,002	131,352	-	750,354
Total accumulated depreciation	<u>141,231,856</u>	<u>11,287,257</u>	<u>463,256</u>	<u>152,055,857</u>
Total capital assets being depreciated, net	<u>\$ 279,492,806</u>	<u>\$ 14,490,120</u>	<u>\$ 2,676,568</u>	<u>\$ 291,306,358</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 6,441,912	\$ -	\$ -	\$ 6,441,912
Construction in progress	4,097,250	9,137,811	9,828,946	3,406,115
Total capital assets not being depreciated	<u>10,539,162</u>	<u>9,137,811</u>	<u>9,828,946</u>	<u>9,848,027</u>
Buildings	22,798,184	-	-	22,798,184
Improvements other than buildings	6,884,135	-	-	6,884,135
Equipment and vehicles	14,141,892	679,072	383,884	14,437,080
Infrastructure, sewer network	149,806,104	9,616,196	-	159,422,300
Intangibles	-	60,373	-	60,373
Total capital assets being depreciated	<u>193,630,315</u>	<u>10,355,641</u>	<u>383,884</u>	<u>203,602,072</u>
Less accumulated depreciation for				
Buildings	11,562,625	402,720	-	11,965,345
Improvements other than buildings	1,707,931	125,366	-	1,833,297
Equipment and vehicles	9,589,400	642,617	313,230	9,918,787
Infrastructure, sewer network	31,769,024	2,680,723	-	34,449,747
Intangibles	-	12,075	-	12,075
Total accumulated depreciation	<u>54,628,980</u>	<u>3,863,501</u>	<u>313,230</u>	<u>58,179,251</u>
Total capital assets being depreciated, net	<u>\$ 149,540,497</u>	<u>\$ 15,629,951</u>	<u>\$ 9,899,600</u>	<u>\$ 155,270,848</u>

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

Governmental Activities:

Public safety	\$ 1,077,419
Public works	4,964,945
Health and social services	29,689
Culture and recreation	2,760,994
Community and economic development	2,186,017
General government	268,193
Total depreciation expense - governmental activities	\$ 11,287,257

Business-Type Activities:

Sewer	\$ 3,633,167
Refuse and disposal	230,334
Total depreciation expense - business-type activities	\$ 3,863,501

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Discretely Presented Component Unit:				
Airport Authority				
Capital assets not being depreciated:				
Land	\$ 2,192,064	\$ -	\$ -	\$ 2,192,064
Construction in progress	711,077	253,606	587,427	377,256
Total capital assets not being depreciated	2,903,141	253,606	587,427	2,569,320
Capital assets being depreciated:				
Buildings	7,477,581	-	-	7,477,581
Improvements other than buildings	20,059,392	602,969	-	20,662,361
Equipment and vehicles	341,425	15,709	23,564	333,570
Total capital assets being depreciated	27,878,398	618,678	23,564	28,473,512
Less accumulated depreciation for				
Buildings	1,876,689	179,426	-	2,056,115
Improvements other than buildings	4,346,354	659,958	-	5,006,312
Equipment and vehicles	274,485	27,588	23,564	278,509
Total accumulated depreciation	6,497,528	866,972	23,564	7,340,936
Total capital assets being depreciated, net	21,380,870	(248,294)	-	21,132,576
Discretely presented component unit capital assets, net	\$ 24,284,011	\$ 5,312	\$ 587,427	\$ 23,701,896
Total depreciation expense- discretely presented component unit				\$ 866,972

Note 4 - Long-Term Liabilities

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities					
General obligation bonds/notes	\$ 50,490,000	\$ -	\$ 9,955,000	\$ 40,535,000	\$ 5,460,000
Term loan note	8,547,369	-	2,442,105	6,105,264	2,442,105
Settlement agreement	3,371,426	-	528,571	2,842,855	528,571
Iowa Finance Authority loan	5,950,000	-	415,000	5,535,000	355,000
HUD Loan	645,000	-	645,000	-	-
Compensated absences	3,419,710	2,366,921	2,193,479	3,593,152	1,944,827
Net OPEB liability	1,768,570	77,840	-	1,846,410	-
Termination benefit liability	530,817	81,656	-	612,473	-
Net pension liability- IPERS	6,697,094	1,644,988	-	8,342,082	-
Net pension liability- MFPRSI	21,115,335	6,509,423	-	27,624,758	-
Total	<u>\$ 102,535,321</u>	<u>\$ 10,680,828</u>	<u>\$ 16,179,155</u>	<u>\$ 97,036,994</u>	<u>\$ 10,730,503</u>
Business-Type Activities					
Sewer revenue capital loan notes	\$ 4,581,000	\$ -	\$ 206,000	\$ 4,375,000	\$ 213,000
Recycling closed loop fund note	-	250,000	41,660	208,340	83,320
Recycling solid waste alternative note	-	170,000	15,000	155,000	30,000
Compensated absences	373,659	270,497	269,960	374,196	230,403
Net OPEB liability	257,430	21,912	-	279,342	-
Termination benefit liability	77,183	111,171	-	188,354	-
Net pension liability- IPERS	2,159,945	405,078	-	2,565,023	-
Total	<u>\$ 7,449,217</u>	<u>\$ 1,228,658</u>	<u>\$ 532,620</u>	<u>\$ 8,145,255</u>	<u>\$ 556,723</u>

For the governmental activities, termination benefit liabilities, compensated absences, and OPEB liabilities are generally liquidated by the General Fund.

General Obligation Bonds/Notes Payable

General obligation bonds/notes have been issued for governmental activities. The portion of unmatured general obligation bonds/notes accounted for in governmental activities and serviced by the Debt Service Fund totaled \$40,535,000 at June 30, 2016. General obligation bonds/notes bear interest at rates ranging from .50% to 5.6% per annum and mature in varying annual amounts ranging from \$50,000 to \$1,945,000, with final maturities due in the year ending June 1, 2030.

During the year ended June 30, 2016, principal payments of \$9,955,000 and interest payments of \$1,615,867 were made by the City on general obligation bonds/notes.

Details of general obligation bonds/notes payable at June 30, 2016 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2016
General Obligation bonds:						
Essential Corporate purpose	Jun 9, 2009	2.100-5.600	6/1/2024	\$ 50,000-660,000	\$ 7,615,000	\$ 4,520,000
Essential Corporate purpose	Aug 11, 2010	1.000-3.650	6/1/2025	115,000-805,000	7,300,000	4,325,000
Essential Corporate purpose	Oct 12, 2011	2.000	6/1/2019	415,000-490,000	3,165,000	1,435,000
Essential Corporate purpose	Nov 28, 2012	2.000-3.000	6/1/2027	825,000-1,945,000	14,880,000	10,440,000
Essential Corporate purpose	Apr 29, 2014	2.000-3.000	6/1/2026	270,000-1,000,000	7,630,000	6,360,000
Essential Corporate purpose	Mar 24, 2015	3.000	6/1/2030	360,000-1,535,000	8,145,000	6,610,000
Essential Corporate purpose	Mar 24, 2015	2.000-4.000	6/1/2021	660,000-775,000	3,620,000	3,620,000
General Obligation capital loan notes:						
Essential Corporate purpose	Apr 24, 2012	0.500-1.500	6/1/2019	505,000-1,065,000	4,095,000	1,490,000
Essential Corporate purpose	May 15, 2013	2.000	6/1/2020	395,000-450,000	2,535,000	1,735,000
Total Governmental Activities						<u>\$ 40,535,000</u>

Years Ending June 30,	General Obligation Bonds/Notes		
	Principal	Interest	Total
2017	\$ 5,460,000	\$ 1,240,743	\$ 6,700,743
2018	5,050,000	1,085,600	6,135,600
2019	5,015,000	945,403	5,960,403
2020	4,180,000	795,743	4,975,743
2021	3,735,000	672,038	4,407,038
2022-2026	14,270,000	1,723,600	15,993,600
2027-2030	2,825,000	165,750	2,990,750
Total	<u>\$ 40,535,000</u>	<u>\$ 6,628,877</u>	<u>\$ 47,163,877</u>

Term Loan Note

On March 28, 2014, the City issued a \$11,600,000 term loan note through U.S. Bank National Association, the proceeds of which were used to retire the outstanding urban renewal capital loan note. The term loan note bears interest at a variable rate, adjusted monthly. Principal and interest payments are amortized over fifty-seven (57) months and are due in monthly installments of principal in the amount of \$203,509, together with interest, beginning on April 20, 2014 and continuing on the twentieth (20th) day of each month thereafter. The total unpaid principal balance and all accrued but unpaid interest on the Term Loan Note shall be paid on December 20, 2018.

Principal and interest on this note are secured as follows:

- (1) Bass Pro Shop lease rental payments,
- (2) Mortgage and Security Agreement, in favor of the holder of the note, granting a first lien on the project improvements and land,
- (3) County annual appropriation economic development grant,
- (4) Iowa West Foundation, Inc. guaranty and
- (5) Certain annual appropriations totaling \$6,693,393 to be made by the City.

During the year ended June 30, 2016, principal payments of \$2,442,105 and interest payments of \$181,263 on the note were made by the City.

The City has pledged future Bass Pro Shop lease rental income and contributions from the City, County and Iowa West Foundation, net of specified operating expenditures, to repay the term loan note issued in March 2014. Annual principal and interest payments on the note are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the note is \$6,306,880. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$2,623,351 and \$2,793,335, respectively.

Details of the term loan note payable at June 30, 2016 are as follows:

<u>Obligation/Purpose</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Principal Outstanding June 30, 2016</u>
Term Loan Note	Mar 28, 2014	2.55%*	Dec 20, 2018	\$610,526-2,442,105	\$ 11,600,000	\$ 6,105,264

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

<u>Years Ending June 30,</u>	<u>Term Loan Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,442,105	\$ 127,474	\$ 2,569,579
2018	2,442,105	65,038	2,507,143
2019	1,221,054	9,104	1,230,158
Total	<u>\$ 6,105,264</u>	<u>\$ 201,616</u>	<u>\$ 6,306,880</u>

Settlement Agreement

On October 17, 2013, a stipulation of dismissal with prejudice was brought before the United States District Court for the Southern District of Iowa, Central Division, which dismissed a suit against the City of Council Bluffs and others. The dismissal with prejudice resulted in a settlement agreement making the City liable for \$6,199,997. The settlement will be paid from the General Fund. During the year ended June 30, 2016, the City made payments totaling \$528,571 on the agreement.

Details of the settlement agreement payable at June 30, 2016 are as follows:

<u>Years Ending June 30,</u>	<u>Total</u>
2017	\$ 528,571
2018	528,571
2019	528,571
2020	528,571
2021	728,571
Total	<u>\$ 2,842,855</u>

Loan from Iowa Finance Authority

On May 5, 2015, the Iowa Finance Authority (IFA) issued \$5,950,000 in economic development revenue bonds and loaned the proceeds thereof to the City, which the City used to make an economic development grant in accordance with the Marketplace Urban Renewal plan, fund a debt service reserve for the bonds and pay the costs of issuing the bonds. The loan is payable solely from the bond proceeds, tax increment financing (TIF) receipts generated by increased property values in the designated portions of the Marketplace urban renewal area, credited to the Special Revenue, Tax Increment Financing Fund and paid to the trustee pursuant to the financing agreement and moneys in the debt reserve trust account. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. Pursuant to the financing agreement, the City established a Trust Account through the Bank of Kansas City (BOKF) as trustee. Funds in the trust account are to be used to retire the IFA bonds.

The IFA bonds bear interest at rates ranging from 4.25% to 5.25% per annum and mature in varying annual amounts ranging from \$95,000 to \$880,000, with final maturities due in the year ending June 30, 2030. Principal payments will be applied to the first \$2,750,000 of the bonds which bear interest at 4.25% and will then be applied to the remaining \$3,200,000 of the bonds which bear interest at 5.25%. During the year ended June 30, 2016, principal payments of \$415,000 and interest payments of \$192,990 were made by the City.

As set forth in the grant and development agreement, subject to annual appropriation, the City shall transfer 90% of the eligible tax increment collected by the City with respect to the property as the June 1 and December 1 TIF rebates commencing with the June 1, 2015 rebate and continuing for so long as the IFA bonds are outstanding, but in no event after the June 1, 2029 TIF rebate has been transferred to the trustee. The payment of such tax increment revenues do not constitute a continuing obligation of the City in any fiscal year beyond the fiscal year for which funds have been appropriated. Accordingly, only the appropriated amount payable in the succeeding year is subject to the constitutional debt limitation.

A summary of the City's June 30, 2016 loan from Iowa Finance Authority is as follows:

Years Ending June 30,	Principal	Interest	Total
2017	\$ 215,000	\$ 270,425	\$ 485,425
2018	245,000	260,756	505,756
2019	265,000	250,238	515,238
2020	285,000	238,763	523,763
2021	305,000	226,544	531,544
2022-2025	1,915,000	907,276	2,822,276
2026-2028	2,305,000	308,702	2,613,702
Total	<u>\$ 5,535,000</u>	<u>\$ 2,462,704</u>	<u>\$ 7,997,704</u>

Sewer Revenue Capital Loan Notes

On May 2, 2012, the City entered into an agreement with the Iowa Finance Authority (IFA) for \$5,160,000 of sewer revenue capital loan notes with interest at 3% per annum and mature in varying annual amounts ranging from \$187,000 to \$344,000, with the final maturity due June 1, 2032. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the sewer utility system.

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay the sewer revenue capital loan notes. The notes are payable solely from sewer customer net revenues. Annual principal and interest payments on the notes are expected to require more than 100% of net revenues. The total amount of principal and interest remaining to be paid on the notes at June 30, 2016 is \$5,579,170. For the current year, principal and interest paid and total net revenue, (operating revenues less operating expenses plus depreciation expense), were \$343,430 and \$135,360, respectively.

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

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

The City's net revenues for the year ended June 30, 2016 were less than the required 110% of note principal and interest falling due during the year.

