



# City of Council Bluffs, Iowa

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

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For the Fiscal Year Ended June 30, 2018  
**City of Council Bluffs, Iowa**

Prepared by the City of Council Bluffs Finance Department

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Introductory Section  
June 30, 2018

# City of Council Bluffs



December 5, 2018

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, 2018. 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 the 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, LLP. The objective of an independent audit is to provide reasonable assurance the basic financial statements of the City for the year ended June 30, 2018 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, 2018 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, 2018 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 62,316 (United States Census Bureau 2017 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. The City Council appoints the City Attorney and the City Clerk. The Mayor appoints the Chiefs of Staff, Police and Fire and the Directors of Community Development, Finance, Human Resources, Information Technology, Library, Parks and Public Works.

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 hole golf course, 594 acres of parks, 43 miles of walking and biking trails and various historic landmarks. The City owns and leases a commercial building to the Bass Pro Shop. 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 Chief of Staff and the Director of Finance under the direction of the Mayor. Department heads, the Mayor and the Chief of Staff identify key services the City intends to provide in the upcoming fiscal year. Additionally, the Chief of Staff coordinates an ongoing five-year capital improvement plan with Department Heads. Department Heads and the Director of Finance 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 Director of Finance 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 2.9% in 2018 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. The City is also committed to increase it’s tax base by promoting economic development. A major development at River’s Edge will include a 67,000 square foot office building and a 743 space-parking garage and is scheduled to be complete by January 1, 2019. Additionally, a 230-apartment complex and a 6,300 square foot retail area is under construction.

The tax base composition is diverse, consisting of 48.45% residential, 24.95% utilities, 20.05% commercial, 1.96% industrial and 4.58% agricultural, multi-residential, railroad and other. The largest taxpayer accounts for 5.09% of total value and the remaining nine leading taxpayers account for a combined total of 13.49% of the taxable value.

Budget Challenges – Recent year’s budget processes have faced the challenges presented by the current state and national economies. Challenges include State shared revenue reductions, increased cost of health care, and increased costs of liability and property insurance.

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, property improvements, levee reconstruction, 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 fiscal year 2019 Capital Improvement Plan are as follows:

- Mid America Center Improvements - \$2,700,000
- East Beltway road construction - \$6,145,000
- First Avenue revitalization - \$1,450,000
- West Broadway road reconstruction - \$6,800,000
- Levee Accreditation project - \$4,400,000



## City 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, 2017. This was the seventh 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.

The City is proud to have received several major awards during recent years which demonstrates the City's desire to promote its image as a great place to live. The following awards were received:

1. All American City – Community collaboration to increase grade level reading
2. Iowa Tourism – Best Website for [www.unleashcb.com](http://www.unleashcb.com), Best Event for Loessfest 2017, and Outstanding Community
3. Iowa Great Places Designation – For the PACE Harvester II Project to promote arts
4. Money Magazine – Top 100 Places to live
5. PRSA Paper Anvil Award for the 100 Block Initiative
6. National Center for Arts Research named the Omaha-Council Bluffs metro area for medium communities recognizing Council Bluffs for our public art displays, South Main district, and the Hoff Family Art Culture Center

## 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, the Chief of Staff 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,



Kathryn Knott  
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Council Bluffs  
Iowa**

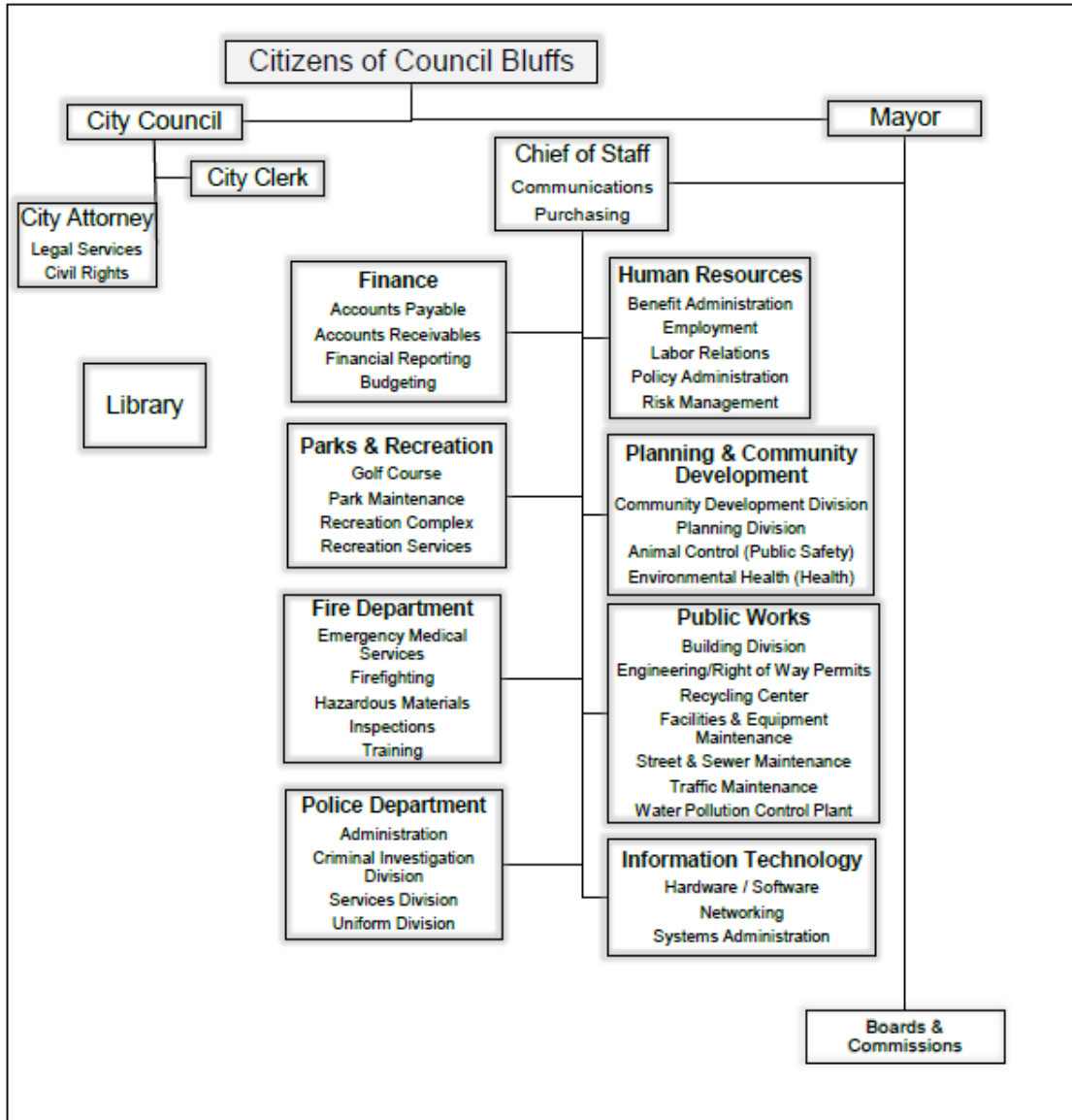
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

## City of Council Bluffs Organization Chart



Elected by the Citizens of Council Bluffs	Appointed by the City Council	The Mayor appoints trustees & commissioners to various commissions in the City
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City of Council Bluffs  
Officials  
June 30, 2018

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Melissa Head	City Council	December 2021
Roger Sandau	City Council	December 2019
Nate Watson	City Council	December 2019
Sharon White	City Council	December 2019
Mike Wolf	City Council	December 2021
Matt Walsh	Mayor	December 2021
<u>Council Appointed Officials</u>		
Richard Wade	City Attorney	
Jodi Quakenbush	City Clerk	

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Financial Statements  
June 30, 2018

# 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, 2018, 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 70 percent, 69 percent, and 58 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 in the Council Bluffs Airport Authority, is based solely on the reports of 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, 2018, 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 Notes 1 and 21 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 21 to the financial statements, the City has identified and corrected errors in its accounting for land held for resale. Accordingly, adjustments were made to restate beginning equity balances. 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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, Library Foundation 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining nonmajor fund financial statements, Library Foundation 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, Library Foundation 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 our report dated December 5, 2018 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.



Dubuque, Iowa  
December 5, 2018

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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, 2018. 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, 2018 by \$467,512,093.
- The City's net position, based on non-restatement of fiscal year 2017, increased \$29,682,285 during the year. The net position associated with governmental activities increased \$26,477,286 and the net position associated with business type activities increased \$3,204,972. The City restated fiscal year 2017 net position due to the implementation of GASB 75 and change in accounting for "land held for sale". See Note 21.
- The City's overall long-term liabilities increased to \$120,520,925, an increase of \$15,306,202 during the year. The governmental activities general obligation bond/note portion of indebtedness increased \$20,495,858 during the year and the net pension liability was \$45,289,842, at June 30, 2018. The City's direct debt ratio to 100% property valuation is 1.37%, one of the lowest in the State of Iowa.

## **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, 2018 and 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current and Other Assets	\$ 137,492,649	\$ 127,270,118	\$ 10,898,887	\$ 10,285,198	\$ 148,391,536	\$ 137,555,316
Capital Assets	342,759,162	304,656,065	160,113,253	157,752,649	502,872,415	462,408,714
Total Assets	<u>480,251,811</u>	<u>431,926,183</u>	<u>171,012,139</u>	<u>168,037,847</u>	<u>651,263,951</u>	<u>599,964,030</u>
Deferred Outflows of Resources	13,945,098	16,819,324	1,000,673	877,736	14,945,771	17,697,060
Long-Term Liabilities	112,895,331	97,581,273	7,625,594	7,633,450	120,520,925	105,214,723
Other Liabilities	21,468,930	21,475,630	1,162,338	1,341,262	22,631,269	22,816,892
Total Liabilities	<u>134,364,262</u>	<u>119,056,903</u>	<u>8,787,932</u>	<u>8,974,712</u>	<u>143,152,194</u>	<u>128,031,615</u>
Deferred Inflows of Resources	55,428,042	51,761,286	117,391	38,354	55,545,433	51,799,640
Net Position:						
Net investment in capital assets	292,236,238	257,012,906	156,034,553	153,340,629	448,270,791	410,353,535
Restricted	35,171,789	45,270,638	-	-	35,171,789	45,270,638
Unrestricted	(23,003,423)	(24,356,226)	7,072,937	6,561,888	(15,930,486)	(17,794,338)
Total net position	<u>\$ 304,404,604</u>	<u>\$ 277,927,318</u>	<u>\$ 163,107,489</u>	<u>\$ 159,902,517</u>	<u>\$ 467,512,093</u>	<u>\$ 437,829,835</u>

Net position of governmental activities increased approximately \$26.5 million, or 9.53%, from fiscal year 2017. Net position of business type activities increased approximately \$3.2 million, or 2.00%, over fiscal year 2017. Capital assets of governmental activities increased \$38.1 million, or 12.5%, from fiscal year 2017, primarily due to the reconstruction of West Broadway, the major street through the City of Council Bluffs and the construction of a new police headquarters. \$7.6 million of the increase is attributable to the change in accounting for "land held for sale". Capital assets of business type activities increased approximately \$2.4 million, or 1.5%, over fiscal year 2017, primarily due to improvements to sanitary and storm sewer infrastructure to the Lake Manawa area and for donated infrastructure received for a new 400 home housing subdivision.

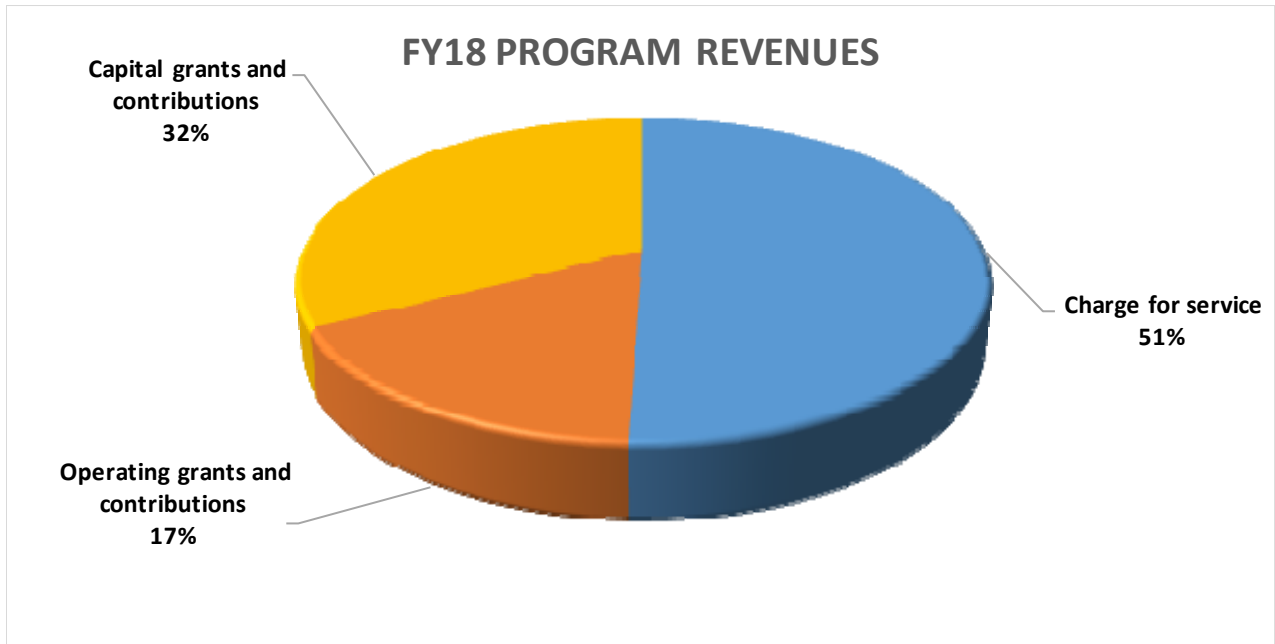
The largest portion of the City's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased approximately \$10.1 million, or 22.3%, from fiscal year 2017. This is primarily due to an increase in the net investment in capital assets due to the construction of the police headquarters.

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 \$15.9 million. This is an increase of approximately \$1.9 million over the prior year unrestricted net position, which was at a deficit of approximately \$17.8 million.