Details of the sewer revenue capital loan notes payable at June 30, 2016 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2016
Sewer revenue capital loan note	May 2, 2012	3.0%*	June 1, 2032	\$187,000-344,000	\$ 5,160,000	\$ 4,375,000

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

Years Ending June 30,	Sewer Capital Loan Note		
	Principal	Interest	Total
2017	\$ 213,000	\$ 131,250	\$ 344,250
2018	220,000	124,860	344,860
2019	227,000	118,260	345,260
2020	234,000	111,450	345,450
2021	242,000	104,430	346,430
2022-2026	1,333,000	408,420	1,741,420
2027-2031	1,562,000	195,180	1,757,180
2032	344,000	10,320	354,320
Total	\$ 4,375,000	\$ 1,204,170	\$ 5,579,170

Recycling Closed Loop Fund Note

On July 13, 2015, the City entered into an agreement with Closed Loop Fund, LP, for \$250,000 of notes payable with interest at 0% per annum and mature in annual amounts of \$83,320, with the final maturity due December 31, 2018. The note was issued for the purpose of purchasing a horizontal baler. A summary of the annual payments to maturity is as follows:

Years Ending June 30,	Principal
2017	\$ 83,320
2018	83,320
2019	41,700
Total	\$ 208,340

Recycling Solid Waste Alternative Note

On July 13, 2015, the City entered into an agreement with Iowa Department of Natural Resources, for \$170,000 of notes payable with interest at 0% per annum and mature in annual amounts of \$30,000 - \$35,000, with the final maturity due October 15, 2020. The note was issued for the purpose of purchasing a horizontal baler. A summary of the annual payments to maturity is as follows:

Years Ending June 30,	Principal
2017	\$ 30,000
2018	30,000
2019	30,000
2020	30,000
2021	35,000
Total	\$ 155,000

At June 30, 2016, the general obligation debt issued by the City did not exceed its legal debt margin, computed as follows:

Actual Assessed Value as of January 1, 2014 (Unaudited)	\$4,598,860,551
Debt Limit- 5% of Total Actual Valuation	\$ 229,943,028
Less Debt Applicable to Debt Limit	
General obligation debt outstanding	(40,535,000)
Tax increment indebtedness	(9,670,214)
Legal settlement	(2,842,855)
Plus Funds on Hand Available to Service Debt	
Debt Service Fund balance	938,702
Tax Increment Financing Fund balance	914,472
	\$ 178,748,133
Legal debt margin	\$ 178,748,133

Note 5 - Restricted Fund Balances

The detail of fund balances restricted for specific purposes at June 30, 2016 is as follows:

Purpose	General	Nonmajor	Total
Insurance	\$ 1,352,997	\$ -	\$ 1,352,997
Employee benefits	3,868,634	-	3,868,634
Home program	-	218,200	218,200
Drainage	-	993,977	993,977
Library	-	153,104	153,104
Other	52,722	7,658	60,380
Total	\$ 5,274,353	\$ 1,372,939	\$ 6,647,292

Note 6 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Nonmajor (Road Use Tax)	General	\$ 555,555
Bass Pro Shop	Special Revenue: Tax Increment Financing	787,458
Debt Service	Special Revenue: Tax Increment Financing	980,631
Capital Projects	General	4,401
	Special Revenue: Tax Increment Financing	116,374
		120,775
Total		\$ 2,444,419

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

Note 7 - Interfund Assets/Liabilities

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 5,608,456
	Non-major: Levee Certification fund	600,943
		\$ 6,209,399

These balances represent the payable fund's negative pooled cash balance as of June 30, 2016.

Note 8 - Pension Plan

Iowa Public Employees 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 the Iowa Public Employees' Retirement System (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.

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three year average salary as of that date if it is greater than the highest five-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 the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the 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 1 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 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%.

The City’s total contributions to IPERS for the year ended June 30, 2016 were \$1,423,486.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$10,907,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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. At June 30, 2015, the City’s collective proportion was .2207700% which was a decrease of .0111587% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$928,493. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to IPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 164,792	\$ -
Changes of Assumptions	300,300	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	907,758
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	39,184	10,843
City Contributions Subsequent to the Measurement Date	1,423,486	-
	\$ 1,927,762	\$ 918,601

\$1,423,486 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 ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2017	\$ (297,262)
2018	(297,262)
2019	(297,262)
2020	469,525
2021	7,936
	\$ (414,325)

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense, including inflation.
Wage Growth Assumption (effective June 30, 1999)	4.00 percent per annum based on 3.00% inflation assumption and 1.00 percent real wage inflation.

The actuarial assumptions used in the June 30, 2015 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and 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 7.50%, as well as what the City’s proportionate share of IPERS net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate Share of the Net Pension Liability	\$ 19,096,379	\$ 10,907,105	\$ 3,994,771

Pension Plan Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to Pension Plan – At June 30, 2016, the City reported no payables to the defined benefit pension plan.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Council Bluffs are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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 – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member’s highest 3 years of compensation. The average of these 3 years becomes the member’s average final compensation. The base benefit is 66 percent of the member’s average final compensation. Additional benefits are available to members who perform more than 22 years of service (2% for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member’s retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member’s retirement benefit at the member’s earliest date eligible and 100% if the member delays enrollment for 24 months. At the member’s actual date of retirement, the member’s DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Iowa Code Chapter 411 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was \$4,453,179.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$27,624,758 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City’s proportion was 5.879931% which was an increase of .054983% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,643,475. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to MFPRSI from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 742,558	\$ 47,209
Changes of Assumptions	2,078,542	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,843,459
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	334,184	-
City Contributions Subsequent to the Measurement Date	4,453,179	-
	\$ 7,608,463	\$ 2,890,668

\$4,453,179 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to MFPRSI will be recognized in pension expense as follows:

Years Ended June 30,	Total
2017	\$ (583,462)
2018	(583,462)
2019	(583,462)
2020	1,777,967
2021	237,035
	\$ 264,616

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increases	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real-Rate of Return
Core plus fixed income	7.0%	3.80%
Emerging markets debt	3.0	6.5
Domestic equities	12.5	6.0
Master limited partnerships (MLP)	5.0	8.5
International equities	12.5	7.0
Core investments	40.0%	
Tactical asset allocation	35.0	6.0
Private equity	15.0	9.8
Private non-core real estate	5.0	9.3
Private core real estate	5.0	6.8
Real estate	10.0	
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, MFPRSI’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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 7.50%, as well as what the City’s proportionate share of MFPRSI’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate Share of the Net Pension Liability	\$ 48,095,526	\$ 27,624,758	\$ 10,615,945

Payables to the Pension Plan – At June 30, 2016, the City reported no payables to the defined benefit pension plan for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

Pension Plan Fiduciary Net Position – Detailed information about the MFPRSI’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

Note 9 - Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 447 active and 31 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual Required Contribution	\$ 327,000
Interest on Net OPEB Obligation	94,000
Adjustments to Annual Required Contribution	<u>(122,000)</u>
Annual OPEB cost	299,000
Contributions Made	<u>(199,248)</u>
Increase in net OPEB obligation	99,752
Net OPEB Obligation, Beginning of Year	<u>2,026,000</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 2,125,752</u></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, 2016.

For the year ended June 30, 2016, the City contributed \$199,248 to the medical plan. Plan members eligible for benefits contributed \$399,636, or 66.7% of the premium costs. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Years Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 342,000	46.2%	\$ 1,878,000
2015	299,000	50.5	2,026,000
2016	299,000	66.6	2,125,752

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$2,965,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,965,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$27,778,000 and the ratio of the UAAL to covered payroll was 10.7%. As of June 30, 2016, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for purpose of this computation.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPRSI and IPERS Actuarial valuation reports. Projected claim costs of the medical plan are \$619 per month for retirees less than age 65.

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

Note 10 - Transit Authority Agreement

The City has contracted for transit service on a regular, scheduled basis over certain routes within the City. The contract provides the City shall pay the net operating cost of service over these routes within the City. During the year ended June 30, 2016, the City paid \$539,279 under this contract.

Note 11 - Industrial Development Revenue Bonds

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

Note 12 - Deficit Balances

At June 30, 2016 funds with deficit balances were as follows:

Special Revenue:	
Levee Certification	\$ (1,001,929)
Bass Pro Shop	(586,131)

These deficit balances are the result of project costs and debt payments in excess of available funds. These deficits will be eliminated upon the subsequent transfer of funds and collection of lease revenues.

Note 13 - Employee Health Insurance Plan

The Iowa Governmental Health Care Plan was established to account for the partial self-funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Iowa Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the deductible of \$2,500/\$5,000 per single/family plan with a maximum out of pocket expense of \$5,000/\$10,000 per single/family plan. The deductible and maximum out of pocket expense for the City is reduced by the deductible amount paid by the employee of \$100/\$300 per single/family plan and employee maximum out of pocket expense of \$1,250/\$2,500 per single/family plan. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Iowa Governmental Health Care Plan Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Benefit Systems, who administers the plan. The City records the plan assets and related liabilities of the health plan in the General Fund. The City's contribution to the plan for the year ended June 30, 2016 was \$7,105,321.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2016 total \$213,000, which is for incurred but not reported (IBNR) and reported but not paid claims, which is included in accounts payable in these financial statements. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

A reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2016 and June 30, 2015 is as follows:

	2016	2015
Unpaid Claims as of Beginning of Year	\$ 165,000	\$ 158,000
Incurred Claims (including claims incurred but not reported as of June 30)	8,282,513	8,110,948
Payments on Claims	(8,234,513)	(8,103,948)
Unpaid Claims as of Year End	\$ 213,000	\$ 165,000

Note 14 - Construction Commitments

Construction commitments at June 30, 2016 totaling \$17,635,583 will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants, and local funds on hand.

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance and \$500,000 self-insured retention on liability and auto coverage only and \$600,000 on worker's compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks did not exceed commercial insurance coverage during the past 3 fiscal years.

Note 16 - CDBG Installment Loan Escrow Fund

During the year ended June 30, 1977, the City received funding for an individual housing rehabilitation loan program from the U.S. Department of Housing and Urban Development. These funds were subsequently loaned to individuals in the City. The loans receivable and loan payments received from the individuals are accounted for in the Special Revenue, CDBG Grant Fund. The Special Revenue, CDBG Installment Loan Escrow Fund receives a portion of loan payments for payment of property tax and insurance. Active loans during the year ended June 30, 2016 carry an interest rate of 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2016, there were 56 active loans with a total outstanding principal balance of \$447,398, which is included in loans receivable in these financial statements.

Note 17 - Urban Renewal Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$37,746,915. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2016, the City rebated \$3,240,899 of incremental property tax to developers, which included \$3,239,379 for principal and \$1,520 for interest.

The total cumulative principal amount rebated on the agreements is \$19,637,379. The outstanding balance on the agreements at June 30, 2016 was \$18,109,536.

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

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

Note 18 - Economic Development Agreements

Mid-American Recreation & Convention Complex

On July 24, 2001, the City entered into an agreement with the Council Bluffs Community Betterment Foundation, the Iowa West Foundation (IWF), the Southwest Iowa Foundation and Harvey's Casino Resorts to develop a project known as the Mid-American Recreation & Convention Complex. As part of this agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts, up to a maximum of \$5,000,000, to reimburse the IWF for some of the project costs. Excess hotel/motel tax collections are those remaining after the City has satisfied certain other commitments of these funds. The City's obligation under this agreement expired on December 31, 2015. During the year ended June 30, 2016, the City paid \$299,676 to the IWF pursuant to this agreement. The total cumulative amount paid under this agreement was \$2,940,766.

Bass Pro Outdoor World, L.L.C.

On October 22, 2004, the City entered into an agreement with Pottawattamie City, the Iowa West Foundation, the Southwest Iowa Foundation and the Council Bluffs Community Betterment Foundation (CBF) to develop an outdoor world retail facility. The project was financed and constructed by the CBF for use and occupancy by Bass Pro Outdoor World, L.L.C., lessee (Bass Lease). As part of this agreement, the City will own and maintain the facility and issued a \$17,000,000 urban renewal revenue capital loan note to reimburse CBF for some of the project costs. In February 2011, the City issued a \$14,500,000 urban renewal term loan note to retire the \$17,000,000 urban renewal capital loan note. As discussed in Note 4, in March 2014, the City issued a \$11,600,000 term loan note to retire the \$14,500,000 urban renewal term loan note. The term loan note is secured in various forms by the development agreement participants. Pursuant to the agreement, the City established a Trust account through First National Bank of Omaha as trustee. Deposits into this account include all sources of funding securing the note and all lease payments required under the Bass Lease. Funds in the trust account are to be used to pay real estate tax on the property, retire the urban renewal term loan note and pay operating and maintenance expenses related to the facility. This trust account is reported by the City in the Special Revenue, Bass Pro Shop Fund. During the year ended June 30, 2016, the City transferred \$787,458 into this fund from the Special Revenue, Tax Increment Financing Fund to fulfill part of its obligation under the agreement.

City of Council Bluffs Area Chamber of Commerce

On December 3, 2013, the City entered into an agreement with the Council Bluffs Convention and Visitors Bureau (CVB). As part of the agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts to the CVB for the purpose of promoting the City as both a convention site, a sports venue and a visitor attraction. The City's obligation under this agreement commenced on January 1, 2014 and terminated on June 30, 2016. Pursuant to the agreement, the City paid \$525,000 in the year ended June 30, 2016.

Note 19 - Mid America Recreation & Convention Complex

The Mid-America Recreation & Convention Complex (the Complex) provides space for conventions, concerts, sporting events, meetings and other performances. The Complex was built with funding from the Southwest Iowa Foundation and, upon completion, ownership of the Complex was transferred to the City. The City has entered into a management agreement with Harrah's Iowa Arena Management, LLC (Harrahs) to manage the operations of the Complex. The City is contractually obligated to fund all liabilities and expenses of the Complex and periodically provides funding to Harrahs to pay obligations when due. During the year ended June 30, 2016, the City paid \$1,200,936 to Harrahs as part of its obligation under the terms of the agreement. Following is a condensed operating statement for activities managed by Harrahs for the year ended June 30, 2016.

Operating Revenues	
Event revenue	\$ 554,070
Retail revenue	3,321,898
Total revenue	<u>3,875,968</u>
Operating Expenses	
Event expenses:	
Cost of sales- events	95,221
Cost of sales- other retail	1,362,869
Security	18,231
Total event operating expenses	<u>1,476,321</u>
Excess of operating revenues over operating expenses	<u>2,399,647</u>
Property Expenses	
Administrative and general	636,106
Property operations	1,090,243
Marketing and promotions	637,446
Miscellaneous	118,419
Total property expenses	<u>2,482,214</u>
Total operating expenses	<u>3,958,535</u>
Operating Loss	(82,567)
Non-Operating Expenses	
Management fee	(324,082)
Net Loss	<u>\$ (406,649)</u>

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

Management Fee Calculation

Net operating loss	\$ (82,567)
Net operating loss threshold	<u>700,000</u>
Net operating loss less than net operating loss threshold	<u>\$ 617,433</u>
 50% of the amount the net operating loss exceeds the net operating loss threshold	 <u>\$ 308,717</u>

Note 20 - Subsequent Event

On November 23, 2016, the City issued \$6,095,000 of general obligation bonds for the purpose of paying the cost of constructing improvements to streets, storm water drainage, and sidewalk improvements. The interest rates on the bonds range from 2.00-2.50% with final maturity on June 1, 2026.

On November 23, 2016, the City issued \$2,810,000 of taxable general obligation bonds for the purpose of planning, undertaking, and carrying out urban renewal projects. The interest rates on the bonds range from 1.10-1.90% with final maturity on June 1, 2021.

Note 21 - Correction of Errors

The beginning net position/fund balance were restated to reflect corrections of capital assets and property taxes payable.

	Bass Pro Shop Fund	Governmental Activities
Net Position/Fund Balance Previously Reported	\$ 274,501	\$ 226,488,450
Adjustment to Accrue Property Taxes on Bass Pro Shop	(1,030,616)	(1,030,616)
Adjustment of Capital Assets	-	2,777,756
Net Position/Fund Balance as of July 1, 2015	<u>\$ (756,115)</u>	<u>\$ 228,235,590</u>

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Required Supplementary Information
June 30, 2016

City of Council Bluffs

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	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Receipts			
Property tax	\$ 40,275,978	\$ -	\$ 40,275,978
Tax increment financing	4,845,542	-	4,845,542
Other city tax	18,238,768	-	18,238,768
Licenses and permits	4,317,612	-	4,317,612
Use of money and property	972,078	-	972,078
Intergovernmental	31,249,447	-	31,249,447
Charges for service	8,201,411	10,970,386	19,171,797
Special and drainage assessments	304,272	-	304,272
Miscellaneous	10,544,509	678,970	11,223,479
Total receipts	<u>118,949,617</u>	<u>11,649,356</u>	<u>130,598,973</u>
Disbursements			
Public safety	32,951,305	-	32,951,305
Public works	13,006,548	-	13,006,548
Health and social services	700,896	-	700,896
Culture and recreation	13,215,594	-	13,215,594
Community and economic development	6,739,013	-	6,739,013
General government	14,764,869	-	14,764,869
Debt service	14,199,729	-	14,199,729
Capital projects	31,463,466	-	31,463,466
Business type activities	-	15,082,135	15,082,135
Total disbursements	<u>127,041,420</u>	<u>15,082,135</u>	<u>142,123,555</u>
Excess (deficiency) of receipts over expenditures	<u>(8,091,803)</u>	<u>(3,432,779)</u>	<u>(11,524,582)</u>
Other Financing Sources	<u>-</u>	<u>9,076,531</u>	<u>9,076,531</u>
Net change in fund balances	(8,091,803)	5,643,752	(2,448,051)
Fund Balances, Beginning of Year	<u>54,938,010</u>	<u>150,699,396</u>	<u>206,668,020</u>
Fund Balances, End of Year	<u>\$ 46,846,207</u>	<u>\$ 156,343,148</u>	<u>\$ 204,219,969</u>

City of Council Bluffs
 Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual –
 Governmental Funds and Enterprise Funds
 Required Supplementary Information
 June 30, 2016

Budget Amounts		Final to
Original	Final	Actual Variance
\$ 40,380,508	\$ 40,380,508	\$ (104,530)
5,097,997	5,712,797	(867,255)
19,038,979	19,038,979	(800,211)
4,405,180	4,405,180	(87,568)
921,426	921,426	50,652
19,080,250	20,553,611	10,695,836
19,423,865	20,564,881	(1,393,084)
171,000	171,000	133,272
13,524,758	13,524,758	(2,301,279)
<u>122,043,963</u>	<u>125,273,140</u>	<u>5,325,833</u>
32,473,181	32,473,181	(478,124)
10,748,008	11,081,450	(1,925,098)
767,048	767,048	66,152
8,217,756	13,195,756	(19,838)
8,214,961	9,049,761	2,310,748
13,721,177	12,015,371	(2,749,498)
10,414,934	14,244,699	44,970
31,201,000	31,201,000	(262,466)
15,856,211	15,856,211	774,076
<u>131,614,276</u>	<u>139,884,477</u>	<u>(2,239,078)</u>
<u>(9,570,313)</u>	<u>(14,611,337)</u>	<u>3,086,755</u>
<u>7,695,000</u>	<u>12,319,000</u>	<u>(3,242,469)</u>
(1,875,313)	(2,292,337)	(155,714)
<u>189,332,710</u>	<u>189,332,710</u>	<u>17,335,310</u>
<u>\$ 187,457,397</u>	<u>\$ 187,040,373</u>	<u>\$ 17,179,596</u>

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's budget is prepared on a GAAP basis.

Formal and legal budgetary control is based upon nine major classes of expenditures/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function expenditures/expenses required to be budgeted include expenditures/expenses for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the aggregated functions level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$8,270,201. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, expenditures in the public safety, public works, culture and recreation, general government, and capital projects functions exceeded the amounts budgeted.

City of Council Bluffs
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Iowa Public Employee's Retirement System and Municipal Fire and Police Retirement System
 Last Two Fiscal Years
 Required Supplementary Information

Iowa Public Employees' Retirement System

	2016	2015
City's Collective Proportion of the Net Pension Liability	0.2207700%	0.2319287%
City's Collective Proportionate Share of the Net Pension Liability	\$ 10,907	\$ 8,857
City's Covered-Employee Payroll	\$ 15,129	\$ 15,175
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	72.09%	58.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.19%	87.61%

Municipal Fire and Police Retirement System of Iowa

	2016	2015
City's Collective Proportion of the Net Pension Liability	5.879931%	5.824948%
City's Collective Proportionate Share of the Net Pension Liability	\$ 27,625	\$ 21,115
City's Covered-Employee Payroll	\$ 15,407	\$ 14,875
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	179.30%	141.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.04%	86.27%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Iowa Public Employee's Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily Required Contribution	\$ 1,423	\$ 1,351	\$ 1,355	\$ 1,276	\$ 1,165
Contributions in Relation to the Statutorily Required Contribution	<u>1,423</u>	<u>1,351</u>	<u>1,355</u>	<u>1,276</u>	<u>1,165</u>
Contribution Deficiency (Excess)	-	-	-	-	-
City's Covered- Employee Payroll	15,940	15,129	15,175	14,726	14,437
Contributions as a Percentage of Covered-Employee Payroll	8.93%	8.93%	8.93%	8.66%	8.07%

Municipal Fire and Police Retirement System of Iowa

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily Required Contribution	\$ 4,453	\$ 4,689	\$ 4,480	\$ 3,769	\$ 3,454
Contributions in Relation to the Statutorily Required Contribution	<u>4,453</u>	<u>4,689</u>	<u>4,480</u>	<u>3,769</u>	<u>3,454</u>
Contribution Deficiency (Excess)	-	-	-	-	-
City's Covered- Employee Payroll	16,036	15,407	14,875	14,330	13,949
Contributions as a Percentage of Covered-Employee Payroll	27.77%	30.43%	30.12%	26.30%	24.76%

See Accompanying Independent Auditor's Report

City of Council Bluffs
Schedule of the City Contributions
Iowa Public Employee's Retirement System and Municipal Fire and Police Retirement System
Last Ten Fiscal Years
Required Supplementary Information

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 986	\$ 958	\$ 833	\$ 741	\$ 672
<u>986</u>	<u>958</u>	<u>833</u>	<u>741</u>	<u>672</u>
-	-	-	-	-
14,202	14,403	15,981	12,138	11,524
6.94%	6.65%	5.21%	6.10%	5.83%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,722	\$ 2,335	\$ 2,358	\$ 3,057	\$ 3,256
<u>2,722</u>	<u>2,335</u>	<u>2,358</u>	<u>3,057</u>	<u>3,256</u>
-	-	-	-	-
13,679	13,738	12,577	11,999	11,612
19.90%	17.00%	18.75%	25.48%	28.04%

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current 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, City jailers, City 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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the 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.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Council Bluffs
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Years 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)
2012	Jul 1, 2011	-	\$ 3,800	\$ 3,800	0.0%	\$ 25,611	14.8%
2014	Jul 1, 2012	-	3,472	3,472	0.0	25,955	13.4
2016	Jul 1, 2014	-	2,965	2,965	0.0	27,778	10.7

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

Other Supplementary Information
June 30, 2016

City of Council Bluffs

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Permanent Fund

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

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

	Special Revenue				
	Road Use Tax	CDBG Grant	Home Program	CDBG Installment Loan	Levee Certification
Assets					
Cash, Cash equivalents and pooled investments	\$ 6,324,524	\$ 158,186	\$ 218,200	\$ 4,986	\$ -
Receivables					
Special and drainage assessments	-	-	-	-	-
Loans	-	447,398	-	3,660	-
Due from other governments	580,810	730,604	7,220	-	79,613
Inventories	996,550	-	-	-	-
Land held for resale	-	445,841	-	-	-
Total Assets	<u>\$ 7,901,884</u>	<u>\$ 1,782,029</u>	<u>\$ 225,420</u>	<u>\$ 8,646</u>	<u>\$ 79,613</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 672,286	\$ 25,083	\$ -	\$ 988	\$ 480,599
Salaries and benefits payable	92,513	8,836	-	-	-
Due to other governments	2,593	49	-	-	-
Due to other funds	-	-	-	-	600,943
Total Liabilities	<u>767,392</u>	<u>33,968</u>	<u>-</u>	<u>988</u>	<u>1,081,542</u>
Deferred inflows of resources:					
Unavailable revenues					
Other	-	172,606	7,220	-	-
Fund Balances					
Nonspendable					
Cemetery perpetual care	-	-	-	-	-
Inventories	996,550	-	-	-	-
Restricted					
Street and sewer maintenance and improvements	6,137,942	-	-	-	-
Community development block grant	-	1,575,455	-	-	-
Other purposes	-	-	218,200	7,658	-
Unassigned	-	-	-	-	(1,001,929)
Total fund balances	<u>7,134,492</u>	<u>1,575,455</u>	<u>218,200</u>	<u>7,658</u>	<u>(1,001,929)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,901,884</u>	<u>\$ 1,782,029</u>	<u>\$ 225,420</u>	<u>\$ 8,646</u>	<u>\$ 79,613</u>

City of Council Bluffs
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Drainage Districts			Lake Manawa SSMID	Library Memorials and Gifts	Total	Permanent	Total
Mosquito Creek #22	Sieck #32	West Lewis #35				Fairview Cemetery Perpetual	
\$ 287,576	\$ 143,351	\$ 365,003	\$ 250,600	\$ 154,067	\$ 7,906,493	\$ 60,080	\$ 7,966,573
72,134	36,243	64,974	-	-	173,351	-	173,351
-	-	-	-	-	451,058	-	451,058
1,581	396	1,284	-	-	1,401,508	-	1,401,508
-	-	-	-	-	996,550	-	996,550
-	-	-	-	-	445,841	-	445,841
<u>\$ 361,291</u>	<u>\$ 179,990</u>	<u>\$ 431,261</u>	<u>\$ 250,600</u>	<u>\$ 154,067</u>	<u>\$ 11,374,801</u>	<u>\$ 60,080</u>	<u>\$ 11,434,881</u>
\$ 7,885	\$ 5,950	\$ 2,256	\$ 39,721	\$ 963	\$ 1,235,731	\$ -	\$ 1,235,731
-	-	-	-	-	101,349	-	101,349
-	-	-	-	-	2,642	-	2,642
-	-	-	-	-	600,943	-	600,943
<u>7,885</u>	<u>5,950</u>	<u>2,256</u>	<u>39,721</u>	<u>963</u>	<u>1,940,665</u>	<u>-</u>	<u>1,940,665</u>
<u>72,134</u>	<u>36,243</u>	<u>64,976</u>	<u>-</u>	<u>-</u>	<u>353,179</u>	<u>-</u>	<u>353,179</u>
-	-	-	-	-	-	60,080	60,080
-	-	-	-	-	996,550	-	996,550
-	-	-	-	-	6,137,942	-	6,137,942
-	-	-	-	-	1,575,455	-	1,575,455
281,272	137,797	364,029	210,879	153,104	1,372,939	-	1,372,939
-	-	-	-	-	(1,001,929)	-	(1,001,929)
<u>281,272</u>	<u>137,797</u>	<u>364,029</u>	<u>210,879</u>	<u>153,104</u>	<u>9,080,957</u>	<u>60,080</u>	<u>9,141,037</u>
<u>\$ 361,291</u>	<u>\$ 179,990</u>	<u>\$ 431,261</u>	<u>\$ 250,600</u>	<u>\$ 154,067</u>	<u>\$ 11,374,801</u>	<u>\$ 60,080</u>	<u>\$ 11,434,881</u>