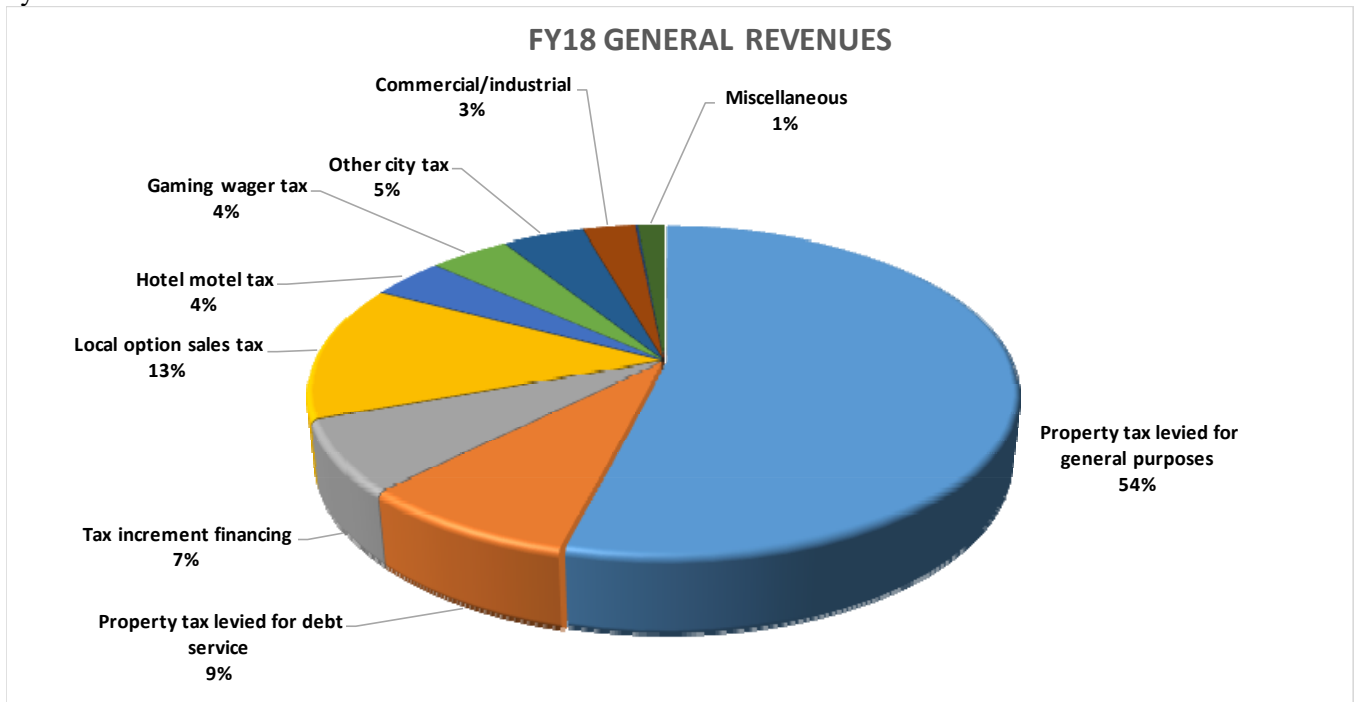
City of Council Bluffs  
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Revenues						
Program revenues						
Charges for service	\$ 20,924,310	\$ 15,260,719	\$ 12,561,419	\$ 12,244,095	\$ 33,485,729	\$ 27,504,814
Operating grants, contributions, and restricted interest	11,199,345	14,842,261	-	-	11,199,345	14,842,261
Capital grants, contributions, and restricted interest	21,525,788	21,156,838	-	-	21,525,788	21,156,838
General revenues						
Property tax levied for						
General purposes	37,232,760	36,523,359	-	-	37,232,760	36,523,359
Debt service	5,965,762	5,821,780	-	-	5,965,762	5,821,780
Tax increment financing	4,764,496	3,595,822	-	-	4,764,496	3,595,822
Local option sales tax	9,110,364	9,244,522	-	-	9,110,364	9,244,522
Hotel motel tax	2,770,278	2,679,842	-	-	2,770,278	2,679,842
Gaming wager tax	3,032,676	2,992,120	-	-	3,032,676	2,992,120
Other city tax	3,105,127	3,040,308	-	-	3,105,127	3,040,308
Commercial/industrial replacement	1,985,426	1,999,663	-	-	1,985,426	1,999,663
Gain on disposition of capital assets	56,520	2,153	35,718	42,161	92,238	44,314
Miscellaneous	979,373	1,434,680	-	7,485	979,373	1,442,165
Total revenues	<u>122,652,226</u>	<u>118,594,067</u>	<u>12,597,138</u>	<u>12,293,741</u>	<u>135,249,363</u>	<u>130,887,808</u>
Program expenses						
Public safety	33,774,151	32,875,871	-	-	33,774,151	32,875,871
Public works	11,087,605	21,559,209	-	-	11,087,605	21,559,209
Health and social services	541,850	113,485	-	-	541,850	113,485
Culture and recreation	13,517,440	14,276,235	-	-	13,517,440	14,276,235
Comm and economic dev	11,736,307	13,635,684	-	-	11,736,307	13,635,684
General government	14,342,124	10,182,146	-	-	14,342,124	10,182,146
Interest on long-term debt	1,874,944	1,820,873	-	-	1,874,944	1,820,873
Sewer	-	-	9,996,297	8,978,896	9,996,297	8,978,896
Refuse and disposal	-	-	5,437,869	5,416,587	5,437,869	5,416,587
Total expenses	<u>86,874,421</u>	<u>94,463,503</u>	<u>15,434,167</u>	<u>14,395,483</u>	<u>102,308,588</u>	<u>108,858,986</u>
Excess (deficiency) of revenues over (under) expenses	35,777,805	24,130,564	(2,837,029)	(2,101,742)	32,940,776	22,028,822
Transfers, net	<u>(6,084,302)</u>	<u>(5,661,111)</u>	<u>6,084,302</u>	<u>5,661,111</u>	<u>-</u>	<u>-</u>
Change in net position	29,693,503	18,469,453	3,247,272	3,559,369	32,940,776	22,028,822
Net position beginning of year, as restated	<u>274,711,101</u>	<u>259,457,865</u>	<u>159,860,216</u>	<u>156,343,148</u>	<u>434,571,317</u>	<u>415,801,013</u>
Net position end of year	<u>\$ 304,404,604</u>	<u>\$ 277,927,318</u>	<u>\$ 163,107,488</u>	<u>\$ 159,902,517</u>	<u>\$ 467,512,093</u>	<u>\$ 437,829,835</u>

Total revenues reported for the primary government for the year ended June 30, 2018 were \$135,249,363. Program revenues totaled \$66,210,862 for the year ended June 30, 2018. Governmental activities provided \$53,649,443 and business type activities provided \$12,561,419 of program revenues. Revenue from charges for service during fiscal year 2018 was \$33,485,729 accounting for 51% of total program revenues. The following charts break down program revenues by source:

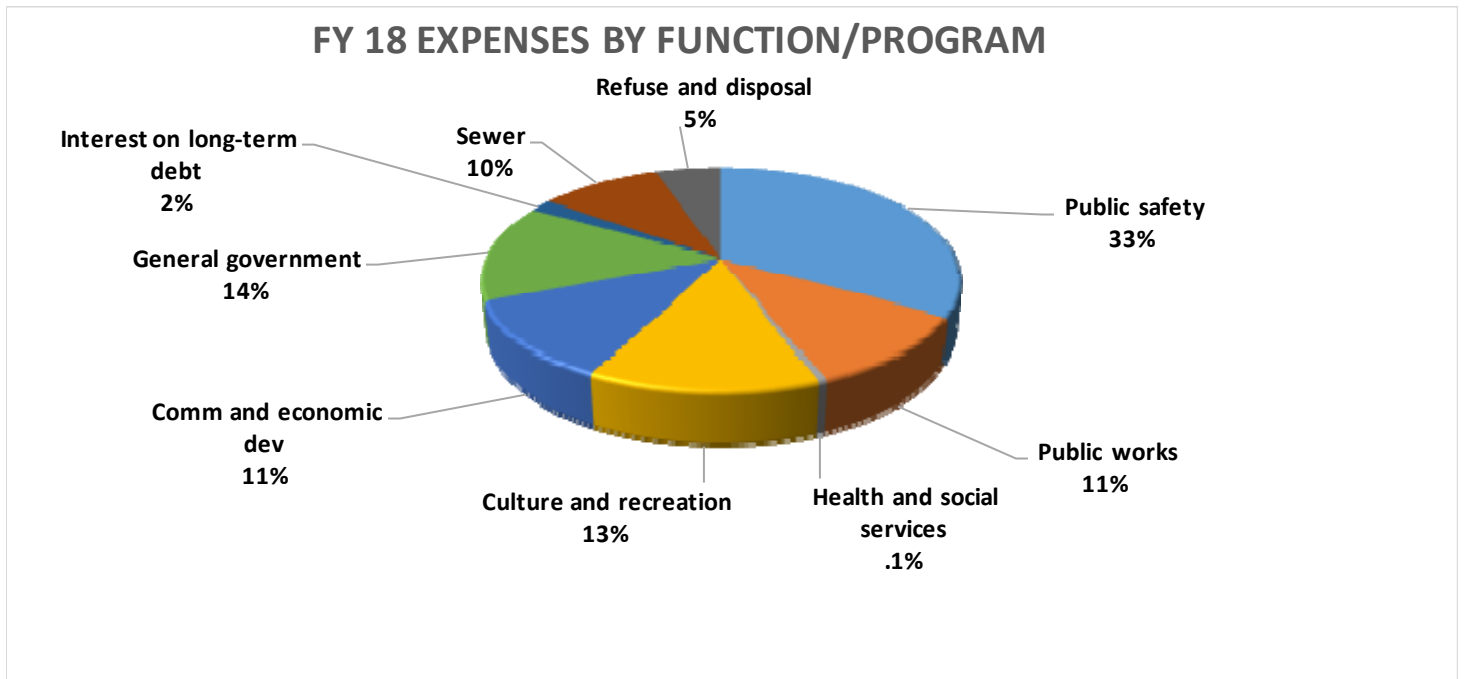


General revenues for the year ended June 30, 2018 totaled \$69,038,501. Governmental activities provided \$69,002,783 and business type activities provided \$35,718 of general revenues. Property tax revenue for fiscal year 2018 totaled \$43,198,522 accounting for 63% of general revenues. The following chart illustrates general revenues by source:



Overall revenues increased approximately \$4.36 million, or 3.33%, from fiscal year 2017. The year over year change is primarily due to higher permit fees collected in fiscal 2018 for the construction of additional buildings in a large data center complex.

Expenses for the primary government for the year ended June 30, 2018 totaled \$102.3 million. This is a decrease of \$6.6 million or 6.0% from the prior year total of \$108.9 million. The decrease was driven by the completion of the infrastructure in the River's Edge development area and completion of a public pavilion in the River's Edge Park in fiscal 2017. Expenses for governmental activities totaled \$86.9 million, accounting for 84.9% of total expenses. Business type activities expenses totaled \$15.4 million, or 15.1% 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 community and economic development, the City spent \$11.7 million and received \$6.8 million in revenue due to the timing of the receipt of revenue. Public Works revenue exceeded expenditures partially due to the timing of the receipt of revenue and due to a developer donated streets and sewer valued at over \$6.6 million in fiscal 2018. 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, fees and federal and state grants
Community and economic development	HUD, CDBG and nongovernmental grants
General government	Internal charges for service

The total cost of governmental activities this year was \$86,874,421. Of these costs, \$20,924,310 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 \$32,725,133 leaving a net expense of \$33,224,978 for governmental activities. These expenses were primarily financed by tax revenues and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
	2018	2017 (not restated)
Function/Program		
Public safety	\$ (24,727,212)	\$ (27,969,327)
Public works	11,902,663	(71,289)
Health and social services	(316,770)	84,333
Culture and recreation	(6,191,594)	(5,322,731)
Community and economic development	(4,983,583)	(3,687,544)
General government	(7,033,538)	(4,416,254)
Interest on long-term debt	(1,874,944)	(1,820,873)
Net (expense) revenue of governmental activities	(33,224,978)	(43,203,685)
General revenues and transfers	62,918,481	61,673,138
Change in net position	<u>\$ 29,693,503</u>	<u>\$ 18,469,453</u>

Resources available during the year to finance governmental activities totaled \$394,927,318, consisting of net position at July 1, 2017, of \$277,927,318, program revenues of \$53,649,443 and general revenues and transfers of \$62,918,481. During the year, governmental activities expenses totaled \$86,874,421. Governmental activities net position increased \$29,693,503 to \$304,404,604.

**Business-Type Activities**

The cost of all business type activities for the year was \$15,434,167 as shown in the Statement of Activities. The amount charged to users of the systems was \$12,561,419. Net expense for business type activities was \$2,872,748. The net (expense) revenue by business type activity for the years ended June 30, 2018 and 2017 is as follows:

Business-Type Activities	Net (Expense) Revenue and Changes in Net Position	
	2018	2017 (not restated)
Sewer	\$ (3,062,708)	\$ (2,464,681)
Refuse and disposal	189,960	313,293
Total net (expense) revenue	(2,872,748)	(2,151,388)
General revenues and transfers	6,120,020	5,710,757
Change in net position	\$ 3,247,272	\$ 3,559,369

Resources available during the year to finance business-type activities totaled \$178,583,956, consisting of net position at July 1, 2017 of \$159,902,517 program revenues of \$12,561,419, and general revenues and transfers of \$6,120,020. During the year, business-type activities expenses totaled \$15,434,167 and business-type activities net position increased \$3,247,272 to \$163,107,488.

**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 \$70,075,008. The combined governmental fund balances increased by \$9,855,012 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 \$658,323 or 2.76%, from the prior year. Revenues increased \$5,771,078, or 8.9%. Expenditures increased \$2,468,474 or 4.1%, from the prior year. The fund balance decrease is primarily due to reimbursement to the Road Use fund for employee benefit expenditures and an additional investment of \$2,000,000 in the River's Edge parking garage.

The Special Revenue, Bass Pro fund balance increased \$574,821 or 219.1% from the prior year. The fund balance increased to provide reserves for the property tax payment payable in the upcoming fiscal year.

The Special Revenue, Tax Increment Financing Fund Balance increased \$33,729 due to timing of expenditures.

The Special Revenue, Local Option Sales Tax (LOST) fund balance increased \$1,565,557 or 16.25% from the prior year. The City budgeted fewer projects for LOST funding in Fiscal 2018 due to the continuation of the levee project which will be subsidized by LOST in future years.

The Debt Service fund balance increased \$15,081 or 1.3% from the prior year. Timing difference of the collection of delinquent taxes affect the fund balance.

The Capital Project fund balance increased \$13,523,340 or 230.9% from the prior year due to the issuance of \$17.1 million of general obligations bonds for capital projects which included funding for the police headquarters which will be completed by January 1, 2019.

The Non-major Governmental Fund balance increased \$3,691,902 or 38.6% from the prior year, primarily due to the reimbursement to the road use fund for employee benefit expenditures.

### **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 2018 with a \$156,722,977 net position compared to the prior year ending net position of \$153,582,252, an increase of \$3,140,725, or 2.04%. The change is primarily due to increased sewer fees phased in over the past several years and the contribution of infrastructure completed in fiscal year 2018.

The Enterprise, Refuse and Disposal Fund ended fiscal year 2018 with a \$6,384,512 net position compared to the prior year ending net position of \$6,320,265 an increase of \$64,247, or 1.0%.

### **BUDGETARY HIGHLIGHTS**

The City adopted one budget amendment in the fiscal year ended June 30, 2018. In May 2018, City officials reviewed year to date operations, projected activity to the end of the year and determined adjustments to the budget for: (1) revenues for franchise fees were increased \$460,000, (2) bond proceeds were increased \$17,945,000 to adjust for the timing of the issuance of the 2018A bonds and to allow for the refunding of the 2009B and 2010C outstanding bonds for \$6,920,000, (3) costs related to the issuance of the 2018A bonds for \$82,100, and (4) interfund transfers to align revenue and expenditures.

In the fiscal year, ended June 30, 2018, actual revenues of \$131,844,370 exceeded the amended budget revenue of \$121,439,437 by \$10,404,933. Revenue exceeded expectations for license and permits fees due to the construction of additional buildings for data center operations by a global technology company, due to unanticipated higher revenue collected for franchise fees from local utility companies, and due to the receipt of a large grant which was not included in the budget.

Overall, total expenditures were \$1,763,028 lower than budgeted amounts. Expenditures during the year ended June 30, 2018 totaled \$149,016,864. The amended expenditure budget was \$150,779,892. Actual expenditures were lower than budgeted for Economic Development due to lower costs associated with the Bass Pro facility and delayed expenditures for improvements planned for the Lake Manawa SMIDD area. Expenditures were also lower than anticipated for the operation of the Mid America Center in fiscal 2018.

The City is currently in the process of developing an operating budget for the fiscal year ending June 30, 2020 that will plan to have revenues approximate expenditures for all funds, including the General Fund.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure, represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2018 were \$502,872,412 (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, 2018, the City's investment in capital assets included public safety equipment, which included police vehicles and an ambulance. Capital assets increased for street infrastructure due to ongoing street improvements and due to \$6,629,122 of donated infrastructure received for a new 400 home housing development known as Whispering Oaks. Additional increases in capital assets were due to the ongoing construction of a new police headquarters, levee improvement construction, improvements to parks, and information technology infrastructure upgrades.

Capital improvements in business type activities included investments to upgrade the storm sewer for the Lake Manawa area, installation of storm sewers in the West Broadway corridor as well as ongoing upgrades to sewer pump stations.

### **Long-term Debt**

At June 30, 2018, the City had approximately \$64.48 million of general obligation bonds and notes outstanding versus approximately \$43.98 million last year. The increase is a result of current year borrowing partially offset by principal payments on existing bonds. \$11.7 million of the 2018 bond proceeds will be used for the construction of the new police headquarters. The remaining bond funds are for streets and sewer infrastructure improvements, park rehabilitation projects, and fire station improvements. 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.