	Road Use Tax	CDBG grant	Home Program	CDBG installment Loan	Levee Certification
Revenues					
License and permits	\$ 106,960	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,744,139	278,476	100,000	-	1,695,000
Charge for service	4,441	5,011	-	-	-
Special and drainage assessments	-	-	-	-	-
Miscellaneous	47,263	(3,763)	60,000	8,251	-
Total revenues	<u>7,902,803</u>	<u>279,724</u>	<u>160,000</u>	<u>8,251</u>	<u>1,695,000</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	8,016,137	-	-	-	3,517,887
Culture and recreation	-	-	-	-	-
Community and economic development	-	541,396	139,000	9,640	-
General government	624,836	-	-	-	-
Total expenditures	<u>8,640,973</u>	<u>541,396</u>	<u>139,000</u>	<u>9,640</u>	<u>3,517,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(738,170)</u>	<u>(261,672)</u>	<u>21,000</u>	<u>(1,389)</u>	<u>(1,822,887)</u>
Other Financing Sources					
Transfers In	<u>555,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(182,615)	(261,672)	21,000	(1,389)	(1,822,887)
Fund balances Beginning of Year	<u>7,317,107</u>	<u>1,837,127</u>	<u>197,200</u>	<u>9,047</u>	<u>820,958</u>
Fund Balances End of Year	<u>\$ 7,134,492</u>	<u>\$ 1,575,455</u>	<u>\$ 218,200</u>	<u>\$ 7,658</u>	<u>\$ (1,001,929)</u>

City of Council Bluffs
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue						Permanent	
Drainage Districts			Lake	Library		Fairview	
Mosquito Creek #22	Sieck #32	West Lewis #35	Manawa SSMID	Memorials and Gifts	Total	Cemetery Perpetual	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,960	\$ -	\$ 106,960
-	-	-	6,945	-	9,824,560	-	9,824,560
-	-	-	-	-	9,452	-	9,452
71,513	36,608	64,207	131,944	-	304,272	-	304,272
-	-	-	-	381,372	493,123	160	493,283
<u>71,513</u>	<u>36,608</u>	<u>64,207</u>	<u>138,889</u>	<u>381,372</u>	<u>10,738,367</u>	<u>160</u>	<u>10,738,527</u>
62,192	52,215	37,151	-	-	151,558	-	151,558
-	-	-	-	-	11,534,024	-	11,534,024
-	-	-	-	390,939	390,939	-	390,939
-	-	-	100,014	-	790,050	-	790,050
-	-	-	-	-	624,836	-	624,836
<u>62,192</u>	<u>52,215</u>	<u>37,151</u>	<u>100,014</u>	<u>390,939</u>	<u>13,491,407</u>	<u>-</u>	<u>13,491,407</u>
<u>9,321</u>	<u>(15,607)</u>	<u>27,056</u>	<u>38,875</u>	<u>(9,567)</u>	<u>(2,753,040)</u>	<u>160</u>	<u>(2,752,880)</u>
-	-	-	-	-	555,555	-	555,555
9,321	(15,607)	27,056	38,875	(9,567)	(2,197,485)	160	(2,197,325)
<u>271,951</u>	<u>153,404</u>	<u>336,973</u>	<u>172,004</u>	<u>162,671</u>	<u>11,278,442</u>	<u>59,920</u>	<u>11,338,362</u>
<u>\$ 281,272</u>	<u>\$ 137,797</u>	<u>\$ 364,029</u>	<u>\$ 210,879</u>	<u>\$ 153,104</u>	<u>\$ 9,080,957</u>	<u>\$ 60,080</u>	<u>\$ 9,141,037</u>

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Statistical Section (Unaudited)
June 30, 2016

City of Council Bluffs

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Net investment in capital assets	\$ 244,666,094	\$ 234,964,843	\$ 246,057,967	\$ 242,739,159
Restricted	44,378,329	31,773,393	25,626,688	30,005,228
Unrestricted	(29,586,558)	(40,249,786)	(12,404,934)	(7,197,379)
Total Governmental Activities Net Position	<u>\$ 259,457,865</u>	<u>\$ 226,488,450</u>	<u>\$ 259,279,721</u>	<u>\$ 265,547,008</u>
Business-Type Activities				
Net investment in capital assets	\$ 150,532,508	\$ 144,959,497	\$ 140,083,921	\$ 131,121,021
Unrestricted	5,810,640	5,739,898	5,623,922	6,135,403
Total Business-Type Activities Net Position	<u>\$ 156,343,148</u>	<u>\$ 150,699,395</u>	<u>\$ 145,707,843</u>	<u>\$ 137,256,424</u>
Primary Government				
Net investment in capital assets	\$ 395,198,602	\$ 379,924,340	\$ 386,141,888	\$ 373,860,180
Restricted	44,378,329	31,773,393	25,626,688	30,005,228
Unrestricted	(23,775,918)	(34,509,888)	(6,781,012)	(1,061,976)
Total Primary Government Net Position	<u>\$ 415,801,013</u>	<u>\$ 377,187,845</u>	<u>\$ 404,987,564</u>	<u>\$ 402,803,432</u>

City of Council Bluffs
Schedule 1 – Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

2012	2011	2010	2009	2008	2007
\$ 239,751,252	\$ 231,096,351	\$ 219,535,725	\$ 212,224,136	\$ 191,101,228	\$ 173,378,490
35,772,486	30,061,361	23,003,292	21,301,756	18,082,904	17,765,773
(7,121,573)	(10,787,191)	(263,805)	(4,916,787)	(4,506,740)	758,509
<u>\$ 268,402,165</u>	<u>\$ 250,370,521</u>	<u>\$ 242,275,212</u>	<u>\$ 228,609,105</u>	<u>\$ 204,677,392</u>	<u>\$ 191,902,772</u>
\$ 131,806,236	\$ 128,435,537	\$ 118,755,228	\$ 107,488,837	\$ 101,199,118	\$ 99,533,684
1,660,104	2,448,896	5,261,436	9,469,103	6,804,540	4,146,969
<u>\$ 133,466,340</u>	<u>\$ 130,884,433</u>	<u>\$ 124,016,664</u>	<u>\$ 116,957,940</u>	<u>\$ 108,003,658</u>	<u>\$ 103,680,653</u>
\$ 371,557,488	\$ 359,531,888	\$ 338,290,953	\$ 319,712,973	\$ 292,300,346	\$ 272,912,174
35,772,486	30,061,361	23,003,292	21,301,756	18,082,904	17,765,773
(5,461,469)	(8,338,295)	4,997,631	4,552,316	2,297,800	4,905,478
<u>\$ 401,868,505</u>	<u>\$ 381,254,954</u>	<u>\$ 366,291,876</u>	<u>\$ 345,567,045</u>	<u>\$ 312,681,050</u>	<u>\$ 295,583,425</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses				
Governmental Activities				
Public safety	\$ 32,306,014	\$ 30,124,650	\$ 31,070,833	\$ 30,176,722
Public works	17,093,394	16,468,963	15,609,496	13,994,363
Health and social services	727,678	638,134	676,455	649,660
Culture and recreation	16,375,706	15,348,323	14,374,266	11,472,144
Community and economic development	8,730,016	17,476,764	10,386,218	10,053,869
General government	14,200,473	15,571,464	15,094,903	21,785,632
Interest on long term debt	2,108,862	1,750,993	1,600,705	1,320,753
Total Governmental Activities Expenses	<u>91,542,143</u>	<u>97,379,291</u>	<u>88,812,876</u>	<u>89,453,143</u>
Business-Type Activities				
Sewer system and sewage disposal	9,601,503	9,365,727	9,085,454	8,511,229
Refuse and disposal	5,480,632	5,449,198	5,394,055	4,953,069
Other	-	-	-	-
Total Business-Type Activities Expenses	<u>15,082,135</u>	<u>14,814,925</u>	<u>14,479,509</u>	<u>13,464,298</u>
Total Primary Government Expenses	<u>\$ 106,624,278</u>	<u>\$ 112,194,216</u>	<u>\$ 103,292,385</u>	<u>\$ 102,917,441</u>
Program Revenues				
Governmental Activities				
Charges for service:				
Public safety	\$ 4,246,795	\$ 6,781,118	\$ 4,042,165	\$ 3,714,888
Public works	339,287	260,674	380,451	426,878
Health and social services	125,267	204,936	214,352	223,651
Culture and recreation	5,506,381	5,311,670	4,480,358	3,735,755
Community and economic development	835,578	773,600	745,089	788,312
General government	4,999,209	4,565,622	5,095,615	4,351,014
Interest on long term debt	-	-	-	-
Operating grants and contributions	13,620,858	14,683,571	11,770,641	10,902,095
Capital grants and contributions	34,746,417	8,392,730	3,457,434	3,891,282
Total Governmental Activities Program Revenues	<u>64,419,792</u>	<u>40,973,921</u>	<u>30,186,105</u>	<u>28,033,875</u>
Business-Type Activities				
Charges for service:				
Sanitary sewer	5,955,328	5,141,442	4,945,306	5,219,683
Refuse and disposal	5,654,115	5,757,378	5,539,480	5,000,428
Other	-	-	-	-
Operating grants and contributions	-	-	9,691	-
Capital grants and contributions	-	-	-	2,182,683
Total Business-Type Activities Program Revenues	<u>11,609,443</u>	<u>10,898,820</u>	<u>10,494,477</u>	<u>12,402,794</u>
Total Primary Government Program Revenues	<u>\$ 76,029,235</u>	<u>\$ 51,872,741</u>	<u>\$ 40,680,582</u>	<u>\$ 40,436,669</u>
Net (Expense)/Revenue				
Governmental activities	\$ (27,122,351)	\$ (56,405,370)	\$ (58,626,771)	\$ (61,419,268)
Business-type activities	(3,472,692)	(3,916,105)	(3,985,032)	(1,061,504)
Total Primary Government Net Expense	<u>\$ (30,595,043)</u>	<u>\$ (60,321,475)</u>	<u>\$ (62,611,803)</u>	<u>\$ (62,480,772)</u>

City of Council Bluffs
Schedule 2 – Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)

2012	2011	2010	2009	2008	2007
\$ 28,913,039	\$ 28,501,970	\$ 26,540,090	\$ 25,796,311	\$ 23,825,855	\$ 24,790,690
12,088,663	12,492,324	11,298,900	11,071,569	13,486,989	9,946,764
516,001	573,385	550,421	563,295	561,859	471,757
8,733,154	11,915,556	8,348,868	9,504,036	7,748,286	6,718,057
7,809,473	7,816,996	6,801,616	7,514,563	7,531,592	5,907,016
26,117,159	14,435,524	10,959,589	10,555,074	10,914,762	10,385,104
2,057,277	2,119,475	2,158,068	2,611,834	3,110,714	3,061,451
<u>86,234,766</u>	<u>77,855,230</u>	<u>66,657,552</u>	<u>67,616,682</u>	<u>67,180,057</u>	<u>61,280,839</u>
8,468,164	8,325,469	7,231,802	8,560,437	7,220,114	7,019,179
4,895,323	4,652,239	4,518,258	4,386,055	3,742,452	3,481,343
-	-	67,195	2,500	-	-
<u>13,363,487</u>	<u>12,977,708</u>	<u>11,817,255</u>	<u>12,948,992</u>	<u>10,962,566</u>	<u>10,500,522</u>
<u>\$ 99,598,253</u>	<u>\$ 90,832,938</u>	<u>\$ 78,474,807</u>	<u>\$ 80,565,674</u>	<u>\$ 78,142,623</u>	<u>\$ 71,781,361</u>
\$ 3,911,323	\$ 3,783,890	\$ 4,320,041	\$ 3,059,464	\$ 3,586,990	\$ 3,520,866
259,818	432,461	467,447	927,074	726,469	661,459
106,368	75,729	106,412	51,734	154,897	36,552
1,176,034	1,366,821	1,525,874	1,467,869	1,324,002	1,309,207
785,428	816,575	797,523	853,071	852,390	1,148,270
3,686,329	2,888,110	3,575,089	3,448,875	3,616,649	3,492,144
-	-	108,432	-	-	-
22,012,492	12,021,377	10,296,448	11,473,259	11,214,539	10,062,512
11,925,631	10,968,177	10,812,521	22,074,207	9,544,137	16,089,488
<u>43,863,423</u>	<u>32,353,140</u>	<u>32,009,787</u>	<u>43,355,553</u>	<u>31,020,073</u>	<u>36,320,498</u>
5,033,254	5,290,548	5,452,663	5,292,190	5,505,772	5,415,260
5,458,948	5,211,310	4,654,118	4,595,669	3,590,140	3,458,983
-	-	41,479	28,216	-	-
-	33,257	247,134	369,002	144,871	80,102
<u>750,000</u>	<u>369,760</u>	<u>-</u>	<u>2,732,966</u>	<u>-</u>	<u>2,547,231</u>
<u>11,242,202</u>	<u>10,904,875</u>	<u>10,395,394</u>	<u>13,018,043</u>	<u>9,240,783</u>	<u>11,501,576</u>
<u>\$ 55,105,625</u>	<u>\$ 43,258,015</u>	<u>\$ 42,405,181</u>	<u>\$ 56,373,596</u>	<u>\$ 40,260,856</u>	<u>\$ 47,822,074</u>
\$ (42,371,343)	\$ (45,502,090)	\$ (34,647,765)	\$ (24,261,129)	\$ (36,159,984)	\$ (24,960,341)
<u>(2,121,285)</u>	<u>(2,072,833)</u>	<u>(1,421,861)</u>	<u>69,051</u>	<u>(1,721,783)</u>	<u>1,001,054</u>
<u>\$ (44,492,628)</u>	<u>\$ (47,574,923)</u>	<u>\$ (36,069,626)</u>	<u>\$ (24,192,078)</u>	<u>\$ (37,881,767)</u>	<u>\$ (23,959,287)</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Revenue and Other Changes in Net Position				
Governmental Activities				
Property tax levied for general purposes	\$ 34,568,770	\$ 32,682,818	\$ 32,503,566	\$ 31,858,165
Property tax levied for debt service	5,840,540	6,109,993	6,327,266	6,940,528
Tax increment financing	4,845,542	5,966,145	5,466,119	5,251,542
Local option sales tax	8,373,886	11,394,035	8,921,770	7,911,136
Hotel motel tax	2,805,846	2,889,262	2,679,437	2,539,232
Gaming wager tax	3,079,108	3,091,006	3,125,722	3,539,033
Other city tax	3,642,031	4,310,624	3,490,785	3,463,114
Commercial/Industrial replacement	2,207,727	1,071,331	-	-
Unrestricted investment earnings	247,577	294,173	266,405	238,082
Miscellaneous	1,810,130	3,402,514	2,006,609	1,672,512
Gain on disposition of capital assets	-	-	-	-
Transfers	<u>(9,076,531)</u>	<u>(11,562,737)</u>	<u>(12,428,195)</u>	<u>(4,849,233)</u>
Total Governmental Activities	<u>58,344,626</u>	<u>59,649,164</u>	<u>52,359,484</u>	<u>58,564,111</u>
Business-Type Activities				
Local option sales tax	-	-	-	-
Unrestricted investment earnings	-	-	-	-
Miscellaneous	7,065	7,065	2,355	2,355
Gain on disposition of capital assets	32,848	13,932	5,901	-
Transfers	<u>9,076,531</u>	<u>11,562,737</u>	<u>12,428,195</u>	<u>4,849,233</u>
Total Business-Type Activities	<u>9,116,444</u>	<u>11,583,734</u>	<u>12,436,451</u>	<u>4,851,588</u>
Total Primary Government	<u>\$ 67,461,070</u>	<u>\$ 71,232,898</u>	<u>\$ 64,795,935</u>	<u>\$ 63,415,699</u>
Changes in Net Position				
Governmental activities	\$ 31,222,275	\$ 3,243,794	\$ (6,267,287)	\$ (2,855,157)
Business-type activities	<u>5,643,752</u>	<u>7,667,629</u>	<u>8,451,419</u>	<u>3,790,084</u>
Total Primary Government	<u>\$ 36,866,027</u>	<u>\$ 10,911,423</u>	<u>\$ 2,184,132</u>	<u>\$ 934,927</u>

City of Council Bluffs
Schedule 2 – Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounts)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 32,146,836	\$ 30,867,270	\$ 29,870,765	\$ 26,464,281	\$ 25,273,906	\$ 24,034,452
6,706,224	7,006,599	7,210,156	6,804,838	6,584,767	6,220,880
4,780,377	6,058,673	3,223,820	4,983,734	3,548,580	1,384,337
8,410,893	8,589,061	7,024,557	3,540,379	3,814,009	2,032,485
2,579,387	2,269,329	2,200,766	2,263,735	2,328,532	2,151,729
3,695,712	3,670,039	3,821,147	4,199,317	4,469,440	4,798,056
3,646,472	3,543,543	2,700,871	3,174,102	2,739,342	2,711,601
-	-	-	-	-	-
168,082	279,466	341,243	733,812	771,465	1,256,656
2,967,288	116,206	91,724	132,778	58,645	114,552
-	-	-	-	26,093	105,709
<u>(4,698,284)</u>	<u>(8,802,887)</u>	<u>(11,320,521)</u>	<u>(4,104,134)</u>	<u>(680,175)</u>	<u>(3,173,334)</u>
<u>60,402,987</u>	<u>53,597,299</u>	<u>45,164,528</u>	<u>48,192,842</u>	<u>48,934,604</u>	<u>41,637,123</u>
-	-	-	4,646,303	3,492,325	5,252,871
-	180	1,423	49,787	66,324	32,822
2,355	10,397	85,790	82,562	133,170	33,000
2,553	127,138	-	2,445	1,672,794	-
<u>4,698,284</u>	<u>8,802,887</u>	<u>11,320,521</u>	<u>4,104,134</u>	<u>680,175</u>	<u>3,173,334</u>
<u>4,703,192</u>	<u>8,940,602</u>	<u>11,407,734</u>	<u>8,885,231</u>	<u>6,044,788</u>	<u>8,492,027</u>
<u>\$ 65,106,179</u>	<u>\$ 62,537,901</u>	<u>\$ 56,572,262</u>	<u>\$ 57,078,073</u>	<u>\$ 54,979,392</u>	<u>\$ 50,129,150</u>
\$ 18,031,644	\$ 8,095,209	\$ 10,516,763	\$ 23,931,713	\$ 12,774,620	\$ 16,676,782
<u>2,581,907</u>	<u>6,867,769</u>	<u>9,985,873</u>	<u>8,954,282</u>	<u>4,323,005</u>	<u>9,493,081</u>
<u>\$ 20,613,551</u>	<u>\$ 14,962,978</u>	<u>\$ 20,502,636</u>	<u>\$ 32,885,995</u>	<u>\$ 17,097,625</u>	<u>\$ 26,169,863</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-
Nonspendable	1,259,388	1,739,776	1,773,540	1,817,606
Restricted	5,274,353	3,836,594	5,233,950	5,681,823
Unassigned	14,044,979	15,848,353	12,313,458	14,793,480
Total General Fund	<u>20,578,720</u>	<u>21,424,723</u>	<u>19,320,948</u>	<u>22,292,909</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	1,056,630	1,122,907	1,047,663	904,790
Restricted	26,798,917	33,420,995	26,939,241	32,107,949
Unassigned	(1,588,060)	-	(91,975)	-
Total All Government Funds	<u>26,267,487</u>	<u>34,543,902</u>	<u>27,894,929</u>	<u>33,012,739</u>
Total Governmental Funds	<u>\$ 46,846,207</u>	<u>\$ 55,968,625</u>	<u>\$ 47,215,877</u>	<u>\$ 55,305,648</u>

City of Council Bluffs
Schedule 3 – Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 2,727,002	\$ 2,543,090	\$ 2,536,773	\$ 2,561,128
-	-	12,639,788	7,710,769	8,538,408	7,553,502
1,814,002	2,814,123	-	-	-	-
8,976,226	7,125,557	-	-	-	-
13,158,934	10,859,733	-	-	-	-
<u>23,949,162</u>	<u>20,799,413</u>	<u>15,366,790</u>	<u>10,253,859</u>	<u>11,075,181</u>	<u>10,114,630</u>
\$ -	\$ -	\$ 6,662,488	\$ 13,998,654	\$ 17,843,931	\$ 13,790,062
-	-	17,211,816	15,814,057	11,734,490	7,325,141
-	-	(271,325)	-	-	-
-	-	(3,673,134)	1,640,977	665,266	2,775,806
1,121,924	1,189,228	-	-	-	-
26,298,322	23,406,432	-	-	-	-
(6,134,110)	(8,275,436)	-	-	-	-
<u>21,286,136</u>	<u>16,320,224</u>	<u>19,929,845</u>	<u>31,453,688</u>	<u>30,243,687</u>	<u>23,891,009</u>
<u>\$ 45,235,298</u>	<u>\$ 37,119,637</u>	<u>\$ 35,296,635</u>	<u>\$ 41,707,547</u>	<u>\$ 41,318,868</u>	<u>\$ 34,005,639</u>

	2016	2015	2014	2013
Revenues				
Property tax	\$ 40,275,978	\$ 39,380,229	\$ 38,953,560	\$ 38,696,748
Tax increment financing	4,845,542	5,966,145	5,466,119	5,251,749
Other city tax	18,238,768	21,108,930	18,217,714	17,857,809
Licenses and permits	4,317,612	7,092,387	4,377,773	4,213,087
Use of money and property	972,078	928,968	870,341	895,147
Intergovernmental	31,249,447	17,402,351	13,460,987	13,479,981
Charges for service	8,201,411	7,762,686	6,873,760	5,761,464
Special and drainage assessments	304,272	295,971	293,198	292,432
Miscellaneous	10,544,509	11,410,345	8,084,758	7,823,739
Total	<u>118,949,617</u>	<u>111,348,012</u>	<u>96,598,210</u>	<u>94,272,156</u>
Expenditures				
Operating				
Public safety	32,951,305	32,591,928	30,955,660	29,365,778
Public works	13,006,548	8,194,438	7,807,055	7,679,021
Health and social services	700,896	662,595	646,717	609,935
Culture and recreation	13,215,594	12,903,068	11,381,218	9,517,123
Community and economic development	6,739,013	13,099,040	7,365,202	6,743,807
General government	14,764,869	15,889,942	18,352,414	15,924,535
Debt service				
Principal	12,397,105	12,237,105	22,065,526	12,746,667
Interest	1,797,113	1,724,014	1,824,213	1,989,654
Debt related expense	5,511	616,446	78,641	275,202
Capital projects	31,463,466	19,383,101	23,528,484	17,602,500
Total	<u>127,041,420</u>	<u>117,301,677</u>	<u>124,005,130</u>	<u>102,454,222</u>
Excess (Deficit) of Revenue Over (Under) Expenditures	<u>(8,091,803)</u>	<u>(5,953,665)</u>	<u>(27,406,920)</u>	<u>(8,182,066)</u>
Other Financing Sources (Uses)				
General obligation bonds issued	-	17,715,000	7,630,000	14,880,000
General obligation capital loan notes issued	-	-	-	2,535,000
Premium (discount) on general obligation bonds/notes issued	-	591,413	315,046	949,057
Urban renewal note issued	-	-	-	-
Term loan note issued	-	-	11,600,000	-
HUD loan proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Capital lease purchase agreement	-	-	-	-
General obligation bonds/notes refunded	-	-	-	-
Urban renewal revenue note redeemed	-	-	-	-
Transfers in	2,444,419	3,386,922	11,490,611	9,028,345
Transfers out	(2,444,419)	(6,986,922)	(11,718,508)	(9,139,986)
Total Other Financing Sources (Uses)	<u>-</u>	<u>14,706,413</u>	<u>19,317,149</u>	<u>18,252,416</u>
Net Change in Fund Balances	<u>\$ (8,091,803)</u>	<u>\$ 8,752,748</u>	<u>\$ (8,089,771)</u>	<u>\$ 10,070,350</u>
Debt Service as a Percentage of Noncapital Expenditures	0.0%	12.6%	20.8%	16.0%

City of Council Bluffs
Schedule 4 – Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

2012	2011	2010	2009	2008	2007
\$ 38,829,292	\$ 37,867,393	\$ 37,103,962	\$ 33,308,384	\$ 31,830,399	\$ 30,233,157
4,780,170	6,059,684	3,222,809	4,983,734	3,548,580	1,384,337
17,790,350	17,937,503	15,726,929	13,203,713	13,325,303	11,720,071
3,529,560	3,289,876	3,199,381	3,345,559	3,455,394	3,510,264
829,778	922,502	968,615	1,422,391	1,795,827	2,073,470
25,879,633	20,417,261	13,332,409	10,693,866	16,273,844	12,020,294
3,295,521	3,561,999	3,543,339	3,827,025	3,298,632	3,317,768
295,695	161,225	341,278	220,241	210,925	203,542
12,459,968	6,059,423	7,399,559	6,319,096	7,756,828	10,863,550
<u>107,689,967</u>	<u>96,276,866</u>	<u>84,838,281</u>	<u>77,324,009</u>	<u>81,495,732</u>	<u>75,326,453</u>
28,235,501	27,054,108	25,267,311	24,800,095	24,185,898	24,010,444
5,945,192	7,116,807	6,354,312	6,974,369	7,113,721	6,826,252
584,156	544,420	524,986	515,800	503,210	488,102
6,347,573	6,188,577	6,029,643	7,180,312	5,685,981	5,349,274
5,399,216	5,525,461	4,346,981	5,181,333	4,144,240	3,481,043
26,036,435	13,862,324	10,022,944	9,146,234	9,620,991	9,426,637
7,161,667	7,354,755	10,374,393	9,518,793	8,587,544	7,793,266
2,063,224	2,077,776	2,171,805	2,604,476	3,185,539	3,199,372
121,321	39,243	85,635	24,157	4,800	13,471
21,841,438	33,015,979	29,890,156	19,216,601	21,197,403	21,149,556
<u>103,735,723</u>	<u>102,779,450</u>	<u>95,068,166</u>	<u>85,162,170</u>	<u>84,229,327</u>	<u>81,737,417</u>
<u>3,954,244</u>	<u>(6,502,584)</u>	<u>(10,229,885)</u>	<u>(7,838,161)</u>	<u>(2,733,595)</u>	<u>(6,410,964)</u>
3,165,000	7,300,000	3,685,000	9,600,000	7,615,000	11,115,000
4,095,000	-	-	-	-	-
109,056	(5,981)	60,965	16,484	51,081	139,475
-	14,500,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	750,000	-
-	-	-	-	30,505	197,372
-	-	-	120,302	154,651	107,353
(3,165,000)	-	(3,700,000)	(2,400,000)	-	-
-	(14,326,210)	-	-	-	-
10,910,089	9,870,682	15,429,490	18,290,724	15,721,160	18,125,900
(10,952,728)	(9,012,905)	(14,583,631)	(17,400,670)	(14,275,573)	(14,926,005)
<u>4,161,417</u>	<u>8,325,586</u>	<u>891,824</u>	<u>8,226,840</u>	<u>10,046,824</u>	<u>14,759,095</u>
<u>\$ 8,115,661</u>	<u>\$ 1,823,002</u>	<u>\$ (9,338,061)</u>	<u>\$ 388,679</u>	<u>\$ 7,313,229</u>	<u>\$ 8,348,131</u>
10.5%	11.3%	16.0%	17.1%	17.0%	16.7%