More detailed information about the City's long-term debt is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS**

The City's operating plan for fiscal year 2019 calls for revenue and other financing activity of \$129,983,224 and expenditures of \$145,746,460. The funding for the expenditures for fiscal year 2019 include bond proceeds received at the end of fiscal year 2018. As the year progresses, actual revenue and expenses are aligned with the budget. 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 to the City of Council Bluffs, which has allowed the City to reconstruct the roadway and add storm sewer and safety enhancements. The vital interstate interchange and reconstruction of this major artery has stimulated significant development of the western edge of the City. The City has entered into a major private-public development for the area known as River's Edge, which includes a large public park along the Missouri River, an office park and residential housing. Included in the development is a 67,000 square feet office building, a 743 space-parking garage, apartments and condominiums. Total private investment is expected to exceed \$400 million for the development. The City anticipates significant property tax growth with the River's Edge development, which may offset the impact of lower retail valuations due to online sales. The City's new state of the art Police Headquarters will open in fiscal year 2019.

**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 Kathryn Knott, Director of Finance at 712-890-5313.

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Basic Financial Statements  
June 30, 2018

# City of Council Bluffs

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	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash, cash equivalents and pooled investments	\$ 68,542,779	\$ 8,586,040	\$ 77,128,819
Receivables			
Delinquent property tax	158,758	-	158,758
Succeeding year property tax	50,029,593	-	50,029,593
Succeeding year tax increment financing	4,176,848	-	4,176,848
Accounts	2,966,218	101,433	3,067,651
Special and drainage assessments	173,551	-	173,551
Customer accounts and unbilled usage	-	1,737,762	1,737,762
Loans	1,690,357	-	1,690,357
Due from other governments	5,738,923	143,897	5,882,820
Inventories	1,417,509	329,754	1,747,263
Prepaid items	775,081	-	775,081
Total current assets	<u>135,669,617</u>	<u>10,898,887</u>	<u>146,568,504</u>
<b>Noncurrent Assets</b>			
Land held for resale	1,823,032	-	1,823,032
Capital assets-nondepreciable	113,952,401	10,370,218	124,322,619
Capital assets-depreciable (net)	228,806,761	149,743,035	378,549,796
Total noncurrent assets	<u>344,582,194</u>	<u>160,113,253</u>	<u>504,695,447</u>
<b>Total Assets</b>	<u>480,251,811</u>	<u>171,012,139</u>	<u>651,263,951</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows- IPERS	3,296,468	949,860	4,246,328
Pension related deferred outflows- MFPRSI	10,233,694	-	10,233,694
OPEB related deferred outflows	414,936	50,813	465,749
Total deferred outflows of resources	<u>13,945,098</u>	<u>1,000,673</u>	<u>14,945,771</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	8,163,944	477,601	8,641,544
Salaries and benefits payable	1,759,908	178,239	1,938,147
Accrued interest payable	265,888	-	265,888
Deposits	-	-	-
General obligation bonds/notes-net	7,135,000	-	7,135,000
Revenue bonds/notes	-	227,000	227,000
Term loan notes	1,221,053	-	1,221,053
Settlement agreement	528,571	-	528,571
Iowa Finance Authority loan	265,000	-	265,000
Notes payable	-	71,700	71,700
Termination benefit liability	-	4,702	4,702
Compensated absences	2,129,567	203,096	2,332,663
Total current liabilities	<u>21,468,930</u>	<u>1,162,338</u>	<u>22,631,269</u>

See Notes to Financial Statements

City of Council Bluffs  
Statement of Net Position  
June 30, 2018

Component Units	
Airport Authority	Library Foundation
\$ 960,707	\$ 10,144,730
-	-
-	-
5,749	188,907
-	-
-	-
202,761	-
-	-
34,021	-
<u>1,203,238</u>	<u>10,333,637</u>
-	-
2,913,548	-
20,154,506	-
<u>23,068,054</u>	<u>-</u>
<u>24,271,292</u>	<u>10,333,637</u>
50,176	-
-	-
-	-
<u>50,176</u>	<u>-</u>
118,770	-
10,223	-
2,009	-
6,612	-
-	-
-	-
-	-
-	-
230,000	-
-	-
-	-
<u>367,614</u>	<u>-</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Noncurrent Liabilities</b>			
General obligation bonds/notes-net	\$ 57,340,858	\$ -	\$ 57,340,858
Revenue bonds/notes	-	3,715,000	3,715,000
Settlement agreement	1,257,142	-	1,257,142
Iowa Finance Authority loan	4,410,000	-	4,410,000
Notes payable	-	65,000	65,000
Compensated absences	956,506	123,590	1,080,096
Total OPEB liability	3,387,641	414,852	3,802,493
Termination benefit liability	253,342	82,022	335,364
Net pension liability - IPERS	11,192,739	3,225,130	14,417,869
Net pension liability - MFPRSI	34,097,103	-	34,097,103
Total noncurrent liabilities	<u>112,895,331</u>	<u>7,625,594</u>	<u>120,520,925</u>
Total Liabilities	<u>134,364,262</u>	<u>8,787,932</u>	<u>143,152,194</u>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax	50,029,593	-	50,029,593
Succeeding year tax increment financing	4,176,848	-	4,176,848
Pension related deferred inflows- IPERS	407,402	117,391	524,793
Pension related deferred inflows- MFPRSI	814,199	-	814,199
Total deferred inflows of resources	<u>55,428,042</u>	<u>117,391</u>	<u>55,545,433</u>
<b>Net Position</b>			
Net investment in capital assets	292,236,238	156,034,553	448,270,791
<b>Restricted for</b>			
<b>Nonexpendable</b>			
Permanent Fund	61,360	-	61,360
<b>Expendable</b>			
Debt service	2,121,270	-	2,121,270
Street and sewer maintenance and improvements	21,147,128	-	21,147,128
Community development block grant programs	1,112,044	-	1,112,044
Capital projects	6,434,479	-	6,434,479
Employee benefits and Insurance	1,706,019	-	1,706,019
Library	-	-	-
Other purposes	2,589,489	-	2,589,489
Unrestricted	(23,003,423)	7,072,937	(15,930,486)
Total net position	<u>\$ 304,404,604</u>	<u>\$ 163,107,489</u>	<u>\$ 467,512,093</u>

See Notes to Financial Statements

City of Council Bluffs  
Statement of Net Position  
June 30, 2018

Component Units	
Airport Authority	Library Foundation
\$ -	\$ -
-	-
-	-
-	-
1,215,000	-
-	-
-	-
-	-
176,311	-
-	-
<u>1,391,311</u>	<u>-</u>
1,758,925	-
-	-
-	-
11,320	-
-	-
<u>11,320</u>	<u>-</u>
21,623,054	-
-	41,635
-	-
-	-
-	-
-	-
-	-
-	10,292,002
-	-
928,169	-
<u>\$ 22,551,223</u>	<u>\$ 10,333,637</u>

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental Activities				
Public safety	\$ 33,774,151	\$ 8,577,055	\$ 189,215	\$ 280,670
Public works	11,087,605	321,237	8,936,414	13,732,618
Health and social services	541,850	71,663	153,417	-
Culture and recreation	13,517,440	5,182,883	648,850	1,494,113
Community and economic development	11,736,307	871,668	585,214	5,295,841
General government	14,342,124	5,899,804	686,236	722,546
Interest on long-term debt	1,874,944	-	-	-
Total governmental activities	<u>86,874,421</u>	<u>20,924,310</u>	<u>11,199,345</u>	<u>21,525,788</u>
Business-Type Activities				
Sewer	9,996,297	6,933,590	-	-
Refuse and disposal	5,437,869	5,627,830	-	-
Total business type activities	<u>15,434,167</u>	<u>12,561,419</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 102,308,588</u>	<u>\$ 33,485,729</u>	<u>\$ 11,199,345</u>	<u>\$ 21,525,788</u>
Component Units				
Airport Authority	\$ 1,404,615	\$ 309,240	\$ -	\$ 678,493
Library Foundation	245,962	-	613,709	-
Total component units	<u>\$ 1,650,577</u>	<u>\$ 309,240</u>	<u>\$ 613,709</u>	<u>\$ 678,493</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				
Interest Income				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position Beginning of Year, as restated				
Net Position End of Year				

See Notes to Financial Statements

City of Council Bluffs  
Statement of Activities  
Year Ended June 30, 2018

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Airport Authority	Library Foundation
\$ (24,727,212)	\$ -	\$ (24,727,212)	\$ -	\$ -
11,902,663	-	11,902,663	-	-
(316,770)	-	(316,770)	-	-
(6,191,594)	-	(6,191,594)	-	-
(4,983,583)	-	(4,983,583)	-	-
(7,033,538)	-	(7,033,538)	-	-
(1,874,944)	-	(1,874,944)	-	-
<u>(33,224,978)</u>	<u>-</u>	<u>(33,224,978)</u>	<u>-</u>	<u>-</u>
-	(3,062,708)	(3,062,708)	-	-
-	189,960	189,960	-	-
<u>-</u>	<u>(2,872,748)</u>	<u>(2,872,748)</u>	<u>-</u>	<u>-</u>
<u>\$ (33,224,978)</u>	<u>\$ (2,872,748)</u>	<u>\$ (36,097,725)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (416,882)	\$ -
-	-	-	-	367,747
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (416,882)</u>	<u>\$ 367,747</u>
\$ 37,232,760	\$ -	\$ 37,232,760	\$ 712,278	\$ -
5,965,762	-	5,965,762	-	-
4,764,496	-	4,764,496	-	-
9,110,364	-	9,110,364	-	-
2,770,278	-	2,770,278	-	-
3,032,676	-	3,032,676	-	-
3,105,127	-	3,105,127	-	-
1,985,426	-	1,985,426	-	-
-	-	-	-	677,325
-	-	-	487	-
56,520	35,718	92,238	39,500	-
979,373	-	979,373	57,585	-
(6,084,302)	6,084,302	-	-	-
<u>62,918,481</u>	<u>6,120,020</u>	<u>69,038,501</u>	<u>809,850</u>	<u>677,325</u>
29,693,503	3,247,273	32,940,776	392,968	1,045,072
<u>274,711,101</u>	<u>159,860,216</u>	<u>434,571,317</u>	<u>22,158,255</u>	<u>9,288,565</u>
<u>\$ 304,404,604</u>	<u>\$ 163,107,489</u>	<u>\$ 467,512,093</u>	<u>\$ 22,551,223</u>	<u>\$ 10,333,637</u>

	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
<b>Assets</b>				
Cash, Cash Equivalents and Pooled Investments	\$ 19,374,651	\$ 1,488,023	\$ 1,042,650	\$ 10,411,430
<b>Receivables</b>				
Property Tax				
Delinquent	137,799	-	-	-
Succeeding year property taxes	42,321,591	-	-	-
Succeeding year tax increment financing	-	-	4,176,848	-
Accounts (net)	2,065,536	-	-	161,928
Special and drainage assessments	-	-	-	-
Loans	1,445,000	-	-	-
Due From Other Governments	1,669,068	-	20,007	1,453,558
Due from Other Funds	11,631	-	-	-
Inventories	445,312	-	-	-
Prepaid Items	775,081	-	-	-
Land Held for Resale	1,572,721	-	-	-
<b>Total Assets</b>	<b>\$ 69,818,390</b>	<b>\$ 1,488,023</b>	<b>\$ 5,239,505</b>	<b>\$ 12,026,916</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,321,120	\$ 650,872	\$ -	\$ 375,772
Salaries and benefits payable	1,612,093	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>3,933,213</b>	<b>650,872</b>	<b>-</b>	<b>375,772</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues				
Succeeding year property tax	42,321,591	-	-	-
Succeeding year tax increment financing	-	-	4,176,848	-
Other	385,370	-	-	452,275
<b>Total deferred inflows of resources</b>	<b>42,706,961</b>	<b>-</b>	<b>4,176,848</b>	<b>452,275</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Cementary perpetual care	-	-	-	-
Inventories	445,312	-	-	-
Prepaid items	775,081	-	-	-
Land held for sale	1,572,721	-	-	-
Long term loan receivable	1,445,000	-	-	-
<b>Restricted</b>				
Street and sewer maintenance and improvements	-	-	-	11,198,869
Debt service	-	-	948,593	-
Community development block grant program	-	-	-	-
Capital projects	-	-	-	-
Other purposes	1,706,019	837,151	114,064	-
<b>Unassigned</b>	<b>17,234,082</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fund balances</b>	<b>23,178,215</b>	<b>837,151</b>	<b>1,062,657</b>	<b>11,198,869</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 69,818,389</b>	<b>\$ 1,488,023</b>	<b>\$ 5,239,505</b>	<b>\$ 12,026,916</b>

See Notes to Financial Statements

City of Council Bluffs  
Balance Sheet  
Governmental Funds  
June 30, 2018

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,094,558	\$ 23,222,772	\$ 11,908,695	\$ 68,542,779
20,960	-	-	158,758
7,708,002	-	-	50,029,593
-	-	-	4,176,848
-	693,466	45,288	2,966,218
-	-	173,551	173,551
-	-	245,357	1,690,357
64,920	1,877,601	653,770	5,738,923
-	-	-	11,631
-	-	972,197	1,417,509
-	-	-	775,081
-	250,311	-	1,823,032
<u>\$ 8,888,441</u>	<u>\$ 26,044,150</u>	<u>\$ 13,998,857</u>	<u>\$ 137,504,280</u>
\$ 7,762	\$ 4,435,684	\$ 372,734	\$ 8,163,944
-	-	147,815	1,759,908
-	-	11,631	11,631
<u>7,762</u>	<u>4,435,684</u>	<u>532,179</u>	<u>9,935,482</u>
7,708,002	-	-	50,029,593
-	-	-	4,176,848
20,960	2,228,943	199,801	3,287,349
<u>7,728,962</u>	<u>2,228,943</u>	<u>199,801</u>	<u>57,493,790</u>
-	-	61,360	61,360
-	-	972,197	1,417,509
-	-	-	775,081
-	-	-	1,572,721
-	-	-	1,445,000
-	-	9,495,984	20,694,853
1,151,717	-	-	2,100,310
-	-	1,112,044	1,112,044
-	19,379,523	-	19,379,523
-	-	1,638,275	4,295,508
-	-	(12,983)	17,221,099
<u>1,151,717</u>	<u>19,379,523</u>	<u>13,266,876</u>	<u>70,075,008</u>
<u>\$ 8,888,441</u>	<u>\$ 26,044,150</u>	<u>\$ 13,998,857</u>	<u>\$ 137,504,280</u>



City of Council Bluffs  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2018

Total Governmental Fund Balances \$ 70,075,008

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 342,759,162

Other long-term assets are not available to pay current period expenditures and, therefore, are unavailable in the governmental funds. 3,287,349

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

Deferred outflows of resources- IPERS	\$	3,296,468
Deferred outflows of resources- MFPRSI		10,233,694
Deferred outflows of resources- OPEB		414,936
Deferred inflows of resources- IPERS		(407,402)
Deferred inflows of resources- MFPRSI		(814,199)
		12,723,496

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, 2018, are:

General obligation bonds/notes	(64,475,858)	
Urban renewal term loan note	(1,221,053)	
Settlement agreement	(1,785,713)	
Iowa Finance Authority	(4,675,000)	
Compensated absences	(3,086,073)	
Total OPEB liability	(3,387,641)	
Termination benefit liability	(253,343)	
Net pension liability- IPERS	(11,192,739)	
Net pension liability- MFPRSI	(34,097,103)	
Accrued interest payable	(265,888)	
Total long-term liabilities	(124,440,411)	