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment Financing</u>	<u>Local Option Sales Tax *</u>	<u>Hotel Motel Tax</u>	<u>Utility Excise Tax</u>
2007	\$ 30,255,332	\$ 1,384,337	\$ 2,032,485	\$ 2,151,729	\$ 2,471,168
2008	31,858,673	3,548,580	3,814,009	2,328,532	2,464,338
2009	33,269,119	4,983,734	3,540,379	2,263,735	3,195,266
2010	37,080,921	3,223,820	7,024,557	2,200,766	3,324,177
2011	37,867,393	6,058,673	8,589,061	2,269,329	3,312,717
2012	38,853,060	4,780,377	8,410,893	2,579,387	3,373,996
2013	38,798,693	5,251,542	7,911,136	2,539,232	3,374,122
2014	38,830,832	5,466,119	8,921,770	2,679,437	3,490,785
2015	38,792,811	5,966,145	11,394,035	2,889,262	4,310,624
2016	40,409,310	4,845,542	8,373,886	2,805,846	3,642,031

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

2007 5,252,871

2008 3,492,325

2009 4,646,303

City of Council Bluffs
 Schedule 5 – Governmental Activities Tax Revenues By Source
 For the Last Ten Fiscal Years
 Year Ended June 30, 2016

Gaming Wager Tax	Pari-mutuel Wager Tax	Total
\$ 4,798,056	\$ 94,659	\$ 43,187,766
4,469,440	96,715	48,580,287
4,199,317	72,282	51,523,832
3,821,147	35,784	56,711,172
3,670,039	96,357	61,863,569
3,695,712	135,659	61,829,084
3,539,033	88,992	61,502,750
3,059,131	66,591	62,514,665
3,007,350	83,656	66,443,883
3,036,726	42,382	63,155,723

<u>Assessment Date</u> January 1,	<u>Fiscal Years</u> Ended June 30,	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utilities</u>
2005	2007	\$ 883.7	\$ 681.0	\$ 60.9	\$ 8.9	\$ 161.5
2006	2008	902.6	739.7	73.8	9.5	160.0
2007	2009	964.8	797.5	69.0	9.7	206.0
2008	2010	1,016.8	867.8	71.5	9.4	208.3
2009	2011	1,060.7	950.1	76.4	10.2	202.0
2010	2012	1,107.1	970.5	77.2	11.0	209.3
2011	2013	1,106.9	954.8	73.5	13.0	208.6
2012	2014	1,156.8	928.7	78.8	14.3	208.6
2013	2015	1,201.3	890.6	85.2	14.3	222.0
2014	2016	1,240.3	904.9	80.5	13.8	226.7

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

*Tax Rates per \$1,000 of taxable valuation

City of Council Bluffs
 Schedule 6 – Assessed and Taxable Value of Property
 For the Last Ten Fiscal Years
 (Expressed in Millions)

Other	Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate *	Total Assessed Value	Total Taxable Value as % of Assessed Value
\$ -	\$ (6.8)	\$ 1,789.2	\$ 18.2940	\$ 2,893.1	61.8%
-	(6.7)	1,878.9	18.1900	3,098.8	60.6%
-	(6.6)	2,040.4	18.0879	4,428.8	46.1%
-	(6.5)	2,167.3	17.9732	4,142.7	52.3%
-	(6.4)	2,293.0	17.8511	4,367.6	52.5%
-	(6.3)	2,368.8	17.8511	4,352.6	54.4%
-	(6.2)	2,350.6	17.8504	4,253.2	55.3%
1.2	(6.0)	2,382.4	17.7500	4,385.5	54.3%
1.1	(5.9)	2,408.6	17.7500	4,373.8	55.1%
1.1	(5.6)	2,461.7	17.7500	4,598.9	53.5%

Fiscal Years Ended	City of Council Bluffs, Iowa			Pottawattamie County, Iowa			Overlapping
	Operating Levy Rate *	Debt Service Levy Rate *	Total City Levy Rate *	Operating Levy Rate *	Debt Service Levy Rate *	Total County Levy Rate *	
2007	\$ 14.6140	\$ 3.6800	\$ 18.2940	\$ 6.6192	\$ 0.3854	\$ 7.0046	
2008	14.5900	3.6000	18.1900	6.5521	0.3653	6.9174	
2009	14.5879	3.5000	18.0879	6.4546	0.5352	6.9898	
2010	14.5120	3.4612	17.9732	6.4472	0.8319	7.2791	
2011	14.7430	3.1081	17.8511	6.4621	0.9279	7.3900	
2012	14.9121	2.9390	17.8511	6.5070	0.8674	7.3744	
2013	14.8234	3.0270	17.8504	6.6585	0.8595	7.5180	
2014	15.0209	2.7291	17.7500	6.8790	0.7878	7.6668	
2015	15.1607	2.5893	17.7500	8.0906	0.8342	8.9248	
2016	15.3000	2.4500	17.7500	7.7709	0.9203	8.6912	
Year Over Year Change in Levy Rate	City of Council Bluffs			Pottawattamie County	Council Bluffs Community Schools		
2007	-0.5%			-1.7%	4.6%		
2008	-0.6%			-1.2%	0.9%		
2009	-0.6%			1.0%	0.7%		
2010	-0.6%			4.1%	0.0%		
2011	-0.7%			1.5%	10.6%		
2012	0.0%			-0.2%	0.0%		
2013	0.0%			1.9%	-7.7%		
2014	-0.6%			2.0%	0.0%		
2015	0.0%			16.4%	-0.6%		
2016	0.0%			-2.6%	-1.2%		

Source: City of Council Bluffs tax rates from the Iowa Department of Management tax levy certification reports; County Auditor tax levy reports; Pottawattamie County - other overlapping jurisdictions.

* Per \$1,000 of taxable valuation

City of Council Bluffs
 Schedule 7 – Direct and Overlapping Governments
 For the Last Ten Fiscal Years

Rates

Council Bluffs Community School District

Operating Levy Rate *	Debt Service Levy Rate *	Total (CB) School Levy Rate *	Iowa Western Comm. College and other levies *	Total Direct & Overlapping Levy Rates *
\$ 15.8600	\$ 0.6700	\$ 16.5300	\$ 1.0644	\$ 42.8930
16.0449	0.6320	16.6769	1.3002	43.0845
16.1872	0.6135	16.8007	1.2064	43.0848
16.1500	0.6503	16.8003	1.2705	43.3231
18.0591	0.5273	18.5864	1.1381	44.9656
18.0768	0.5084	18.5852	1.1498	44.9605
16.6510	0.5066	17.1576	1.4623	43.9883
16.6658	0.4918	17.1576	1.3611	43.9355
16.5767	0.4809	17.0576	1.5487	45.2811
16.6194	0.2373	16.8567	1.5038	44.8017
	All Other Levies		Total Tax Levy	
	-10.8%		0.9%	
	22.2%		0.4%	
	-7.2%		0.0%	
	5.3%		0.6%	
	-10.4%		3.8%	
	1.0%		0.0%	
	27.2%		-2.2%	
	-6.9%		-0.1%	
	13.8%		3.1%	
	-2.9%		-1.1%	

		2016		
Taxpayer	Also Known As	Taxable Value 01/01/2015	Rank	% of Total Taxable Value
	Formally Mid			
Mid American Energy*	American Production*	\$ 135.3	1	5.62%
HBR Reality Company, Inc.	Horseshoe Casino	80.4	2	3.34%
Gable Corp.	Google	65.9	3	2.74%
Pinnacle Entertainment, Inc.	Ameristar Casino	54.0	4	2.24%
Harveys Iowa Management Company	Harrahs Casino	48.7	5	2.02%
W-PT Metro Center Owner VIII LLC	Metro Crossing	33.3	6	1.38%
Walmart Real Estate Business		29.7	7	1.23%
Bass Pro Shops		24.4	8	1.01%
Tetra LLC	Google	21.9	9	0.91%
Black Hills Corporation	Black Hills Energy	16.7	10	0.69%
Dearborn Properties, LLC	Mall of the Bluffs	-	-	-
Peoples Natural Gas Pipeline		-	-	-
Blue Star Foods	ConAgra Foods	-	-	-
Griffin Pipe		-	-	-
Mid American Electric*		-	-	-

Source of 2016 data: Series 2016A - Official Statement dated October 24, 2016

Source of 2007 data: Series 2007A - Official Statement dated May 1, 2007

adjusted for subsequent business combinations.

* Reporting data for 2007 listed Mid American Production and Mid American Electric as two separate companies. 2016 data is the combination of the companies.

City of Council Bluffs
 Schedule 8 – Principal Area Taxpayers
 Current Year and Nine Years Ago
 (Expressed in Millions)

2007			
Taxable Value 01/01/2005	Rank	% of Total Taxable Value	
\$ 60.8	1	3.65%	
25.8	5	1.55%	
62.7	2	3.76%	
52.5	3	3.15%	
-	-	-	
9.8	8	0.59%	
-	-	-	
-	-	-	
-	-	-	
39.4	4	2.36%	
17.4	6	1.04%	
10.9	7	0.65%	
9.4	9	0.56%	
56.9	10	3.41%	

<u>Assessment Date of January 1,</u>	<u>Fiscal Years Ended</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>% Collected - Trailing Three Years</u>
1/1/2005	2007	\$ 34.69	\$ 33.00	95.1%	-
1/1/2006	2008	34.52	34.45	99.8%	-
1/1/2007	2009	37.27	36.71	98.5%	97.8%
1/1/2008	2010	39.36	39.64	100.7%	99.7%
1/1/2009	2011	41.45	41.19	99.4%	99.5%
1/1/2010	2012	42.79	42.22	98.7%	99.6%
1/1/2011	2013	42.51	42.17	99.2%	99.1%
1/1/2012	2014	42.87	42.44	99.0%	99.0%
1/1/2013	2015	43.35	43.13	99.5%	99.2%
1/1/2014	2016	44.19	44.06	99.7%	99.4%

* Taxable valuations can be found in Schedule 6.

** Tax Levy Rates can be found in Schedule 7

Note: Information not available on delinquent collections by levy year.

City of Council Bluffs
 Schedule 9 – Property Tax Levies and Collections
 For the Last Ten Fiscal Years
 (Expressed in Millions)

Year Over Year Change in Levied Taxes	Year Over Year Change In Taxable Valuation *	Year Over Year Change in City Levy Tax Rate **
-	7.3%	-0.5%
-0.5%	5.0%	-0.6%
8.0%	8.6%	-0.6%
5.6%	6.2%	-0.6%
5.3%	5.8%	-0.7%
3.2%	3.3%	0.0%
-0.7%	-0.8%	0.0%
0.8%	1.3%	-0.6%
1.1%	1.4%	0.0%
1.9%	1.4%	0.0%

Governmental Activities

Fiscal years ended June 30,	General Obligation Bonds	General Obligation Notes	Capital Leases	Urban Renewal Term Loan Note	Term Loan Note	Other Debt
2007	\$ 41.00	\$ 17.05	\$ 0.13	\$ 16.26	\$ -	\$ -
2008	43.83	13.78	0.21	15.73	-	0.75
2009	46.49	9.36	0.25	15.17	-	0.73
2010	39.93	6.12	0.14	14.58	-	0.72
2011	43.49	3.00	0.06	14.26	-	0.70
2012	38.02	6.37	-	13.29	-	0.69
2013	41.85	8.17	-	12.33	-	6.68
2014	42.16	6.36	-	-	10.99	4.36
2015	46.38	4.11	-	-	8.55	9.80
2016	37.31	3.23	-	-	6.11	8.38

City of Council Bluffs
Schedule 10 – Ratios of Outstanding Debt by Type
For the Last Ten Fiscal Years
(Expressed in Millions)

Business Type Activities								
General Obligation Bonds	General Obligation Notes	Revenue Capital Loan Notes	Capital Leases	Total Primary Government	Percentage of Personal Income*	Debt Per Capita*	Per Capita Income*	
\$ 0.48	\$ -	\$ -	\$ 0.14	\$ 75.06	3.08%	1,247	42,223	
0.23	-	-	0.07	74.60	2.95%	1,246	43,984	
-	-	-	-	72.00	2.72%	1,196	41,512	
-	-	-	-	61.49	2.46%	1,021	42,600	
-	-	-	-	61.51	2.32%	988	44,472	
-	-	-	-	58.37	2.10%	934	44,466	
-	-	4.97	-	56.70	2.68%	1,192	46,575	
-	-	4.78	-	68.65	2.38%	1,108	48,821	
-	-	4.58	-	73.42	2.42%	1,179	48,821	
-	0.36	4.38	-	59.77	1.96%	955	48,821	

City of Council Bluffs
Schedule 11 – Ratios of General Bonded Debt Outstanding
For the Last Ten Fiscal Years
(Expressed in Millions)

<u>Fiscal Years Ended June 30,</u>	<u>General Obligation Bonds/Notes</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Total Taxable Assessed Value</u>	<u>Net Bonded Debt as % of Assessed Value</u>	<u>Net Bonded Debt per Capita</u>	<u>Population*</u>
2007	\$ 58.53	\$ 1.24	\$ 57.29	\$ 1,789.20	3.20%	\$ 951	60,271
2008	57.84	1.26	56.58	1,878.8	3.01%	944	59,944
2009	55.85	0.72	55.13	2,040.4	2.70%	914	60,318
2010	46.05	-	46.05	2,167.3	2.12%	763	60,391
2011	46.49	0.96	45.53	2,292.9	1.99%	732	62,230
2012	44.39	7.13	37.26	2,368.8	1.57%	596	62,466
2013	50.02	4.86	45.16	2,350.6	1.92%	727	62,115
2014	48.52	2.25	46.27	2,382.4	1.94%	747	61,969
2015	50.49	4.78	45.71	2,408.6	1.90%	734	62,245
2016	40.54	0.93	39.61	2,461.5	1.61%	633	62,597