Net Position of Governmental Activities \$ 304,404,604

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	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
<b>Revenues</b>				
Property tax	\$ 37,232,760	\$ -	\$ -	\$ -
Tax increment financing	-	-	4,764,496	-
Other city tax	12,376,865	-	-	8,751,686
License and permits	5,685,836	-	-	-
Use of money and property	533,779	630,990	4,516	-
Intergovernmental	3,380,216	192,560	-	1,800,777
Local grants	639,472	2,147,315	-	753,451
Charge for service	6,435,001	-	-	-
Special and drainage assessments	-	-	-	-
Miscellaneous	4,367,266	-	-	100,951
<b>Total revenues</b>	<b>70,651,196</b>	<b>2,970,865</b>	<b>4,769,012</b>	<b>11,406,865</b>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	33,056,957	-	-	-
Public works	1,866,513	-	-	-
Health and social services	553,808	-	-	-
Culture and recreation	11,758,933	-	-	-
Community and economic development	648,021	650,873	2,065,035	-
General government	14,571,617	-	-	-
<b>Debt service</b>				
Principal redeemed	-	2,442,105	-	-
Interest paid	-	90,524	-	-
Miscellaneous debt expenditures	-	-	-	-
Capital projects	-	-	-	7,475,394
<b>Total expenditures</b>	<b>62,455,849</b>	<b>3,183,501</b>	<b>2,065,035</b>	<b>7,475,394</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>8,195,347</b>	<b>(212,637)</b>	<b>2,703,978</b>	<b>3,931,471</b>
<b>Other Financing Sources (Uses)</b>				
General obligation bonds issued	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Transfers in	450,154	787,458	-	-
Transfers out	(8,118,714)	-	(2,670,249)	(2,365,915)
<b>Total other financing sources (uses)</b>	<b>(7,668,560)</b>	<b>787,458</b>	<b>(2,670,249)</b>	<b>(2,365,915)</b>
<b>Net Change in Fund Balances</b>	<b>526,787</b>	<b>574,821</b>	<b>33,729</b>	<b>1,565,557</b>
<b>Fund Balances Beginning of Year, as restated</b>	<b>22,651,428</b>	<b>262,330</b>	<b>1,028,928</b>	<b>9,633,312</b>
<b>Fund Balances End of Year</b>	<b>\$ 23,178,215</b>	<b>\$ 837,151</b>	<b>\$ 1,062,657</b>	<b>\$ 11,198,869</b>

See Notes to Financial Statements

City of Council Bluffs  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2018

Debt Service	Capital Projects	Nonmajor	Total
\$ 5,962,464	\$ -	\$ -	\$ 43,195,224
-	-	-	4,764,496
409,983	-	-	21,538,534
-	-	88,140	5,773,976
-	-	-	1,169,285
330,323	7,405,059	9,001,861	22,110,797
-	4,198,465	-	7,738,704
-	-	7,230	6,442,231
-	-	305,146	305,146
-	1,242,236	534,108	6,244,561
<u>6,702,769</u>	<u>12,845,760</u>	<u>9,936,484</u>	<u>119,282,952</u>
-	-	78,681	33,135,638
-	-	7,904,827	9,771,341
-	-	-	553,808
-	-	248,509	12,007,442
-	-	1,429,291	4,793,219
-	-	-	14,571,617
13,585,000	-	-	16,027,105
1,524,798	-	-	1,615,322
43,927	-	-	43,927
-	33,587,883	-	41,063,277
<u>15,153,726</u>	<u>33,587,883</u>	<u>9,661,309</u>	<u>133,582,697</u>
<u>(8,450,957)</u>	<u>(20,742,123)</u>	<u>275,175</u>	<u>(14,299,745)</u>
-	25,875,000	-	25,875,000
6,270,000	-	-	6,270,000
669,678	1,297,684	-	1,967,362
1,526,360	7,656,956	3,541,677	13,962,604
-	(564,177)	(124,949)	(13,844,004)
<u>8,466,037</u>	<u>34,265,462</u>	<u>3,416,727</u>	<u>34,230,962</u>
15,081	13,523,340	3,691,902	19,931,216
<u>1,136,636</u>	<u>5,856,183</u>	<u>9,574,975</u>	<u>50,143,792</u>
<u>\$ 1,151,717</u>	<u>\$ 19,379,523</u>	<u>\$ 13,266,877</u>	<u>\$ 70,075,008</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, 2018

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Net Change in Fund Balances - Total Governmental Funds \$ 19,931,216

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	\$ 42,423,290	
Depreciation/amortization expense	<u>(11,839,183)</u>	
		30,584,107

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. (121,437)

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 decreased by these amounts this year:

Other (2,712,191)

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		17,030,677
Issued		<u>(34,112,362)</u>

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	1,131,894	
MFPRSI	<u>4,341,885</u>	
		5,473,779

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	152,664	
Total OPEB expense	(272,578)	
Termination benefit liability	446,933	
Pension expense - IPERS	(1,508,079)	
Pension expense - MFPRSI	(5,185,276)	
Interest on long-term debt	(45,457)	
Bond Premium Amortization	<u>31,504</u>	
		<u>(6,380,289)</u>

Change in Net Position of Governmental Activities \$ 29,693,501

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City of Council Bluffs  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Sewer	Non-major Refuse and Disposal	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash, cash equivalents and pooled investments	\$ 4,421,516	\$ 4,164,523	\$ 8,586,040
Receivables			
Accounts	52,793	48,640	101,433
Customer accounts and unbilled usage	917,015	820,748	1,737,762
Due from other governments	3,984	139,913	143,897
Inventories	294,411	35,343	329,754
Total current assets	<u>5,689,719</u>	<u>5,209,168</u>	<u>10,898,887</u>
<b>Noncurrent Assets</b>			
Capital assets-nondepreciable	10,009,595	360,622	10,370,218
Capital assets-depreciable (net)	147,681,481	2,061,554	149,743,035
Total noncurrent assets	<u>157,691,077</u>	<u>2,422,176</u>	<u>160,113,253</u>
Total assets	<u>163,380,796</u>	<u>7,631,344</u>	<u>171,012,139</u>
<b>Deferred Outflows of Resources</b>			
IPERS pension related deferred outflows	735,172	214,688	949,860
OPEB related deferred outflows	39,868	10,945	50,813
Total deferred outflows of resources	<u>775,040</u>	<u>225,633</u>	<u>1,000,673</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	92,349	385,252	477,601
Salaries and benefits payable	147,965	30,274	178,239
Revenue notes and loans	227,000	-	227,000
Notes payable	-	71,700	71,700
Compensated absences	168,137	34,959	203,096
Termination benefit liability	4,702	-	4,702
Total current liabilities	<u>640,153</u>	<u>522,185</u>	<u>1,162,338</u>
<b>Noncurrent Liabilities</b>			
Revenue notes and loans	3,715,000	-	3,715,000
Notes payable	-	65,000	65,000
Compensated absences	87,812	35,778	123,590
Total OPEB liability	325,493	89,359	414,852
Termination benefit liability	77,359	4,663	82,022
Net IPERS pension liability	2,496,183	728,947	3,225,130
Total noncurrent liabilities	<u>6,701,847</u>	<u>923,747</u>	<u>7,625,594</u>
Total liabilities	<u>7,342,000</u>	<u>1,445,932</u>	<u>8,787,932</u>
<b>Deferred Inflows of Resources</b>			
IPERS pension related deferred inflows	90,858	26,533	117,391
<b>Net Position</b>			
Net Investment in Capital Assets	153,749,080	2,285,473	156,034,553
Unrestricted	2,973,897	4,099,039	7,072,936
Total net position	<u>\$ 156,722,977</u>	<u>\$ 6,384,512</u>	<u>\$ 163,107,489</u>

City of Council Bluffs  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2018

	Sewer	Non-major Refuse and Disposal	Total
Operating Revenues			
Charges for service	\$ 6,895,315	\$ 5,612,824	\$ 12,508,139
Miscellaneous	38,275	15,006	53,281
Total operating revenues	<u>6,933,590</u>	<u>5,627,830</u>	<u>12,561,420</u>
Operating Expenses			
Sewer system and sewage disposal	6,037,606	-	6,037,606
Refuse disposal	-	5,207,565	5,207,565
Depreciation	3,823,976	230,305	4,054,281
Total operating expenses	<u>9,861,582</u>	<u>5,437,869</u>	<u>15,299,452</u>
Operating Income (Loss)	<u>(2,927,993)</u>	<u>189,960</u>	<u>(2,738,032)</u>
Non-Operating Revenues (Expenses):			
Gain on asset disposal	22,027	13,691	35,718
Interest expense	(124,310)	-	(124,310)
Miscellaneous debt expense	(10,405)	-	(10,405)
Total non-operating revenues (expenses)	<u>(112,688)</u>	<u>13,691</u>	<u>(98,997)</u>
Net Income (Loss) Before Contributions	<u>(3,040,681)</u>	<u>203,652</u>	<u>(2,837,028)</u>
Capital Contributions	6,202,902	-	6,202,902
Transfers Out	-	(118,600)	(118,600)
Total contributions and transfers	<u>6,202,902</u>	<u>(118,600)</u>	<u>6,084,302</u>
Change in Net Position	3,162,221	85,052	3,247,273
Net Position Beginning of Year, as restated	153,560,756	6,299,460	159,860,216
Net Position End of Year	<u>\$ 156,722,977</u>	<u>\$ 6,384,512</u>	<u>\$ 163,107,489</u>



City of Council Bluffs  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2018

	Sewer	Non-major Refuse and Disposal	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from customers and users	\$ 6,753,087	5,673,880	\$ 12,426,967
Cash received from other sources	39,498	(300)	39,198
Cash paid to employees	(4,164,766)	(1,103,471)	(5,268,237)
Cash paid to suppliers	(1,802,720)	(4,108,967)	(5,911,687)
Net cash flows from operating activities	<u>825,099</u>	<u>461,142</u>	<u>1,286,241</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Land rent	-	(118,600)	(118,600)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(158,156)	(36,312)	(194,468)
Proceeds from the sale of capital assets	6,052	12,155	18,207
Principal payments	(220,000)	(113,320)	(333,320)
Interest and fees	(134,715)	-	(134,715)
Net cash used in capital and related financing activities	<u>(506,819)</u>	<u>(137,477)</u>	<u>(644,296)</u>
Net Increase in Cash and Cash Equivalents	318,280	205,065	523,345
Cash and Cash Equivalents Beginning of Year	<u>4,103,236</u>	<u>3,959,458</u>	<u>8,062,694</u>
Cash and Cash Equivalents End of Year	<u>\$ 4,421,516</u>	<u>\$ 4,164,523</u>	<u>\$ 8,586,039</u>

City of Council Bluffs  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2018

	Sewer	Non-major Refuse and Disposal	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (2,927,993)	\$ 189,960	\$ (2,738,033)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	3,823,976	230,305	4,054,281
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Accounts receivable and unbilled usage	(142,228)	61,056	(81,172)
Due from other governments	1,223	(15,305)	(14,082)
Inventories	(9,091)	13,421	4,330
IPERS deferred outflows	(94,500)	(28,437)	(122,937)
Accounts payable	(93,617)	(18,003)	(111,620)
Prepaid items	403	175	578
Salaries and benefits payable	(3,663)	(14,233)	(17,896)
Compensated absences	3,146	(20,767)	(17,621)
OPEB liability	66,058	18,135	84,193
Termination benefit liability	28,054	(11,237)	16,817
IPERS net pension liability	112,209	38,157	150,366
IPERS deferred inflows	61,121	17,916	79,037
Total adjustments	<u>3,753,092</u>	<u>271,182</u>	<u>4,024,274</u>
Net cash provided by operating activities	<u>\$ 825,099</u>	<u>\$ 461,142</u>	<u>\$ 1,286,241</u>
Noncash Capital and Related Financing Activities			
Contributions of capital assets from Governmental Activities	<u>\$ 6,202,902</u>	<u>\$ -</u>	<u>\$ 6,202,902</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, 2018 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 unavailable 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County in March 2017.

**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, 2018, 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 to OPEB expense, and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

**Compensated Absences** – City employees accumulate 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, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.



**Long-Term Liabilities** – In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. If deemed material, bonds payable are reported net of the applicable bond premium or discount which are deferred and amortized over the life of the bonds using the effective interest method.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made.

**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.

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

**Deferred Inflows of Resources** – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) 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. The general fund is the only fund that reports a positive unassigned fund balance amount.

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, expenditures exceeded the amounts budgeted in the public works, general government, capital projects and debt service functions.

**Implementation to GASB Statement No. 75** - As of July 1 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Total OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 21 and the additional disclosures required by this standard are included in Note 9.

**Note 2 - Cash and Investments**

The City’s deposits in banks at June 30, 2018 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	\$ 47,723,241
Money Market Accounts	9,271,332
IPAIT Diversified Fund	20,134,246
	<u>\$ 77,128,819</u>
Governmental Funds/Governmental Activities	\$ 68,542,779
Enterprise Funds/Business Type Activities	8,586,040
	<u>\$ 77,128,819</u>

At June 30, 2018, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$20,134,246, 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 13 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 Foundation 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, 2018 consist of mutual funds with a fair value of \$10,121,973. 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			Ending Balances
	as restated	Increases	Decreases	
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 46,281,970	\$ 282,488	\$ -	\$ 46,564,458
Construction in progress	40,285,142	34,523,174	7,420,373	67,387,943
Total capital assets not being depreciated	<u>86,567,112</u>	<u>34,805,662</u>	<u>7,420,373</u>	<u>113,952,401</u>
Capital assets being depreciated				
Buildings	128,913,547	403,831	-	129,317,378
Improvements other than buildings	28,183,086	6,840,874	-	35,023,960
Equipment and vehicles	30,389,915	3,334,678	1,623,577	32,101,016
Infrastructure, road network	199,228,361	4,458,619	-	203,686,980
Intangibles	1,579,255	-	-	1,579,255
Total capital assets being depreciated	<u>388,294,164</u>	<u>15,038,002</u>	<u>1,623,577</u>	<u>401,708,589</u>
Less accumulated depreciation for				
Buildings	39,446,246	2,920,656	-	42,366,902
Improvements other than buildings	19,821,489	1,385,766	-	21,207,255
Equipment and vehicles	21,512,602	2,596,199	1,502,140	22,606,661
Infrastructure, road network	80,961,529	4,702,348	-	85,663,877
Intangibles	822,919	234,214	-	1,057,133
Total accumulated depreciation	<u>162,564,785</u>	<u>11,839,183</u>	<u>1,502,140</u>	<u>172,901,828</u>
Total capital assets, net	<u>\$ 312,296,491</u>	<u>\$ 38,004,481</u>	<u>\$ 7,541,810</u>	<u>\$ 342,759,162</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	6,443,672	\$ -	\$ -	\$ 6,443,672
Construction in progress	1,476,687	3,277,283	827,425	3,926,545
Total capital assets not being depreciated	<u>7,920,359</u>	<u>3,277,283</u>	<u>827,425</u>	<u>10,370,217</u>
Capital assets being depreciated:				
Buildings	22,798,184	-	-	22,798,184
Improvements other than buildings	6,884,135	-	-	6,884,135
Equipment and vehicles	15,355,495	331,435	248,461	15,438,469
Infrastructure, sewer network	166,874,358	3,705,171	-	170,579,529
Intangibles	60,373	-	-	60,373
Total capital assets being depreciated	<u>211,972,545</u>	<u>4,036,606</u>	<u>248,461</u>	<u>215,760,690</u>
Less accumulated depreciation for				
Buildings	12,368,065	402,720	-	12,770,785
Improvements other than buildings	1,932,176	98,879	-	2,031,055
Equipment and vehicles	10,572,814	690,300	176,877	11,086,237
Infrastructure, sewer network	37,243,051	2,850,306	-	40,093,357
Intangibles	24,150	12,074	-	36,224
Total accumulated depreciation	<u>62,140,256</u>	<u>4,054,279</u>	<u>176,877</u>	<u>66,017,658</u>
Total capital assets, net	<u>\$ 157,752,648</u>	<u>\$ 3,259,610</u>	<u>\$ 899,009</u>	<u>\$ 160,113,249</u>

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

Governmental Activities:

Public safety	\$ 1,418,142
Public works	4,985,322
Health and social services	10,065
Culture and recreation	2,883,982
Community and economic development	2,180,958
General government	<u>360,714</u>
Total depreciation expense - governmental activities	<u><u>\$ 11,839,183</u></u>

Business-Type Activities:

Sewer	\$ 3,823,975
Refuse and disposal	<u>230,304</u>
Total depreciation expense - business-type activities	<u><u>\$ 4,054,279</u></u>

	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	175,843	683,916	138,275	721,484
Total capital assets not being depreciated	<u>2,367,907</u>	<u>683,916</u>	<u>138,275</u>	<u>2,913,548</u>
Capital assets being depreciated:				
Buildings	7,603,576	1,208	-	7,604,784
Improvements other than buildings	21,005,839	138,275	-	21,144,114
Equipment and vehicles	427,377	63,076	102,363	388,090
Total capital assets being depreciated	<u>29,036,792</u>	<u>202,559</u>	<u>102,363</u>	<u>29,136,988</u>
Less accumulated depreciation for				
Buildings	2,235,729	182,590	-	2,418,319
Improvements other than buildings	5,679,280	676,193	-	6,355,473
Equipment and vehicles	276,442	34,611	102,363	208,690
Total accumulated depreciation	<u>8,191,451</u>	<u>893,394</u>	<u>102,363</u>	<u>8,982,482</u>
Total capital assets being depreciated, net	<u>20,845,341</u>	<u>(690,835)</u>	<u>-</u>	<u>20,154,506</u>
Discretely presented component unit capital assets, net	<u><u>\$ 23,213,248</u></u>	<u><u>\$ (6,919)</u></u>	<u><u>\$ 138,275</u></u>	<u><u>\$ 23,068,054</u></u>
Total depreciation expense- discretely presented component unit				<u><u>\$ 893,394</u></u>

**Note 4 - Long-Term Liabilities**

	Beginning Balances, as restated	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds/notes	\$ 43,980,000	\$ 32,145,000	\$ 13,585,000	\$ 62,540,000	
Premiums	-	1,967,362	31,504	1,935,858	
Total bonds payable	<u>43,980,000</u>	<u>34,112,362</u>	<u>13,616,504</u>	<u>64,475,858</u>	\$ 7,135,000
Term loan note	3,663,159	-	2,442,106	1,221,053	1,221,053
Settlement agreement	2,314,284	-	528,571	1,785,713	528,571
Iowa Finance Authority loan	5,150,000	-	475,000	4,675,000	265,000
Compensated absences	3,238,738	2,018,445	2,171,110	3,086,073	2,129,567
Total OPEB liability, as restated	2,700,127	687,514	-	3,387,641	-
Termination benefit liability	700,275	-	446,933	253,342	-
Net pension liability- IPERS	10,904,246	288,493	-	11,192,739	-
Net pension liability- MFPRSI	36,999,659	-	2,902,556	34,097,103	-
Total	<u>\$ 109,650,488</u>	<u>\$ 37,106,814</u>	<u>\$ 22,582,780</u>	<u>\$ 124,174,522</u>	<u>\$ 11,279,191</u>
<b>Business-Type Activities</b>					
Sewer revenue capital loan notes	\$ 4,162,000	\$ -	\$ 220,000	\$ 3,942,000	\$ 227,000
Recycling closed loop fund note	125,020	-	83,320	41,700	41,700
Recycling solid waste alternative note	125,000	-	30,000	95,000	30,000
Compensated absences	344,307	200,880	218,501	326,686	203,096
Total OPEB liability, as restated	330,659	84,193	-	414,852	-
Termination benefit liability	69,907	16,817	-	86,724	4,702
Net pension liability- IPERS	3,074,764	150,366	-	3,225,130	-
Total	<u>\$ 8,231,657</u>	<u>\$ 452,256</u>	<u>\$ 551,821</u>	<u>\$ 8,132,092</u>	<u>\$ 506,498</u>

For the governmental activities, termination benefit liabilities, compensated absences, OPEB liabilities and net pension 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 \$62,540,000 at June 30, 2018. General obligation bonds/notes bear interest at rates ranging from .50% to 5.0% per annum and mature in varying annual amounts ranging from \$100,000 to \$2,000,000, with final maturities due in the year ending June 1, 2038.

On August 3, 2017, the City issued \$9,540,000 of general obligation bonds; \$2,330,000 was for capital improvement projects and \$7,210,000 was allocated to the construction of a new Police Headquarters.

On June 11, 2018, the City issued \$22,605,000 of general obligation bonds; \$5,100,000 was for capital improvement projects and \$11,235,000 was allocated to the construction of the new Police Headquarters and \$6,270,000 was to refund bonds. \$3,225,000 is for current refunding of \$3,530,000 bonds issued June 9, 2009. \$3,045,000 is for current refunding of \$3,390,000 bonds issued August 11, 2010. The City refunded the bonds to reduce total debt service payments by approximately \$337,000 and to obtain an economic gain (difference between the present value of debt services payments on the old and new debt) of approximately \$300,000.

During the year ended June 30, 2018, principal payments of \$13,585,000 and interest payments of \$1,516,572 were made by the City on general obligation bonds/notes.

Details of general obligation bonds/notes payable at June 30, 2018 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2018
General Obligation bonds:						
Essential Corporate purpose	Oct 12, 2011	2.000	June 1, 2019	\$ 415,000-490,000	\$ 3,165,000	\$ 490,000
Essential Corporate purpose	Nov 28, 2012	2.000-3.000	June 1, 2027	825,000-1,945,000	14,880,000	8,725,000
Essential Corporate purpose	Apr 29, 2014	2.000-3.000	June 1, 2026	270,000-1,000,000	7,630,000	4,990,000
Essential Corporate purpose	Mar 24, 2015	3.000	June 1, 2030	360,000-1,535,000	8,145,000	5,240,000
Essential Corporate purpose	Mar 24, 2015	2.000-4.000	June 1, 2021	660,000-775,000	3,620,000	2,265,000
Essential Corporate purpose	Dec 13, 2016	2.000-2.500	June 1, 2026	100,000-1,060,000	6,095,000	5,995,000
Essential Corporate purpose	Dec 13, 2016	1.100-1.900	June 1, 2021	290,000-855,000	2,810,000	1,985,000
Essential Corporate purpose	Aug 03, 2017	3.000-4.000	June 1, 2037	360,000-690,000	9,540,000	8,850,000
Essential Corporate purpose	June 11, 2018	3.000-5.000	June 1, 2038	615,000-2,000,000	22,605,000	22,605,000
General Obligation capital loan notes:						
Essential Corporate purpose	Apr 24, 2012	0.500-1.500	June 1, 2019	505,000-1,065,000	4,095,000	505,000
Essential Corporate purpose	May 15, 2013	2.000	June 1, 2020	395,000-450,000	2,535,000	890,000
Total Governmental Activities						<u>\$ 62,540,000</u>

Years Ending June 30,	General Obligation Bonds/Notes		
	Principal	Interest	Total
2019	\$ 7,135,000	\$ 2,047,424	\$ 9,182,424
2020	6,305,000	1,857,289	8,162,289
2021	5,945,000	1,657,654	7,602,654
2022	5,195,000	1,460,394	6,655,394
2023	5,390,000	1,276,719	6,666,719
2024-2028	20,225,000	3,677,469	23,902,469
2029-2033	6,925,000	1,453,506	8,378,506
2034-2038	5,420,000	514,063	5,934,063
Total	<u>\$ 62,540,000</u>	<u>\$ 13,944,518</u>	<u>\$ 76,484,518</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

During the year ended June 30, 2018, principal payments of \$2,442,105 and interest payments of \$90,524 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 \$1,221,053. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$2,532,629 and \$3,107,450, respectively.

Details of the term loan note payable at June 30, 2018 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, 2018</u>
Term Loan Note	Mar 28, 2014	3.15%*	Dec 20, 2018	\$1,335,526-2,442,105	\$ 11,600,000	\$ 1,221,053

\* Rate is variable with 210 basis points added to the 30 day LIBOR index, adjusted monthly.

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

<u>Years Ending June 30,</u>	<u>Term Loan Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,221,053	\$ 15,147	\$ 1,236,200
Total	\$ 1,221,053	\$ 15,147	\$ 1,236,200

### Lease Purchase Agreement

The City has entered into a Master Lease Purchase Agreement with River's Edge Parking, LLC (the Developer) and Iowa West Foundation (the Guarantor) to construct a parking facility located at the River's Edge development. The Developer will design, acquire and construct the parking ramp, and lease these improvements to the City. The cost of the project shall not exceed \$14,002,944, unless mutually agreed upon. In fiscal year 2017, the City received \$2.0 million from the Iowa West Foundation to fund the initial lease payment. Additionally, the City paid \$2,249,296 for a total initial lease payment of \$4,249,296. Periodic lease payments will be funded by tax increment revenues.

The Guarantor will guarantee the payment of the periodic lease payments should the revenues in the available tax increment revenues be insufficient to fund the periodic lease payments. The lease will end upon full payment of the remaining lease payments or December 31, 2039. This Master Lease Purchase Agreement does not constitute a general obligation of the City and the full faith and credit of the City is not pledged for payments under the Agreement.

### 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, 2018, the City made payments totaling \$528,571 on the agreement.



Details of the settlement agreement payable at June 30, 2018 are as follows:

Years Ending June 30,	Total
2019	528,571
2020	528,571
2021	728,571
Total	<u>\$ 1,785,713</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, 2018, principal payments of \$475,000 and interest payments of \$245,669 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, 2018 loan from Iowa Finance Authority is as follows:

Years Ending June 30,	Principal	Interest	Total
2019	\$ 265,000	\$ 230,688	\$ 495,688
2020	285,000	219,425	504,425
2021	305,000	207,313	512,313
2022	330,000	194,350	524,350
2023	355,000	180,325	535,325
2024-2028	2,225,000	602,831	2,827,831
2029-2030	910,000	57,094	967,094
Total	<u>\$ 4,675,000</u>	<u>\$ 1,692,026</u>	<u>\$ 6,367,026</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, 2018 is \$4,890,060. For the current year, principal and interest paid and total net revenue, (operating revenues less operating expenses plus depreciation expense), were \$344,860 and \$895,983, 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.

Details of the sewer revenue capital loan notes payable at June 30, 2018 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2018
Sewer revenue capital loan note	May 2, 2012	3.00%	June 1, 2032	\$187,000-344,000	\$ 5,160,000	\$ 3,942,000

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
2019	\$ 227,000	\$ 118,260	\$ 345,260
2020	234,000	111,450	345,450
2021	242,000	104,430	346,430
2022	250,000	97,170	347,170
2023	258,000	89,670	347,670
2024-2028	1,420,000	327,150	1,747,150
2029-2032	1,311,000	99,930	1,410,930
<b>Total</b>	<b>\$ 3,942,000</b>	<b>\$ 948,060</b>	<b>\$ 4,890,060</b>

**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 \$41,700 - \$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
2019	Total	\$ 41,700

**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
2019		\$ 30,000
2020		30,000
2021		35,000
Total		\$ 95,000

At June 30, 2018, 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, 2016 (Unaudited)	\$ 4,839,011,160
Debt Limit- 5% of Total Actual Valuation	\$ 241,950,558
Less Debt Applicable to Debt Limit	
General obligation debt outstanding	(62,540,000)
Tax increment indebtedness	(4,249,238)
Term Loan Note	(1,221,053)
Legal settlement	(1,785,713)
Plus Funds on Hand Available to Service Debt	
Debt Service Fund balance	1,151,717
Tax Increment Financing Fund balance	1,062,657
Legal debt margin	\$ 174,368,928

**Note 5 - Restricted Fund Balances**

The detail of fund balances restricted for specific purposes at June 30, 2018 is as follows:

Purpose	General	Bass Pro	Tax Increment Financing	Nonmajor	Total
Employee benefits and Insurance	\$ 1,706,019	\$ -	\$ -	\$ -	\$ 1,706,019
Bass Pro Loan	-	837,151	-	-	837,151
Drainage	-	-	-	1,250,148	1,250,148
Targeted Jobs	-	-	-	69,000	69,000
CD Installment Loans	-	-	-	211,746	211,746
Home Program	-	-	-	107,380	107,380
Developer Agreements	-	-	114,064	-	114,064
Total	<u>\$ 1,706,019</u>	<u>\$ 837,151</u>	<u>\$ 114,064</u>	<u>\$ 1,638,275</u>	<u>\$ 4,295,508</u>

**Note 6 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
General	Capital Project	<u>\$ 450,154</u>
Bass Pro Shop	Tax Increment Financing	<u>787,458</u>
Debt Sevice	Tax Increment Financing	<u>1,526,360</u>
Capital Project	General	4,809,910
	Tax Increment Financing	356,431
	Local Option Sales Tax	2,365,915
	Nonmajor Governmental Funds	6,100
	Business Type Activity - Refuse and Disposal	<u>118,600</u>
		<u>7,656,956</u>
Nonmajor Governmental Funds		
Road Use	General	3,308,804
CD-Installment Loans	Capital Project	114,024
	Nonmajor Governmental Fund: CDBG Grant	<u>118,849</u>
		<u>3,541,677</u>
Total		<u>\$ 13,962,604</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Note 7 - Interfund Assets/Liabilities**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major: Library	<u>\$ 11,631</u>

The balance represents the payable fund's negative pooled cash balance as of June 30, 2018.

## Note 8 - Pension Plan

The primary government participates in two public pension systems, Iowa Public Employees' Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The following sections outline the pension related disclosures for each pension. The aggregate amount of recognized pension expense for the period associated with the net pension liability for both plans is \$7,161,221. Other aggregate amounts related to pension are separately displayed in the financial statements.

### 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](http://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** – 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 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 2018, 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, 2018 were \$1,442,481.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2018, the City reported a liability of \$14,417,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City’s collective proportion was .21644347%, which was a decrease of .005681% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$1,975,945. At June 30, 2018, 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	\$ 132,370	\$ 124,920
Changes of Assumptions	2,505,161	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	150,590
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	166,316	249,283
City Contributions Subsequent to the Measurement Date	1,442,481	-
	\$ 4,246,328	\$ 524,793

\$1,442,481 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, 2019. 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
2019	\$ 342,181
2020	1,105,489
2021	645,974
2022	31,984
2023	153,427
	\$ 2,279,055

**Actuarial Assumptions** – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	24.0%	6.25%
International Equity	16.0	6.71
Core Plus Fixed Income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed 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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability	\$ 23,754,866	\$ 14,417,869	\$ 6,573,000

**IPERS' 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](http://www.ipers.org).

**Payables to IPERS'** – At June 30, 2018, 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](http://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% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation 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% 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. When electing to participate in DROP, the member signs a contract stating 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 benefits may be either accidental or 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 annually in accordance with Chapter 411.6 of the Code of Iowa, which provides 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 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2018.

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 City’s contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.68% for the year ended June 30, 2018.

The City’s contributions to MFPRSI for the year ended June 30, 2018 was \$4,341,885.

If approved by the State Legislature, state appropriation may further reduce the City’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.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2018, the City reported a liability of \$34,097,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City’s proportion was 5.813905%, which was a decrease of .10357% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$5,185,276. At June 30, 2018, 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	\$ 1,308,482	\$ 20,746
Changes of Assumptions	2,897,519	387,275
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,397,090	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	288,718	406,178
City Contributions Subsequent to the Measurement Date	4,341,885	-
	\$ 10,233,694	\$ 814,199

\$4,341,885 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2019	\$ 786,694
2020	3,121,475
2021	1,597,425
2022	(617,770)
2023	189,784
	\$ 5,077,608

**Actuarial Assumptions** – The total pension liability in the June 30, 2017 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 15.11%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

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 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

**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’s 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 the 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 6.50%	Discount Rate 7.50%	1% Increase 8.50%
City's Proportionate Share of the Net Pension Liability	\$ 56,036,536	\$ 34,097,103	\$ 15,849,098

**MFPRSI’s 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](http://www.mfprsi.org).

**Payables to the Pension Plan** – At June 30, 2018, 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.

**Note 9 - Other Postemployment Benefits (OPEB)**

**Plan Description** – The City operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand alone financial report.

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	41
Active Employees	441
<b>Total</b>	<b>482</b>

**Total OPEB Liability** – The City’s total OPEB liability of \$3,802,493 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

**Actuarial Assumptions** – The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum
Salary increases	3.00% per annum
Discount rate	3.58% per annum
Healthcare cost trend rate	5.00% all years

**Discount rate** – The discount rate used to measure the total pension liability was 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2016 with MP 2016 generational projection of future mortality improvement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study with the dates corresponding to those listed above.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 3,030,786
Changes for the year:	
Service cost	353,825
Interest	135,388
Changes of assumptions	511,863
Benefit payments	(229,369)
Net changes	<u>771,707</u>
Total OPEB liability end of year	<u><u>3,802,493</u></u>

Change of assumptions reflect a change in the discount rate from 5.0% in fiscal year 2017 to 3.58% in fiscal year 2018.

**Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability, calculated using the current discount rate of 3.58%, as well as the total OPEB liability calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current rate:

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB liability	\$ 4,100,076	\$ 3,802,493	\$ 3,528,708

**Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rate** – The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1% lower (4.0%) or 1% higher (6.0%) than the current rate:

	1% Decrease 5.5% decreasing to 4.0%	Current Healthcare Cost Trend Rate 6.5% decreasing to 5.0%	1% Increase 7.5% decreasing to 6.0%
Total OPEB liability	\$ 3,427,910	\$ 3,802,493	\$ 4,241,538

**OPEB Expense and Deferred Outflows of Resources Related to OPEB** – For the year ended June 30, 2018, the City recognized OPEB expense of \$535,327. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Change of assumptions	\$ 465,749

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

Year ending June 30,	Amount
2019	\$ 46,114
2020	46,114
2021	46,114
2022	46,114
2023	46,114
Thereafter	235,179
Total	<u>\$ 465,749</u>



**Note 10 - 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 11 - Deficit Balances**

At June 30, 2018, funds with deficit balances were as follows:

Special Revenue:

Library	\$	12,983
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The deficit balance is the result of payments made prior to the collection of grant revenues.

**Note 12 - 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, 2018 was \$8,204,890.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2018 total \$174,000, 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, 2018 and June 30, 2017 is as follows:

	2018	2017
Unpaid Claims as of Beginning of Year	\$ 213,000	\$ 213,000
Incurred Claims (including claims incurred but not reported as of June 30)	9,729,628	8,763,031
Payments on Claims	<u>(9,768,628)</u>	<u>(8,763,031)</u>
Unpaid Claims as of Year End	<u>\$ 174,000</u>	<u>\$ 213,000</u>

### Note 13 - Construction Commitments

Construction commitments at June 30, 2018 totaling \$16,764,495 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 14 - 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 15 - CDBG Grant Fund and CD Installment Loan 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. The City also received funding from the Iowa West Foundation to provide loans to individuals for home improvements. The loans are accounted for in the Special Revenue, CDBG Grant Fund and the Special Revenue, CD Installment Loan Fund. Loans carry an interest rate from 0% to 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2018, there were 36 active loans with a total outstanding principal balance of \$245,357 which is included in loans receivable in these financial statements.

## **Note 16 - 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 \$32,345,432. Certain agreements include provisions for the payment of interest.

During the year ended June 30, 2018, the City rebated \$1,343,366 of incremental property tax to developers, also \$3,254,811 for principal and \$105,864 for interest. The total cumulative principal amount rebated on the agreements is \$4,704,041. The outstanding balance on the agreements at June 30, 2018 was \$27,527,327.

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.

## **Note 17 - Tax Abatements**

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

### City Tax Abatements

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

For the year ended June 30, 2018, \$1,969,838 of property tax was diverted from the City under urban renewal and economic development projects.

## **Note 18 - Economic Development Agreements**

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

On October 22, 2004, the City entered into an agreement with Pottawattamie County, the Iowa West Foundation, the Southwest Iowa Foundation and the Council Bluffs Community Betterment Foundation (CBF) to develop an outdoor world retail facility. The project was financed and constructed by the CBF for use and occupancy by Bass Pro Outdoor World, L.L.C., lessee (Bass Lease). As part of this agreement, the City will own and maintain the facility and issued a \$17,000,000 urban renewal revenue capital loan note to reimburse CBF for some of the project costs. In February 2011, the City issued a \$14,500,000 urban renewal term loan note to retire the \$17,000,000 urban renewal capital loan note. As discussed in Note 4, in March 2014, the City issued a \$11,600,000 term loan note to retire the \$14,500,000 urban renewal term loan note. The term loan note is secured in various forms by the development agreement participants. Pursuant to the loan agreement, the City established a Trust account through US National Bank 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, 2018, 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.

### **Council Bluffs Convention and Visitors Bureau**

The City of Council Bluffs dedicates hotel/motel tax receipts to the Convention and Visitor's Bureau for the purpose of promoting the City as both a convention site, a sports venue and a visitor attraction. The City committed \$600,000 in the year ended June 30, 2018.

**Note 19 - Mid America Center**

The Mid-America Center (MAC) provides space for conventions, concerts, sporting events, meetings and other performances. The MAC was built with funding from the Southwest Iowa Foundation and, upon completion, ownership of the MAC was transferred to the City. The City has entered into a management agreement with Harrah's Iowa Arena Management, LLC (Harrah's) to manage the operations of the MAC. The City is contractually obligated to fund all liabilities and expenses of the MAC. Following is a condensed operating statement for activities of the MAC for the year ended June 30, 2018.

Operating Revenues	
Event revenue	\$ 2,329,847
Food & beverage revenue	1,398,062
Total revenue	<u>3,727,909</u>
Operating Expenses	
Event costs	183,907
Food Cost of sales- events	297,265
Alcohol Cost of sales- other retail	2,157,193
Marketing and promotions	142,570
Property operations	868,382
Administrative and general	41,841
Miscellaneous	82,284
Total event operating expenses	<u>3,773,442</u>
Operating Result (Loss)	(45,533)
Management fee	327,233
Income/(Loss)	<u><u>\$ (372,766)</u></u>

The management agreement between the City and Harrah's provides for Harrah's 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	\$ (45,533)
Net operating loss threshold	<u>700,000</u>
Net operating loss less than net operating loss threshold	<u>\$ 654,467</u>
50% of the amount the net operating loss exceeds the net operating loss threshold	<u><u>\$ 327,233</u></u>

**Note 20 - Dodge Riverside Golf Course**

On March 1, 2018 the City entered into a management agreement with Landscapes Management Company, LLC to manage the operations of the City owned Dodge Riverside Golf Course. Landscapes Management Company, LLC specializes in managing golf course operations. The City is contractually obligated to fund all liabilities and expenses of the golf course. The base management fee is \$5,000 per month, adjusted beginning January 1, 2019 and each January thereafter to increase 3% per year. A contingent management fee will be paid at the end of the first full fiscal year and is defined as 20% of any net operating income over \$0. Following is a condensed operating statement for activities for Dodge Riverside Golf Course managed by Landscapes Management Company, LLC for 4 months ended June 30, 2018.

Results for 4 months ended June 30, 2018:

Operating Revenues	
Course & Shop revenue	\$ 275,432
Food & beverage revenue	120,884
Total revenue	<u>396,316</u>
Operating Expenses	
Course & Shop expenses	66,547
Food Cost of sales- events	51,192
Lal Cost of sales- other retail	174,237
Administrative & general	47,330
Base Management fee	20,000
Total event operating expenses	<u>359,306</u>
Operating Result	<u><u>\$ 37,010</u></u>

**Note 21 - Prior Period Restatement - Accounting Change**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows.

The City has created and implemented a new database for the tracking and review of City-owned property. This has resulted in an improved understanding and management of City-owned property. Upon the implementation of this new tracking database, the City determined that it was not appropriate to financially treat the property as ‘land held for sale’ with a cost basis. This approach, although recommended by prior external auditors, resulted in an overstatement of ‘land held for sale’. The change in accounting resulted in a prior period adjustment for the ‘land held for sale’ at net realizable value and the treatment of land held as a capital asset and therefore, reported as Governmental Activities rather than as “land held for sale” in the General, Capital Project or Non-Major fund classifications.

	General		Nonmajor	Other	Total	Total	Business Type Activities		Total
	Fund	Capital Projects	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Activities	Sewer	Refuse	Business Type Activities
Fund Balance/Net position June 30, 2017, as previously reported	\$ 23,836,538	\$ 14,301,436	10,020,816	\$ 12,061,206	\$ 60,219,996	\$ 277,927,318	\$ 153,582,252	\$ 6,320,265	\$159,902,517
Net OPEB obligation measured under previous standards	-	-	-	-	-	1,919,688	237,939	50,419	288,358
Total OPEB liability at June 30, 2017	-	-	-	-	-	(2,700,127)	(259,435)	(71,224)	(330,659)
Land Held for Sale - Appraised Value Previously Reported	(2,630,000)	-	-	-	(2,630,000)	(2,630,000)	-	-	-
Land Held for Sale - Net Realizable Value at June 30, 2017	1,444,890	-	-	-	1,444,890	1,444,890	-	-	-
Land Held for Sale - Transferred to Capital Assets at June 30, 2017	-	(7,198,756)	(441,669)	-	(7,640,425)	-	-	-	-
Land Held for Sale - Under Capital Asset Threshold at June 30, 2017	-	(1,246,496)	(4,172)	-	(1,250,668)	(1,250,668)	-	-	-
Fund Balance/Net Position July 1, 2017, as restated	\$ 22,651,428	\$ 5,856,184	\$ 9,574,975	\$ 12,061,206	\$ 50,143,793	\$ 274,711,101	\$ 153,560,756	\$ 6,299,460	\$159,860,216

Required Supplementary Information  
June 30, 2018

## City of Council Bluffs



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	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
<b>Receipts</b>			
Property tax	\$ 43,195,224	\$ -	\$ 43,195,224
Tax increment financing	4,764,496	-	4,764,496
Other city tax	21,538,534	-	21,538,534
Licenses and permits	5,773,976	-	5,773,976
Use of money and property	1,169,285	-	1,169,285
Intergovernmental	22,110,797	-	22,110,797
Local Grants	7,738,704	-	7,738,704
Charges for service	6,442,231	12,508,139	18,950,369
Special and drainage assessments	305,146	-	305,146
Miscellaneous	6,244,561	53,281	6,297,842
Total receipts	<u>119,282,952</u>	<u>12,561,420</u>	<u>131,844,372</u>
<b>Disbursements</b>			
Public safety	33,135,638	-	33,135,638
Public works	9,771,341	-	9,771,341
Health and social services	553,808	-	553,808
Culture and recreation	12,007,442	-	12,007,442
Community and economic development	4,793,219	-	4,793,219
General government	14,571,617	-	14,571,617
Debt service	17,686,355	-	17,686,355
Capital projects	41,063,277	-	41,063,277
Business type activities	-	15,434,167	15,434,167
Total disbursements	<u>133,582,697</u>	<u>15,434,167</u>	<u>149,016,864</u>
Excess (deficiency) of receipts over expenditures	<u>(14,299,745)</u>	<u>(2,872,747)</u>	<u>(17,172,492)</u>
Other Financing Sources	<u>34,230,962</u>	<u>6,120,020</u>	<u>40,350,982</u>
Net change in fund balances	19,931,216	3,247,273	23,178,490
Fund Balances, Beginning of Year	<u>50,143,792</u>	<u>159,860,216</u>	<u>210,004,008</u>
Fund Balances, End of Year	<u>\$ 70,075,008</u>	<u>\$ 163,107,489</u>	<u>\$ 233,182,497</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, 2018

Budget Amounts		Final to
Original	Final	Actual
		Variance
\$ 43,306,269	\$ 43,306,269	\$ (111,045)
4,743,176	4,743,176	21,320
17,340,355	17,800,355	3,738,179
4,383,430	4,383,430	1,390,546
929,300	929,300	239,985
24,522,388	24,522,388	(2,411,591)
-	-	7,738,704
20,251,719	20,251,719	(1,301,350)
166,000	166,000	139,146
5,336,800	5,336,800	961,042
<u>120,979,437</u>	<u>121,439,437</u>	<u>10,404,935</u>
34,240,721	34,240,721	1,105,083
9,541,858	9,541,858	(229,483)
684,910	684,910	131,102
12,759,173	12,759,173	751,731
6,652,687	6,652,687	1,859,468
12,881,029	12,881,029	(1,690,588)
10,700,043	17,620,043	(66,312)
40,111,000	40,193,100	(870,177)
16,206,371	16,206,371	772,204
<u>143,777,792</u>	<u>150,779,892</u>	<u>1,763,028</u>
<u>(22,798,355)</u>	<u>(29,340,455)</u>	<u>12,167,963</u>
<u>14,965,000</u>	<u>32,910,000</u>	<u>7,440,982</u>
(7,833,355)	3,569,545	19,608,945
<u>216,603,256</u>	<u>216,603,256</u>	<u>(6,599,248)</u>
<u>\$ 208,769,901</u>	<u>\$ 220,172,801</u>	<u>\$ 13,009,696</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, the budget amendment increased budgeted expenditures by \$7,002,100. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2018, expenditures in the public works, general government, capital projects and debt service 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 Four Fiscal Years  
 Required Supplementary Information

Iowa Public Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Collective Proportion of the Net Pension Liability	0.2164434%	0.2221247%	0.2207700%	0.2319287%
City's Collective Proportionate Share of the Net Pension Liability	\$ 14,418	\$ 13,979	\$ 10,907	\$ 8,857
City's Covered Payroll	\$ 16,148	\$ 15,940	\$ 15,129	\$ 15,175
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	89.29%	87.70%	72.09%	58.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.21%	81.82%	85.19%	87.61%

Municipal Fire and Police Retirement System of Iowa

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Collective Proportion of the Net Pension Liability	5.813905%	5.917475%	5.879931%	5.824948%
City's Collective Proportionate Share of the Net Pension Liability	\$ 34,097	\$ 36,999	\$ 27,625	\$ 21,115
City's Covered Payroll	\$ 16,386	\$ 16,036	\$ 15,407	\$ 14,875
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	208.09%	230.72%	179.30%	141.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.60%	78.20%	83.04%	86.27%

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

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Iowa Public Employee's Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 1,442	\$ 1,442	\$ 1,423	\$ 1,351	\$ 1,355
Contributions in Relation to the Statutorily Required Contribution	<u>\$ 1,442</u>	<u>\$ 1,442</u>	<u>\$ 1,423</u>	<u>\$ 1,351</u>	<u>\$ 1,355</u>
Contribution Deficiency (Excess)	-	-	-	-	-
City's Covered Payroll	\$ 16,148	\$ 16,148	\$ 15,940	\$ 15,129	\$ 15,175
Contributions as a Percentage of Covered Payroll	8.93%	8.93%	8.93%	8.93%	8.93%

Municipal Fire and Police Retirement System of Iowa

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 4,342	\$ 4,247	\$ 4,453	\$ 4,689	\$ 4,480
Contributions in Relation to the Statutorily Required Contribution	<u>\$ 4,342</u>	<u>\$ 4,247</u>	<u>\$ 4,453</u>	<u>\$ 4,689</u>	<u>\$ 4,480</u>
Contribution Deficiency (Excess)	-	-	-	-	-
City's Covered Payroll	\$ 16,908	\$ 16,386	\$ 16,036	\$ 15,407	\$ 14,875
Contributions as a Percentage of Covered Payroll	25.68%	25.92%	27.77%	30.43%	30.12%

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

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,276	\$ 1,165	\$ 986	\$ 958	\$ 833
<u>\$ 1,276</u>	<u>\$ 1,165</u>	<u>\$ 986</u>	<u>\$ 958</u>	<u>\$ 833</u>
-	-	-	-	-
\$ 14,726	\$ 14,437	\$ 14,202	\$ 14,403	\$ 15,981
8.66%	8.07%	6.94%	6.65%	5.21%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 3,769	\$ 3,454	\$ 2,722	\$ 2,335	\$ 2,358
<u>\$ 3,769</u>	<u>\$ 3,454</u>	<u>\$ 2,722</u>	<u>\$ 2,335</u>	<u>\$ 2,358</u>
-	-	-	-	-
\$ 14,330	\$ 13,949	\$ 13,679	\$ 13,738	\$ 12,577
26.30%	24.76%	19.90%	17.00%	18.75%

## **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.

### *Changes of assumptions:*

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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 (unfunded actuarial liability) 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.

## **Municipal Fire and Police Retirement System of Iowa**

### *Changes of benefit terms:*

There were no significant changes of benefit terms.

### *Changes of assumptions:*

Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.



City of Council Bluffs  
 Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes  
 Year Ended June 30, 2018

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	2018
Service Cost	\$ 353,825
Interest Cost	135,388
Difference between expected and actual experiences	-
Changes in assumptions	511,863
Benefit payments	(229,369)
Net change in total OPEB liability	771,707
Total OPEB liability beginning of year, as restated	3,030,786
Total OPEB liability end of year	3,802,493
Covered-employee payroll	29,491,541
Total OPEB liability as a percentage of covered-employee payroll	12.89%

**Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Change in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	5.00%

Note: GASB 75 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.

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Other Supplementary Information  
June 30, 2018

**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 Targeted Jobs Fund** accounts for tax withholding funds paid by employers to be directed toward economic development projects.