City of Council Bluffs
Schedule 12 – Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
(Expressed in Millions)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Council Bluffs direct debt	\$ 68.84	100.00%	\$ 68.84
Overlapping:			
Pottawattamie County	12.26	66.8% *	8.19
Council Bluffs Community Schools	68.47	90.9% **	62.24
Lewis Central Community Schools	6.64	84.6% **	5.62
Iowa Western Community College	<u>88.35</u>	27.99% ***	<u>24.73</u>
Subtotal, overlapping debt	<u>175.72</u>		<u>100.78</u>
Total direct and overlapping debt	<u>\$ 244.56</u>		<u>\$ 169.62</u>

Source: Pottawattamie County Auditor

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

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

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

*** Percentage of residents within Iowa Western Community College's district who reside within the City of Council Bluffs. The college's district includes the following counties:
Adair, Adams, Audubon, Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery,
Page, Pottawattamie, and Shelby.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 229.94	\$ 218.69	\$ 219.27	\$ 212.66
Total Net Debt applicable to limit	<u>51.96</u>	<u>60.88</u>	<u>73.31</u>	<u>79.22</u>
Legal Debt Margin	<u>\$ 177.98</u>	<u>\$ 157.81</u>	<u>\$ 145.96</u>	<u>\$ 133.44</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>22.6%</u>	<u>27.8%</u>	<u>33.4%</u>	<u>37.3%</u>

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

City of Council Bluffs
 Schedule 13 – Legal Debt Margin Information
 For the Last Ten Fiscal Years
 (Expressed in Millions)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 217.63	\$ 218.89	\$ 207.13	\$ 221.44	\$ 155.49	\$ 145.21
<u>69.33</u>	<u>81.30</u>	<u>70.59</u>	<u>79.26</u>	<u>83.17</u>	<u>87.14</u>
<u><u>\$ 148.30</u></u>	<u><u>\$ 137.59</u></u>	<u><u>\$ 136.54</u></u>	<u><u>\$ 142.18</u></u>	<u><u>\$ 72.32</u></u>	<u><u>\$ 58.07</u></u>
<u><u>31.9%</u></u>	<u><u>37.1%</u></u>	<u><u>34.1%</u></u>	<u><u>35.8%</u></u>	<u><u>53.5%</u></u>	<u><u>60.0%</u></u>

Legal Debt Margin Calculation for Fiscal Year 2016

Actual Assessed valuation as of January 1, 2014	\$ 4,598.86
Debt Limit - 5% of assessed valuation	229.94
Debt applicable to debt limit:	
General obligation bonds/notes	40.54
Settlement agreement	2.84
Tax increment indebtedness	9.67
Balance in Debt Service Fund	(0.93)
Balance in Special Revenue, Tax Increment Financing Fund	<u>(0.91)</u>
 Total net debt applicable to limit	 <u>51.21</u>
Legal Debt margin	<u><u>\$ 178.73</u></u>

City of Council Bluffs
Schedule 14 – Pledged Revenue Coverage
For the Last Ten Fiscal Years
(Expressed in Thousands)

Urban Renewal Term Loan and Term Loan Notes:

Fiscal Year	Gross Revenue	Less: Applicable Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2007	\$ 1,623	\$ 4	\$ 1,619	\$ 1,571	1.0306
2008	2,862	1,082	1,780	1,412	1.2606
2009	1,621	1,120	501	986	0.5081
2010	1,972	1,129	843	800	1.0538
2011	2,112	1,417	695	731	0.9508
2012	2,634	1,343	1,291	1,295	0.9969
2013	2,378	1,145	1,233	1,268	0.9724
2014	2,683	1,147	1,536	1,601	0.9594
2015	3,914	1,168	2,746	2,669	1.0290
2016	3,850	2,087	1,763	2,623	0.6721

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

Sewer Revenue Capital Loan Notes:

Fiscal Year	Gross Revenue	Less: Applicable Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2013	\$ 5,220	\$ 5,374	\$ (154)	\$ 218	-
2014	4,945	5,645	(700)	342	-
2015	5,141	5,742	(601)	343	-
2016	5,955	5,820	135	344	0.3924

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

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

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<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (Expressed in millions)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>	<u>Council Bluffs School Enrollment</u>
2006	60,271	\$ 40,483	2,440	35.6	3.4%	9,478
2007	59,944	42,223	2,531	35.6	3.3%	9,407
2008	60,318	43,984	2,653	35.6	3.6%	9,296
2009	60,391	41,512	2,507	35.6	5.1%	9,212
2010	62,230	42,600	2,651	35.9	5.2%	9,207
2011	62,466	44,472	2,778	37.5	5.0%	9,125
2012	62,115	44,466	2,762	37.5	4.5%	8,945
2013	61,969	46,575	2,886	36.1	4.3%	8,996
2014	62,245	48,821	3,039	36.7	3.0%	9,101
2015	62,597	48,821	3,056	36.7	3.3%	9,126

Sources:

School Enrollment Data: Certified Enrollment "Row 7" per Iowa Department of Education (educateiowa.gov)
e.g. data reported for 2015 is amount reported on January 22, 2016 for the 2015-2016 school (and fiscal) year ending June 30, 2016.

Population Data: 2010 to 2015 data from United States Census Bureau - (quickfacts.census.gov)

Population Data: 2004 to 2009 data from United States Census Bureau - (Quicklinks - Population Estimates (quickfacts.census.gov))

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

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

Median Age - City-data.com

City of Council Bluffs
Schedule 15 – Demographic and Economic Statistics
For the Last Ten Calendar Years

<u>Lewis Central School Enrollment</u>	<u>Combined School Enrollment</u>
2,560	12,038
2,499	11,906
2,559	11,855
2,582	11,794
2,586	11,793
2,613	11,738
2,596	11,541
2,550	11,546
2,560	11,661
2,587	11,713

Employer	2016		
	Full Time Equivalent Employees	Rank	% of Total City Employment (1)
Ameristar Casino and Hotel	1,300	1	4.2%
Council Bluffs Community Schools	1,250	2	4.0%
Horseshoe and Harrah's Casinos	1,100	3	3.5%
ConAgra Frozen Foods	1,052	4	3.4%
Alegent Health/Mercy Hospital	800	5	2.6%
Jennie Edmundson Memorial Hospital	710	6	2.3%
Iowa Western Community College	625	7	2.0%
Walmart	530	8	1.7%
City of Council Bluffs	478	9	1.5%
Plum Rose USA\Tyson Foods	450	10	1.4%
Harrah's Casino and Hotel			

(1) Based on resident total employment of 31,200 per the Iowa Department of Workforce Development, Labor Market Department

(2) Based on resident total employment of 30,150. per the Iowa Department of Workforce Development, 2007 annual average.

Source of 2015 data: Series 2016A - Official Statement dated October 24, 2016.

Source of 2007 data: Series 2007A - Official Statement dated March 15, 2007, adjusted for subsequent business combinations.

City of Council Bluffs
 Schedule 16 – Principal Area Employers
 Current Year and Nine Years Ago

2007

<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment (2)</u>
1,300	1	4.3%
1,250	2	4.1%
1,000	5	3.3%
800	6,7,8	2.7%
800	6,7,8	2.7%
800	6,7,8	2.7%
512	9	1.7%
450	10	1.5%
438	11	1.5%
1,052	4	3.5%
1,100	3	3.6%

City of Council Bluffs
 Schedule 17 – Full Time Equivalent City Government Employees by Function/Program
 For the Last Ten Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police	133.50	135.8	142.2	142.2	140.3	137.9	139.3	137.9	132.9	130.4
Fire	109.00	106.0	107.9	107.7	107.9	107.7	109.9	100.0	100.0	100.0
Animal Control	4.85	5.9	6.3	6.7	7.1	7.3	7.8	5.8	6.0	5.8
Building Inspections	10.00	8.0	7.1	7.0	6.7	7.0	5.9	8.0	8.0	8.0
Public Works	64.25	56.0	54.3	54.4	54.4	55.1	54.4	65.7	55.7	62.5
Health and Social Services	7.00	8.0	6.2	6.0	5.9	6.1	6.4	5.7	5.7	5.7
Culture and Recreation										
Library	22.00	26.0	24.1	24.0	22.6	23.1	23.1	23.0	26.1	23.7
Parks and Recreation	20.00	24.0	23.5	28.5	28.3	27.5	27.4	23.7	22.7	26.0
Community and Economic Development	9.00	9.0	9.0	9.0	9.3	10.5	10.4	9.5	10.5	10.5
General Government										
Mayor's Office	6.00	5.0	2.0	2.1	2.0	2.0	2.1	2.0	2.0	2.0
City Clerk, IT, Finance and Treasurer	18.45	19.4	19.3	21.3	21.5	21.5	21.5	20.6	19.6	22.2
City Attorney	6.00	6.0	6.7	5.6	5.8	6.0	6.3	7.6	6.6	6.6
Human Resources	5.00	4.0	2.6	3.0	3.0	3.0	3.1	3.0	2.8	2.8
Building Maintenance	5.80	5.8	5.8	5.6	6.3	6.3	5.8	5.0	5.0	5.0
Business Type Activity										
Sewer Operations	40.00	49.0	51.0	51.6	52.4	51.4	50.1	52.3	51.8	54.5
Sanitation and Recycling	12.00	10.0	12.7	12.3	12.4	12.4	11.5	12.4	12.1	12.2
Total Full Time Equivalents	472.85	477.9	480.7	487.0	485.9	484.8	485.0	482.2	467.5	477.9

Data is based on amounts budgeted annually.

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

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

Source of 2015-2016 data: City of Council Bluffs Human Resource Department

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

Data for years 2010-2016 is based on total hours worked, which includes overtime hours.

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Function/Program	2015	2014	2013	2012
Public Safety				
Police				
Traffic accidents	2,005	1,999	1,987	1,747
Traffic citations	6,923	8,372	6,848	6,807
Traffic warnings	2,533	2,953	5,459	5,911
Parking violations	3,884	2,383	4,506	3,980
Cases	1,823	1,636	1,718	1,654
Arrests and charges	5,254	5,197	5,936	5,873
Fire				
Fire responses	270	310	285	345
Medical responses	6,359	6,135	5,799	5,842
HazMat responses	188	186	209	254
False alarms	592	492	461	548
Mutual aid responses	33	46	50	7
Other responses	1,415	1,096	731	892
Total responses	8,857	8,265	7,535	7,888
Responses per day	24.3	22.6	20.6	21.6
Fire Department average response time	5 min. 6 sec.	5 min. 23 sec.	5 min. 22 sec.	5 min. 24 sec.
Building Inspections:				
Permits issued	4,734	5,672	4,391	6,274
Value of permits (millions)	156.8	329.1	311.8	213.1
Culture and Recreation				
Library:				
Attendance	320,838	344,422	383,439	337,049
Circulation	538,555	573,557	610,165	600,736
Collection size	149,502	154,705	186,970	195,252
Registered borrowers	46,899	46,454	48,738	46,750
Meeting room use by community organizations	570	234	217	994
Reference questions	44,749	41,357	42,427	33,119
Attendance per day	912	944	1,051	923
Circulation per day	1,530	1,571	1,672	1,646

City of Council Bluffs
 Schedule 18 – Operating Indicators by Function/Program
 (Calendar Year)

2011	2010	2009	2008	2007	2006
1,722	698	731	1,542	2,069	2,116
11,277	15,172	10,095	12,127	12,950	17,431
4,777	4,185	2,318	3,397	3,070	4,237
3,353	3,952	3,147	2,985	3,734	4,868
1,680	1,880	2,211	1,946	2,083	2,274
6,531	6,908	6,470	6,315	6,948	6,805
301	267	314	290	296	350
5,215	5,222	5,190	5,193	5,168	4,828
254	222	198	217	213	176
522	549	497	554	504	534
35	30	8	25	119	156
874	639	641	620	522	490
7,201	6,929	6,848	6,899	6,822	6,534
19.7	19.0	18.8	18.8	18.7	17.9
5 min. 28 sec.	5 min. 25 sec.	5 min. 22 sec.	4 min. 54 sec.	4 min. 57 sec.	3 min. 45 sec.
4,902	1,090	1,532	2,169	884	900
115.4	85.8	101.5	157.0	226.7	96.2
436,136	414,137	297,706	274,364	268,736	254,109
619,326	600,372	574,727	513,918	470,346	459,765
200,241	194,452	193,967	176,278	168,155	168,756
51,840	51,072	51,673	51,295	50,096	49,797
430	635	149	952	810	227
43,555	52,290	51,479	49,355	48,399	42,369
1,195	1,135	816	752	736	696
1,697	1,645	1,575	1,408	1,289	1,260

	2015	2014	2013	2012
Parks and recreation participation				
Golf complex attendance	48,129	33,527	48,789	44,370
Swimming pool attendance	46,332	50,542	55,752	55,385
Youth softball teams	108	111	105	110
Adult softball teams	91	102	101	106
Tournaments conducted	18	18	17	19
Youth soccer teams	-	6	8	12
Youth football teams	21	19	21	22
Bayliss Park concerts	10	25	23	14
Bayliss Park movies series	8	11	11	11
Zoning Board of Adjustments				
Regular meetings	9	11	12	8
Variance	6	13	5	9
Conditional Use Permit	4	7	8	6
Conditional Use Permit Revocation	5	-	2	1
Administrative Appeal	1	1	-	-
Total meetings and cases	25	32	27	24
Historic Preservation Commission				
Regular Meetings	6	4	6	4
HP Design Review	10	4	5	7
Total meetings and cases	16	8	11	11
Administrative Actions				
Lot Line Adjustments	17	6	15	7
Parcel Splits	4	7	2	3
Offers to Buy City Property	10	5	6	13
Zoning Compliants Investigated	106	97	145	208
Review of Existing CU Permits	91	55	-	-
Total administrative actions	228	170	168	231

City of Council Bluffs
 Schedule 18 – Operating Indicators by Function/Program
 (continued)

2011	2010	2009	2008	2007	2006
40,000	90,460	-	-	-	-
58,080	57,794	-	-	-	-
131	98	-	-	-	-
91	110	-	-	-	-
32	34	-	-	-	-
-	378	-	-	-	-
29	31	-	-	-	-
16	10	-	-	-	-
10	10	-	-	-	-
7	7	10	6	5	8
9	8	9	3	6	6
7	3	4	6	3	4
10	2	28	33	-	-
-	-	1	-	-	-
33	20	52	48	14	18
6	9	8	9	9	5
5	10	16	15	19	11
11	19	24	24	28	16
18	16	12	20	30	34
4	3	5	1	8	4
7	7	6	9	5	4
234	159	195	236	37	-
-	147	150	154	-	-
263	332	368	420	80	42

City Planning Commission	2015	2014	2013	2012
Regular meetings	11	10	10	9
Subdivisions (Prelim, Final, Replat)	11	17	2	-
Planned Commercial	4	2	3	2
Planned Residential	1	-	-	1
Zoning Text Amendments	2	2	5	3
Subdivision Text Amendments	-	-	3	-
Rezoning	20	12	11	6
Street & Alley Vacations	10	8	9	6
Historic Preservation	-	-	1	-
Miscellaneous Cases	3	5	-	-
Urban Renewal	2	3	-	-
Urban Revitalization	2	4	1	-
Annexation	1	1	-	1
Comp Plan Amendments	2	-	1	-
Appeals	-	1	1	-
Right-of-Way Encroachment	-	1	-	-
Temporary Use Permits	7	7	-	-
Total CPC Meetings and Cases	76	73	47	28

Sewer				
Sewer system customers	21,603	21,842	20,428	20,386

Sources:

Police - Reports published annually by the Council Bluffs Police Department and New World Software Database

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

Building - Council Bluffs Building Department's "Blue Prince", an information gathering system

Library - City's information filings to the State Library of Iowa

Parks - Internal operating records based on registration data, point of sale system data, and observations of attendance for Bayliss Park Events

 Commission and Board meetings - City of Council Bluffs Planning and Community Development Department records
 Sewer - Council Bluffs Water Works

Note: Beginning year 2014, all data presented on a calendar year basis.