**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 CD Installment Loan 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 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 Manawa 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	Targeted Jobs	CDBG Grant	Home Program	CD Installment Loan
Assets					
Cash, Cash equivalents and pooled investments	\$ 9,261,240	\$ 69,000	\$ 989,925	\$ 117,380	\$ 113,202
Receivables					
Accounts (net)	-	45,288	-	-	-
Special and drainage assessments	-	-	-	-	-
Loans	-	-	145,769	-	99,589
Due from other governments	594,728	-	55,882	-	-
Inventories	972,197	-	-	-	-
Total Assets	<u>\$ 10,828,165</u>	<u>\$ 114,288</u>	<u>\$ 1,191,576</u>	<u>\$ 117,380</u>	<u>\$ 212,791</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 225,257	\$ 45,288	\$ 42,074	\$ 10,000	\$ 1,044
Salaries and benefits payable	134,727	-	11,208	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>359,984</u>	<u>45,288</u>	<u>53,282</u>	<u>10,000</u>	<u>1,044</u>
Deferred inflows of resources:					
Unavailable revenues					
Other	-	-	26,250	-	-
Fund Balances					
Nonspendable					
Cementary perpetual care	-	-	-	-	-
Inventories	972,197	-	-	-	-
Restricted					
Street and sewer maintenance and improvements	9,495,984	-	-	-	-
Community development block grant	-	-	1,112,044	-	-
Other purposes	-	69,000	-	107,380	211,746
Unassigned	-	-	-	-	-
Total fund balances	<u>10,468,181</u>	<u>69,000</u>	<u>1,112,044</u>	<u>107,380</u>	<u>211,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,828,165</u>	<u>\$ 114,288</u>	<u>\$ 1,191,576</u>	<u>\$ 117,380</u>	<u>\$ 212,791</u>

City of Council Bluffs  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

Drainage Districts						Permanent	
Mosquito Creek #22	Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total	Fairview Cemetery Perpetual	Total
\$ 336,190	\$ 127,549	\$ 445,728	\$ 387,120	\$ -	\$ 11,847,335	\$ 61,360	\$ 11,908,695
-	-	-	-	-	45,288	-	45,288
72,158	36,416	64,977	-	-	173,551	-	173,551
-	-	-	-	-	245,357	-	245,357
652	686	1,821	-	-	653,770	-	653,770
-	-	-	-	-	972,197	-	972,197
<u>\$ 409,000</u>	<u>\$ 164,651</u>	<u>\$ 512,526</u>	<u>\$ 387,120</u>	<u>\$ -</u>	<u>\$ 13,937,497</u>	<u>\$ 61,360</u>	<u>\$ 13,998,857</u>
\$ -	\$ 3,276	\$ -	\$ 44,442	\$ 1,353	\$ 372,734	\$ -	\$ 372,734
627	627	627	-	-	147,815	-	147,815
-	-	-	-	11,631	11,631	-	11,631
<u>627</u>	<u>3,903</u>	<u>627</u>	<u>44,442</u>	<u>12,983</u>	<u>532,179</u>	<u>-</u>	<u>532,179</u>
72,158	36,416	64,977	-	-	199,801	-	199,801
-	-	-	-	-	-	61,360	61,360
-	-	-	-	-	972,197	-	972,197
-	-	-	-	-	9,495,984	-	9,495,984
-	-	-	-	-	1,112,044	-	1,112,044
336,215	124,332	446,922	342,678	-	1,638,275	-	1,638,275
-	-	-	-	(12,983)	(12,983)	-	(12,983)
<u>336,215</u>	<u>124,332</u>	<u>446,922</u>	<u>342,678</u>	<u>(12,983)</u>	<u>13,205,517</u>	<u>61,360</u>	<u>13,266,876</u>
<u>\$ 409,000</u>	<u>\$ 164,651</u>	<u>\$ 512,526</u>	<u>\$ 387,120</u>	<u>\$ -</u>	<u>\$ 13,937,497</u>	<u>\$ 61,360</u>	<u>\$ 13,998,857</u>

	Road Use Tax	Targeted Jobs	CDBG grant	Home Program	CD installment Loan
<b>Revenues</b>					
License and permits	\$ 88,140	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,727,171	-	827,918	440,000	-
Charge for service	4,100	-	3,130	-	-
Special and drainage assessments	-	-	-	-	-
Miscellaneous	83,693	372,345	181	29,999	(9,454)
Total revenues	<u>7,903,103</u>	<u>372,345</u>	<u>831,230</u>	<u>469,999</u>	<u>(9,454)</u>
<b>Expenditures</b>					
Current					
Public safety	-	-	-	-	-
Public works	7,904,827	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	334,345	905,680	94,819	19,331
Total expenditures	<u>7,904,827</u>	<u>334,345</u>	<u>905,680</u>	<u>94,819</u>	<u>19,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,724)</u>	<u>38,000</u>	<u>(74,451)</u>	<u>375,180</u>	<u>(28,785)</u>
<b>Other Financing Sources</b>					
Transfers In	3,308,804	-	-	-	232,873
Transfers Out	-	-	(118,849)	-	-
Total other financing sources (uses)	<u>3,308,804</u>	<u>-</u>	<u>(118,849)</u>	<u>-</u>	<u>232,873</u>
Net Change in Fund Balances	3,307,079	38,000	(193,300)	375,180	204,088
Fund balances Beginning of Year, as restated	<u>7,161,102</u>	<u>31,000</u>	<u>1,305,344</u>	<u>(267,800)</u>	<u>7,658</u>
Fund Balances End of Year	<u>\$ 10,468,181</u>	<u>\$ 69,000</u>	<u>\$ 1,112,044</u>	<u>\$ 107,380</u>	<u>\$ 211,746</u>

City of Council Bluffs  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2018

Drainage Districts			non			Permanent	
Mosquito Creek #22	Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total	Fairview Cemetery Perpetual	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,140	\$ -	\$ 88,140
-	-	-	6,772	-	9,001,861	-	9,001,861
-	-	-	-	-	7,230	-	7,230
71,500	36,636	64,600	132,410	-	305,146	-	305,146
-	-	-	-	57,024	533,788	320	534,108
<u>71,500</u>	<u>36,636</u>	<u>64,600</u>	<u>139,182</u>	<u>57,024</u>	<u>9,936,164</u>	<u>320</u>	<u>9,936,484</u>
30,901	33,114	14,667	-	-	78,681	-	78,681
-	-	-	-	-	7,904,827	-	7,904,827
-	-	-	-	248,509	248,509	-	248,509
-	-	-	75,116	-	1,429,291	-	1,429,291
<u>30,901</u>	<u>33,114</u>	<u>14,667</u>	<u>75,116</u>	<u>248,509</u>	<u>9,661,309</u>	<u>-</u>	<u>9,661,309</u>
40,599	3,522	49,933	64,066	(191,486)	274,855	320	275,175
-	-	-	-	-	3,541,677	-	3,541,677
-	-	-	-	(6,100)	(124,949)	-	(124,949)
-	-	-	-	(6,100)	3,416,727	-	3,416,727
40,599	3,522	49,933	64,066	(197,586)	3,691,582	320	3,691,902
295,616	120,810	396,989	278,613	184,603	9,513,935	61,040	9,574,975
<u>\$ 336,215</u>	<u>\$ 124,332</u>	<u>\$ 446,922</u>	<u>\$ 342,679</u>	<u>\$ (12,983)</u>	<u>\$ 13,205,517</u>	<u>\$ 61,360</u>	<u>\$ 13,266,877</u>



City of Council Bluffs  
 Council Bluffs Public Library Foundation  
 Financial Statements  
 Year Ended June 30, 2018

Council Bluffs Public Library Foundation Financial Statements:

Statement of Net Position

Assets

Current Assets

Cash	\$ 22,757
Investments	10,121,973
Bequest receivable	188,907
Total assets	10,333,637

Net Position

Restricted - Nonexpendable	41,635
Restricted - Expendable	10,292,002
Total net position	\$ 10,333,637

Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues

Contributions	\$ 613,710
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Operating Expenses

Contributions to City	235,313
Miscellaneous	10,649
Total operating expenses	245,962

Operating Income	367,747
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Non-Operating Revenue

Investment earnings	677,325
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Change in Net Position	1,045,072
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Net Position Beginning of Year	9,288,565
Net Position End of Year	\$ 10,333,637

Statistical Section (Unaudited)  
June 30, 2018

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

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

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Net investment in capital assets	\$ 292,236,238	\$ 257,012,906	\$ 244,666,094	\$ 234,964,843
Restricted	35,171,789	45,270,638	44,378,329	31,773,393
Unrestricted	<u>(23,003,423)</u>	<u>(24,356,226)</u>	<u>(29,586,558)</u>	<u>(40,249,786)</u>
Total Governmental Activities Net Position	<u>\$ 304,404,604</u>	<u>\$ 277,927,318</u>	<u>\$ 259,457,865</u>	<u>\$ 226,488,450</u>
Business-Type Activities				
Net investment in capital assets	\$ 156,034,553	\$ 153,340,629	\$ 150,532,508	\$ 144,959,497
Unrestricted	<u>7,072,937</u>	<u>6,561,888</u>	<u>5,810,640</u>	<u>5,739,898</u>
Total Business-Type Activities Net Position	<u>\$ 163,107,489</u>	<u>\$ 159,902,517</u>	<u>\$ 156,343,148</u>	<u>\$ 150,699,395</u>
Primary Government				
Net investment in capital assets	\$ 448,270,791	\$ 410,353,535	\$ 395,198,602	\$ 379,924,340
Restricted	35,171,789	45,270,638	44,378,329	31,773,393
Unrestricted	<u>(15,930,486)</u>	<u>(17,794,338)</u>	<u>(23,775,918)</u>	<u>(34,509,888)</u>
Total Primary Government Net Position	<u>\$ 467,512,093</u>	<u>\$ 437,829,835</u>	<u>\$ 415,801,013</u>	<u>\$ 377,187,845</u>

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

2014	2013	2012	2011	2010	2009
\$ 246,057,967	\$ 242,739,159	\$ 239,751,252	\$ 231,096,351	\$ 219,535,725	\$ 212,224,136
25,626,688	30,005,228	35,772,486	30,061,361	23,003,292	21,301,756
(12,404,934)	(7,197,379)	(7,121,573)	(10,787,191)	(263,805)	(4,916,787)
<u>\$ 259,279,721</u>	<u>\$ 265,547,008</u>	<u>\$ 268,402,165</u>	<u>\$ 250,370,521</u>	<u>\$ 242,275,212</u>	<u>\$ 228,609,105</u>
\$ 140,083,921	\$ 131,121,021	\$ 131,806,236	\$ 128,435,537	\$ 118,755,228	\$ 107,488,837
5,623,922	6,135,403	1,660,104	2,448,896	5,261,436	9,469,103
<u>\$ 145,707,843</u>	<u>\$ 137,256,424</u>	<u>\$ 133,466,340</u>	<u>\$ 130,884,433</u>	<u>\$ 124,016,664</u>	<u>\$ 116,957,940</u>
\$ 386,141,888	\$ 373,860,180	\$ 371,557,488	\$ 359,531,888	\$ 338,290,953	\$ 319,712,973
25,626,688	30,005,228	35,772,486	30,061,361	23,003,292	21,301,756
(6,781,012)	(1,061,976)	(5,461,469)	(8,338,295)	4,997,631	4,552,316
<u>\$ 404,987,564</u>	<u>\$ 402,803,432</u>	<u>\$ 401,868,505</u>	<u>\$ 381,254,954</u>	<u>\$ 366,291,876</u>	<u>\$ 345,567,045</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Expenses</b>				
<b>Governmental Activities</b>				
Public safety	\$ 33,774,151	\$ 32,875,871	\$ 32,306,014	\$ 30,124,650
Public works	11,087,605	21,559,209	17,093,394	16,468,963
Health and social services	541,850	113,485	727,678	638,134
Culture and recreation	13,517,440	14,276,235	16,375,706	15,348,323
Community and economic development	11,736,307	13,635,684	8,730,016	17,476,764
General government	14,342,124	10,182,146	14,200,473	15,571,464
Interest on long term debt	1,874,944	1,820,873	2,108,862	1,750,993
<b>Total Governmental Activities Expenses</b>	<u>86,874,421</u>	<u>94,463,503</u>	<u>91,542,143</u>	<u>97,379,291</u>
<b>Business-Type Activities</b>				
Sewer system and sewage disposal	9,996,297	8,978,896	9,601,503	9,365,727
Refuse and disposal	5,437,869	5,416,587	5,480,632	5,449,198
Other	-	-	-	-
<b>Total Business-Type Activities Expenses</b>	<u>15,434,167</u>	<u>14,395,483</u>	<u>15,082,135</u>	<u>14,814,925</u>
<b>Total Primary Government Expenses</b>	<u>\$ 102,308,588</u>	<u>\$ 108,858,986</u>	<u>\$ 106,624,278</u>	<u>\$ 112,194,216</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for service:				
Public safety	\$ 8,577,055	\$ 3,911,816	\$ 4,246,795	\$ 6,781,118
Public works	321,237	477,870	339,287	260,674
Health and social services	71,663	108,662	125,267	204,936
Culture and recreation	5,182,883	4,894,254	5,506,381	5,311,670
Community and economic development	871,668	595,836	835,578	773,600
General government	5,899,804	5,272,281	4,999,209	4,565,622
Interest on long term debt	-	-	-	-
Operating grants and contributions	11,199,345	14,842,261	13,620,858	14,683,571
Capital grants and contributions	21,525,788	21,156,838	34,746,417	8,392,730
<b>Total Governmental Activities Program Revenues</b>	<u>53,649,443</u>	<u>51,259,818</u>	<u>64,419,792</u>	<u>40,973,921</u>
<b>Business-Type Activities</b>				
Charges for service:				
Sanitary sewer	6,933,590	6,514,215	5,955,328	5,141,442
Refuse and disposal	5,627,830	5,729,880	5,654,115	5,757,378
Other	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<u>12,561,419</u>	<u>12,244,095</u>	<u>11,609,443</u>	<u>10,898,820</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 66,210,862</u>	<u>\$ 63,503,913</u>	<u>\$ 76,029,235</u>	<u>\$ 51,872,741</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (33,224,978)	\$ (43,203,685)	\$ (27,122,351)	\$ (56,405,370)
Business-type activities	(2,872,748)	(2,151,388)	(3,472,692)	(3,916,105)
<b>Total Primary Government Net Expense</b>	<u>\$ (36,097,725)</u>	<u>\$ (45,355,073)</u>	<u>\$ (30,595,043)</u>	<u>\$ (60,321,475)</u>