Prior to 2014, Library was reported on fiscal year basis.

Data not presented was not readily available

City of Council Bluffs
 Schedule 18 – Operating Indicators by Function/Program
 (continued)

2011	2010	2009	2008	2007	2006
9	10	10	11	12	12
3	3	6	6	8	8
-	1	1	6	12	9
1	-	-	6	2	3
3	8	2	1	7	2
-	-	-	-	-	-
9	12	9	15	18	17
2	10	8	10	17	13
-	-	-	-	-	-
-	3	4	4	6	1
-	3	2	2	6	3
-	4	-	-	-	-
-	2	1	1	2	2
-	1	-	-	-	-
-	1	-	-	-	1
-	1	1	-	-	-
-	2	-	-	-	-
27	61	44	62	90	71
21,499	-	-	-	-	-

Function/Program	2016	2015	2014	2013	2012
Public Safety					
Police Stations	1	1	1	1	1
Fire/Ambulance					
Stations	5	5	5	5	5
Engines in service	5	5	4	4	4
Quints in service	2	2	3	3	3
Ambulances in service	3	3	3	3	3
Special use apparatus	6	6	6	6	6
Public Works					
Miles of streets - paved	303	301	301	301	301
Miles of streets - unpaved	1	1	1	1	1
Miles of Federal levees	28	28	28	28	28
Street lights	4,700 *	4,698	4599	4,309	4,207
Intersections with traffic signals	95	95	95	94	94
Pedestrian crossings with signals	13	13	13	14	14
Culture & Recreation					
City parks	39	30	39	39	26
Historic monuments	11	11	11	11	10
Football fields	5	5	5	5	4
Golf courses	2	2	2	2	2
Swimming pools	2	2	2	2	2
Soccer fields	23	23	23	23	23
Baseball diamonds	20	20	20	20	20
Tennis courts	13	15	16	16	15
Skate parks	2	2	2	2	2
Trails (miles)	42	41	40	40	37
Library buildings	1	1	1	1	1
Sewer					
Miles of sanitary sewer	281	281	281	279	279

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

Sources:

Police - Reports published annually by the Council Bluffs Police Department

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

Building - Council Bluffs Building Department's "Blue Prince", an information gathering system.

Library - City's information filings to the State Library of Iowa

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

Data not presented was not readily available

City of Council Bluffs
 Schedule 19 – Capital Asset Statistics by Function/Program
 For the Last Ten Years

2011	2010	2009	2008	2007
1	1	1	1	1
5	5	5	5	5
4	4	4	4	4
3	3	3	3	3
3	3	3	3	3
6	6	6	6	6
297	-	-	-	-
1	-	-	-	-
28	-	-	-	-
4,000	-	-	-	-
94	-	-	-	-
14	-	-	-	-
26	26	-	-	-
10	10	-	-	-
4	4	-	-	-
2	2	-	-	-
2	2	-	-	-
23	23	-	-	-
20	20	-	-	-
15	15	-	-	-
2	2	-	-	-
37	40	-	-	-
1	1	1	1	1
274	-	-	-	-

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Information Provided to Comply with Governmental
Auditing Standards and the Uniform Guidance
June 30, 2016

City of Council Bluffs

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

To the Officials of City of Council Bluffs:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Council Bluffs, Iowa, (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 27, 2017.

Other auditors audited the financial statements of the Council Bluffs Airport Authority (presented as a discretely presented component unit), as described in our report on the financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2016-A and 2016-B in Part II of the schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-C to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. 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's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
February 27, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Council Bluffs, Iowa’s (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2016. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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 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’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 each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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'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 compliance requirement 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 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.



Dubuque, Iowa
February 27, 2017

City of Council Bluffs
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grants/ Entitlement Grants	14.218		\$ 279,505	\$ 123,000
Community Development Block Grants/ Entitlement Grants	14.218		<u>172,606</u>	<u>57,000</u>
			<u>452,111</u>	<u>180,000</u>
Pass-Through Program From:				
Iowa Department of Economic Development Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-215	<u>1,092,947</u>	<u>1,092,947</u>
City of Omaha Home Investments Partnership Program	14.239	FY2010	<u>107,220</u>	<u>107,220</u>
Direct Program:				
Neighborhood Initiative and Miscellaneous Grants	14.251		340,900	-
Neighborhood Initiative and Miscellaneous Grants	14.251		<u>124,550</u>	<u>-</u>
			<u>465,450</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>2,117,728</u>	<u>1,380,167</u>
U.S. Department of Justice				
Direct Program:				
Joint Law Enforcement Operations Program	16.111		22,772	-
Joint Law Enforcement Operations Program	16.111		17,707	-
Joint Law Enforcement Operations Program	16.111		10,418	-
Joint Law Enforcement Operations Program	16.111		312	-
			<u>51,209</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		83,151	33,261
Pass-Through Program From:				
Governor's Office of Drug Control Policy Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-JAG- 110897	<u>75,264</u>	<u>-</u>
			<u>158,415</u>	<u>33,261</u>
Total U.S. Department of Justice			<u>209,624</u>	<u>33,261</u>

City of Council Bluffs
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation				
Pass-Through Program From:				
Iowa Department of Transportation				
Highway Planning and Construction	20.205	IDOT TAP- T-1642(667) --8V-78	\$ 498,751	\$ -
Highway Planning and Construction	20.205	HDP-1642 (645)71-78	241,155	-
Highway Planning and Construction	20.205	STP-A-1642 (668)--86-78	63,082	-
Highway Planning and Construction	20.205	STP-A-1642 (669)--86-78	23,703	-
			<u>826,691</u>	<u>-</u>
Omaha Metro Area Transit				
Federal Transit - Formula Grants	20.507	NE-90-X094-00	179,679	-
Omaha Metropolitan Area Planning Agency				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NE-16-X039-01	75,970	-
Iowa Department of Public Safety				
State and Community Highway Safety	20.600	PAP 15-402, Task 01-00-00	19,992	-
State and Community Highway Safety	20.600	PAP 16-402, Task 01-00-00	16,000	-
			<u>35,992</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,118,332</u>	<u>-</u>
Environmental Protection Agency				
Direct Program:				
Brownfields Assessment and Cleanup				
Cooperative Agreements	66.818		102,932	-
Brownfields Assessment and Cleanup				
Cooperative Agreements	66.818		70,097	-
Brownfields Assessment and Cleanup				
Cooperative Agreements	66.818		16,450	-
Total Environmental Protection Agency			<u>189,479</u>	<u>-</u>

City of Council Bluffs
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Health and Human Services				
Pass-Through Program From:				
Iowa Department of Public Health				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2016- TB014	\$ 1,725	\$ -
Immunization Cooperative Agreements	93.268	5886I420	6,053	-
Immunization Cooperative Agreements	93.268	5885I420	1,353	-
			<u>7,406</u>	<u>-</u>
Centers for Disease Control Prevention - Investigations and Technical Assistance	93.283	MOU-2016- ELC03	1,000	-
Centers for Disease Control Prevention - Investigations and Technical Assistance	93.283	MOU-2017- ELC03	380	-
			<u>1,380</u>	<u>-</u>
HIV Prevention Activities - Health Department Based	93.940	5886AP05	13,484	-
HIV Prevention Activities - Health Department Based	93.940	5885AP05	7,319	-
			<u>20,803</u>	<u>-</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001	G15MW000 7A - 15HD12	22,398	-
High Intensity Drug Trafficking Areas Program	95.001	G14MW000 7A - 14HD12	8,769	-
High Intensity Drug Trafficking Areas Program	95.001	G16MW000 7A - 16HD12	7,939	-
			<u>39,106</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>70,420</u>	<u>-</u>
U.S. Department of Homeland Security				
Pass-Through Program From:				
Iowa Department of Homeland Security and Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4181- DR-IA	3,413	-
Total Expenditures of Federal Awards			<u>\$ 3,708,996</u>	<u>\$ 1,413,428</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Council Bluffs, Iowa, and is presented on the modified accrual basis of accounting for governmental funds and the full accrual basis of accounting for proprietary funds. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Governmental and proprietary fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources in the governmental fund types and on the full accrual basis – when expenditures are incurred in the proprietary fund types. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

The City has not elected to use the 10% de minimis cost rate.

Part I: Summary of Independent Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

Material Weaknesses

2016-A Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we proposed material audit adjustments to capital assets, accounts payable, and transfers that were not identified as a result of the City's existing internal controls and, therefore, could have resulted in material misstatements of the City's financial statements.

Cause – The material adjustments were to capitalize assets which were previously thought to be owned by another entity, to adjust accounts payable for additional invoices, and to adjust transfers.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend additional financial statement review procedures be implemented.

View of Responsible Officials – The City agrees with the recommendation.

2016-B Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect – The effect of this condition is that the year-end financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

View of Responsible Officials – The City agrees with the recommendation.

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiency

2016-C Mid-America Center Monthly Review

Criteria – Properly designed review procedures allow entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – All Mid-America Center transactions are handled by a third party.

Cause – The City does not have the capacity to operate the Mid-America Center with their own personnel and systems.

Effect – The City performs a limited review of transactions on a monthly basis.

Recommendation – We recommend the City designate staff members to review and approve monthly bank reconciliations performed the third party, select and review expenditures, and review and approve general ledger details on a monthly basis.

View of Responsible Officials – The City agrees with the recommendation.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2016-IA-A Certified Budget – Disbursements exceeded amounts budgeted at the May 31, 2016 amendment date in the culture and recreation function. For fiscal year ended June 30, 2016, disbursements exceeded the amounts budgeted for the public safety, public works, culture and recreation, general government, and capital projects functions.

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.

View of Responsible Officials – The City agrees with the recommendation.

2016-IA-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2016-IA-C Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2016-IA-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Deb Miller, City Treasurer, father owns Anderson Excavating & Wrecking Corp	Services	\$ 95,154
Roger Sandau, City Council Member, owner of Sandau Bros Sign Co.	Services	1,215
Debra Miller, City Treasurer, owner of Face Painting by Spunky	Services	350

In accordance with Chapter 362.5(3)(j)) of the Code of Iowa, the transactions with Sandau Bros Sign Co. and Face Painting by Spunky do not appear to represent conflicts of interest since the total of the transactions were less than \$1,500 during the fiscal year. The transactions with Anderson Excavating & Wrecking Corporation does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

2016-IA-E Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2016-IA-F City Council Minutes– Certain transfers between funds were not approved by the City Council prior to making the transfer between funds.

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

View of Responsible Officials – The City agrees with the recommendation.

2016-IA-G Deposits and Investments– No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

2016-IA-H Revenue Notes– The City’s sewer revenue capital loan note resolution, Section 19, requires the City to impose rates for all services rendered by the system that produce net revenues equal to at least 110% of the principal and interest requirements of the next succeeding fiscal year. The City’s fiscal 2016 net sewer operating income (excluding depreciation) of \$135,360 is less than 110% of the \$343,430 of sewer revenue note principal and interest due during fiscal year 2016.

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

View of Responsible Officials – The City agrees with the recommendation.

2016-IA-I Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

Prior Audit Findings Related to the Financial Statements:

2015-A Segregation of Duties

Initial Fiscal Year Finding Occurred: **2015**

Finding Summary: One person in the Library Foundation issues receipts, handles and records cash receipts, reconciles the bank account and prepares, signs and mails the checks.

Status: During the fiscal year 2016 audit, the Library Foundation segregated job duties between the treasurer, the board's executive secretary, and several board members.

2015-B Material Audit Adjustment

Initial Fiscal Year Finding Occurred: **2007**

Finding Summary: During the course of the fiscal year 2015 engagement, material entries were proposed to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in material misstatements of the City's financial statements.

Status: During the fiscal year 2016 audit, material capital asset, accounts payable, and transfer audit adjustments were proposed. As such, a repeat finding was reported (finding 2016-A).

Prior Audit Findings and Questioned Costs for Federal Awards:

There were no prior year federal findings.