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

2014	2013	2012	2011	2010	2009
\$ 31,070,833	\$ 30,176,722	\$ 28,913,039	\$ 28,501,970	\$ 26,540,090	\$ 25,796,311
15,609,496	13,994,363	12,088,663	12,492,324	11,298,900	11,071,569
676,455	649,660	516,001	573,385	550,421	563,295
14,374,266	11,472,144	8,733,154	11,915,556	8,348,868	9,504,036
10,386,218	10,053,869	7,809,473	7,816,996	6,801,616	7,514,563
15,094,903	21,785,632	26,117,159	14,435,524	10,959,589	10,555,074
1,600,705	1,320,753	2,057,277	2,119,475	2,158,068	2,611,834
<u>88,812,876</u>	<u>89,453,143</u>	<u>86,234,766</u>	<u>77,855,230</u>	<u>66,657,552</u>	<u>67,616,682</u>
9,085,454	8,511,229	8,468,164	8,325,469	7,231,802	8,560,437
5,394,055	4,953,069	4,895,323	4,652,239	4,518,258	4,386,055
-	-	-	-	67,195	2,500
<u>14,479,509</u>	<u>13,464,298</u>	<u>13,363,487</u>	<u>12,977,708</u>	<u>11,817,255</u>	<u>12,948,992</u>
<u>\$ 103,292,385</u>	<u>\$ 102,917,441</u>	<u>\$ 99,598,253</u>	<u>\$ 90,832,938</u>	<u>\$ 78,474,807</u>	<u>\$ 80,565,674</u>
\$ 4,042,165	\$ 3,714,888	\$ 3,911,323	\$ 3,783,890	\$ 4,320,041	\$ 3,059,464
380,451	426,878	259,818	432,461	467,447	927,074
214,352	223,651	106,368	75,729	106,412	51,734
4,480,358	3,735,755	1,176,034	1,366,821	1,525,874	1,467,869
745,089	788,312	785,428	816,575	797,523	853,071
5,095,615	4,351,014	3,686,329	2,888,110	3,575,089	3,448,875
-	-	-	-	108,432	-
11,770,641	10,902,095	22,012,492	12,021,377	10,296,448	11,473,259
3,457,434	3,891,282	11,925,631	10,968,177	10,812,521	22,074,207
<u>30,186,105</u>	<u>28,033,875</u>	<u>43,863,423</u>	<u>32,353,140</u>	<u>32,009,787</u>	<u>43,355,553</u>
4,945,306	5,219,683	5,033,254	5,290,548	5,452,663	5,292,190
5,539,480	5,000,428	5,458,948	5,211,310	4,654,118	4,595,669
-	-	-	-	41,479	28,216
9,691	-	-	33,257	247,134	369,002
-	2,182,683	750,000	369,760	-	2,732,966
<u>10,494,477</u>	<u>12,402,794</u>	<u>11,242,202</u>	<u>10,904,875</u>	<u>10,395,394</u>	<u>13,018,043</u>
<u>\$ 40,680,582</u>	<u>\$ 40,436,669</u>	<u>\$ 55,105,625</u>	<u>\$ 43,258,015</u>	<u>\$ 42,405,181</u>	<u>\$ 56,373,596</u>
\$ (58,626,771)	\$ (61,419,268)	\$ (42,371,343)	\$ (45,502,090)	\$ (34,647,765)	\$ (24,261,129)
<u>(3,985,032)</u>	<u>(1,061,504)</u>	<u>(2,121,285)</u>	<u>(2,072,833)</u>	<u>(1,421,861)</u>	<u>69,051</u>
<u>\$ (62,611,803)</u>	<u>\$ (62,480,772)</u>	<u>\$ (44,492,628)</u>	<u>\$ (47,574,923)</u>	<u>\$ (36,069,626)</u>	<u>\$ (24,192,078)</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>General Revenue and Other Changes in Net Position</b>				
<b>Governmental Activities</b>				
Property tax levied for general purposes	\$ 37,232,760	\$ 36,523,359	\$ 34,568,770	\$ 32,682,818
Property tax levied for debt service	5,965,762	5,821,780	5,840,540	6,109,993
Tax increment financing	4,764,496	3,595,822	4,845,542	5,966,145
Local option sales tax	9,110,364	9,244,522	8,373,886	11,394,035
Hotel motel tax	2,770,278	2,679,842	2,805,846	2,889,262
Gaming wager tax	3,032,676	2,992,120	3,079,108	3,091,006
Other city tax	3,105,127	3,040,308	3,642,031	4,310,624
Commercial/Industrial replacement	1,985,426	1,999,663	2,207,727	1,071,331
Unrestricted investment earnings	-	-	247,577	294,173
Miscellaneous	979,373	1,434,680	1,810,130	3,402,514
Gain on disposition of capital assets	56,520	2,153	-	-
Transfers	<u>(6,084,302)</u>	<u>(5,661,111)</u>	<u>(9,076,531)</u>	<u>(11,562,737)</u>
<b>Total Governmental Activities</b>	<u>62,918,481</u>	<u>61,673,138</u>	<u>58,344,626</u>	<u>59,649,164</u>
<b>Business-Type Activities</b>				
Local option sales tax	-	-	-	-
Unrestricted investment earnings	-	-	-	-
Miscellaneous	-	7,485	7,065	7,065
Gain on disposition of capital assets	35,718	42,161	32,848	13,932
Transfers	<u>6,084,302</u>	<u>5,661,111</u>	<u>9,076,531</u>	<u>11,562,737</u>
<b>Total Business-Type Activities</b>	<u>6,120,020</u>	<u>5,710,757</u>	<u>9,116,444</u>	<u>11,583,734</u>
<b>Total Primary Government</b>	<u>\$ 69,038,501</u>	<u>\$ 67,383,895</u>	<u>\$ 67,461,070</u>	<u>\$ 71,232,898</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 29,693,503	\$ 18,469,453	\$ 31,222,275	\$ 3,243,794
Business-type activities	<u>3,247,272</u>	<u>3,559,369</u>	<u>5,643,752</u>	<u>7,667,629</u>
<b>Total Primary Government</b>	<u>\$ 32,940,776</u>	<u>\$ 22,028,822</u>	<u>\$ 36,866,027</u>	<u>\$ 10,911,423</u>



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

2014	2013	2012	2011	2010	2009
\$ 32,503,566	\$ 31,858,165	\$ 32,146,836	\$ 30,867,270	\$ 29,870,765	\$ 26,464,281
6,327,266	6,940,528	6,706,224	7,006,599	7,210,156	6,804,838
5,466,119	5,251,542	4,780,377	6,058,673	3,223,820	4,983,734
8,921,770	7,911,136	8,410,893	8,589,061	7,024,557	3,540,379
2,679,437	2,539,232	2,579,387	2,269,329	2,200,766	2,263,735
3,125,722	3,539,033	3,695,712	3,670,039	3,821,147	4,199,317
3,490,785	3,463,114	3,646,472	3,543,543	2,700,871	3,174,102
-	-	-	-	-	-
266,405	238,082	168,082	279,466	341,243	733,812
2,006,609	1,672,512	2,967,288	116,206	91,724	132,778
-	-	-	-	-	-
<u>(12,428,195)</u>	<u>(4,849,233)</u>	<u>(4,698,284)</u>	<u>(8,802,887)</u>	<u>(11,320,521)</u>	<u>(4,104,134)</u>
<u>52,359,484</u>	<u>58,564,111</u>	<u>60,402,987</u>	<u>53,597,299</u>	<u>45,164,528</u>	<u>48,192,842</u>
-	-	-	-	-	4,646,303
-	-	-	180	1,423	49,787
2,355	2,355	2,355	10,397	85,790	82,562
5,901	-	2,553	127,138	-	2,445
<u>12,428,195</u>	<u>4,849,233</u>	<u>4,698,284</u>	<u>8,802,887</u>	<u>11,320,521</u>	<u>4,104,134</u>
<u>12,436,451</u>	<u>4,851,588</u>	<u>4,703,192</u>	<u>8,940,602</u>	<u>11,407,734</u>	<u>8,885,231</u>
<u>\$ 64,795,935</u>	<u>\$ 63,415,699</u>	<u>\$ 65,106,179</u>	<u>\$ 62,537,901</u>	<u>\$ 56,572,262</u>	<u>\$ 57,078,073</u>
\$ (6,267,287)	\$ (2,855,157)	\$ 18,031,644	\$ 8,095,209	\$ 10,516,763	\$ 23,931,713
<u>8,451,419</u>	<u>3,790,084</u>	<u>2,581,907</u>	<u>6,867,769</u>	<u>9,985,873</u>	<u>8,954,282</u>
<u>\$ 2,184,132</u>	<u>\$ 934,927</u>	<u>\$ 20,613,551</u>	<u>\$ 14,962,978</u>	<u>\$ 20,502,636</u>	<u>\$ 32,885,995</u>

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-
Nonspendable	4,238,115	5,698,516	1,259,388	1,739,776
Restricted	1,706,019	4,540,791	5,274,353	3,836,594
Unassigned	17,234,082	13,597,231	14,044,979	15,848,353
Total General Fund	<u>\$ 23,178,215</u>	<u>\$ 23,836,538</u>	<u>\$ 20,578,720</u>	<u>\$ 21,424,723</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	1,033,556	1,073,586	1,056,630	1,122,907
Restricted	45,876,219	35,577,672	26,798,917	33,420,995
Unassigned	(12,983)	(267,800)	(1,588,060)	-
Total All Government Funds	<u>\$ 46,896,793</u>	<u>\$ 36,383,458</u>	<u>\$ 26,267,487</u>	<u>\$ 34,543,902</u>
Total Governmental Funds	<u>\$ 70,075,008</u>	<u>\$ 60,219,996</u>	<u>\$ 46,846,207</u>	<u>\$ 55,968,625</u>

Note: In 2011, the City implemented new accounting presentations under GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires new presentation of fund balances.

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,727,002	\$ 2,543,090
-	-	-	-	12,639,788	7,710,769
1,773,540	1,817,606	1,814,002	2,814,123	-	-
5,233,950	5,681,823	8,976,226	7,125,557	-	-
12,313,458	14,793,480	13,158,934	10,859,733	-	-
<u>\$ 19,320,948</u>	<u>\$ 22,292,909</u>	<u>\$ 23,949,162</u>	<u>\$ 20,799,413</u>	<u>\$ 15,366,790</u>	<u>\$ 10,253,859</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,662,488	\$ 13,998,654
-	-	-	-	17,211,816	15,814,057
-	-	-	-	(271,325)	-
-	-	-	-	(3,673,134)	1,640,977
1,047,663	904,790	1,121,924	1,189,228	-	-
26,939,241	32,107,949	26,298,322	23,406,432	-	-
(91,975)	-	(6,134,110)	(8,275,436)	-	-
<u>\$ 27,894,929</u>	<u>\$ 33,012,739</u>	<u>\$ 21,286,136</u>	<u>\$ 16,320,224</u>	<u>\$ 19,929,845</u>	<u>\$ 31,453,688</u>
<u>\$ 47,215,877</u>	<u>\$ 55,305,648</u>	<u>\$ 45,235,298</u>	<u>\$ 37,119,637</u>	<u>\$ 35,296,635</u>	<u>\$ 41,707,547</u>

	2018	2017	2016	2015
<b>Revenues</b>				
Property tax	\$ 43,195,224	\$ 41,921,743	\$ 40,275,978	\$ 39,380,229
Tax increment financing	4,764,496	3,595,822	4,845,542	5,966,145
Other city tax	21,538,534	18,085,806	18,238,768	21,108,930
Licenses and permits	5,773,976	5,169,186	4,317,612	7,092,387
Use of money and property	1,169,285	2,177,534	972,078	928,968
Intergovernmental	22,110,797	28,225,302	31,249,447	17,402,351
Local Grants	7,738,704			
Charges for service	6,442,231	7,436,609	8,201,411	7,762,686
Special and drainage assessments	305,146	303,855	304,272	295,971
Miscellaneous	6,244,561	12,918,740	10,544,509	11,410,345
<b>Total</b>	<b>119,282,952</b>	<b>119,834,597</b>	<b>118,949,617</b>	<b>111,348,012</b>
<b>Expenditures</b>				
Operating				
Public safety	33,135,638	35,412,513	32,951,305	32,591,928
Public works	9,771,341	11,414,463	13,006,548	8,194,438
Health and social services	553,808	583,813	700,896	662,595
Culture and recreation	12,007,442	12,042,346	13,215,594	12,903,068
Community and economic development	4,793,219	4,881,613	6,739,013	13,099,040
General government	14,571,617	14,364,151	14,764,869	15,889,942
Debt service				
Principal	16,027,105	7,902,105	12,397,105	12,237,105
Interest	1,615,322	1,468,432	1,797,113	1,724,014
Debt related expense	43,927	124,208	5,511	616,446
Capital projects	41,063,277	27,485,199	31,463,466	19,383,101
<b>Total</b>	<b>133,582,697</b>	<b>115,678,843</b>	<b>127,041,420</b>	<b>117,301,677</b>
<b>Excess (Deficit) of Revenue Over (Under) Expenditures</b>	<b>(14,299,745)</b>	<b>4,155,754</b>	<b>(8,091,803)</b>	<b>(5,953,665)</b>
<b>Other Financing Sources (Uses)</b>				
General obligation bonds issued	25,875,000	8,905,000	-	17,715,000
General obligation capital loan notes issued	-	-	-	-
Premium (discount) on general obligation bonds/notes issued	1,967,362	313,035	-	591,413
Urban renewal note issued	-	-	-	-
Term loan note issued	-	-	-	-
HUD loan proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Capital lease purchase agreement	-	-	-	-
General obligation bonds/notes refunded	6,270,000	-	-	-
Urban renewal revenue note redeemed	-	-	-	-
Transfers in	13,962,604	7,076,147	2,444,419	3,386,922
Transfers out	(13,844,004)	(7,076,147)	(2,444,419)	(6,986,922)
<b>Total Other Financing Sources (Uses)</b>	<b>34,230,962</b>	<b>9,218,035</b>	<b>-</b>	<b>14,706,413</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,931,216</b>	<b>\$ 13,373,789</b>	<b>\$ (8,091,803)</b>	<b>\$ 8,752,748</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>19.4%</b>	<b>13.0%</b>	<b>13.6%</b>	<b>12.6%</b>

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

2014	2013	2012	2011	2010	2009
\$ 38,953,560	\$ 38,696,748	\$ 38,829,292	\$ 37,867,393	\$ 37,103,962	\$ 33,308,384
5,466,119	5,251,749	4,780,170	6,059,684	3,222,809	4,983,734
18,217,714	17,857,809	17,790,350	17,937,503	15,726,929	13,203,713
4,377,773	4,213,087	3,529,560	3,289,876	3,199,381	3,345,559
870,341	895,147	829,778	922,502	968,615	1,422,391
13,460,987	13,479,981	25,879,633	20,417,261	13,332,409	10,693,866
6,873,760	5,761,464	3,295,521	3,561,999	3,543,339	3,827,025
293,198	292,432	295,695	161,225	341,278	220,241
8,084,758	7,823,739	12,459,968	6,059,423	7,399,559	6,319,096
<u>96,598,210</u>	<u>94,272,156</u>	<u>107,689,967</u>	<u>96,276,866</u>	<u>84,838,281</u>	<u>77,324,009</u>
30,955,660	29,365,778	28,235,501	27,054,108	25,267,311	24,800,095
7,807,055	7,679,021	5,945,192	7,116,807	6,354,312	6,974,369
646,717	609,935	584,156	544,420	524,986	515,800
11,381,218	9,517,123	6,347,573	6,188,577	6,029,643	7,180,312
7,365,202	6,743,807	5,399,216	5,525,461	4,346,981	5,181,333
18,352,414	15,924,535	26,036,435	13,862,324	10,022,944	9,146,234
22,065,526	12,746,667	7,161,667	7,354,755	10,374,393	9,518,793
1,824,213	1,989,654	2,063,224	2,077,776	2,171,805	2,604,476
78,641	275,202	121,321	39,243	85,635	24,157
23,528,484	17,602,500	21,841,438	33,015,979	29,890,156	19,216,601
<u>124,005,130</u>	<u>102,454,222</u>	<u>103,735,723</u>	<u>102,779,450</u>	<u>95,068,166</u>	<u>85,162,170</u>
<u>(27,406,920)</u>	<u>(8,182,066)</u>	<u>3,954,244</u>	<u>(6,502,584)</u>	<u>(10,229,885)</u>	<u>(7,838,161)</u>
7,630,000	14,880,000	3,165,000	7,300,000	3,685,000	9,600,000
-	2,535,000	4,095,000	-	-	-
315,046	949,057	109,056	(5,981)	60,965	16,484
-	-	-	14,500,000	-	-
11,600,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	120,302
-	-	(3,165,000)	-	(3,700,000)	(2,400,000)
-	-	-	(14,326,210)	-	-
11,490,611	9,028,345	10,910,089	9,870,682	15,429,490	18,290,724
<u>(11,718,508)</u>	<u>(9,139,986)</u>	<u>(10,952,728)</u>	<u>(9,012,905)</u>	<u>(14,583,631)</u>	<u>(17,400,670)</u>
<u>19,317,149</u>	<u>18,252,416</u>	<u>4,161,417</u>	<u>8,325,586</u>	<u>891,824</u>	<u>8,226,840</u>
<u>\$ (8,089,771)</u>	<u>\$ 10,070,350</u>	<u>\$ 8,115,661</u>	<u>\$ 1,823,002</u>	<u>\$ (9,338,061)</u>	<u>\$ 388,679</u>
20.8%	16.0%	10.5%	11.3%	16.0%	17.1%

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Option Sales Tax</u>	<u>Hotel Motel Tax</u>	<u>Utility Excise Tax</u>
2009	\$ 33,269,119	\$ 8,186,682	\$ 2,263,735	\$ 3,195,266
2010	37,080,921	7,024,557	2,200,766	3,324,177
2011	37,867,393	8,589,061	2,269,329	3,312,717
2012	38,853,060	8,410,893	2,579,387	3,373,996
2013	38,798,693	7,911,136	2,539,232	3,374,122
2014	38,830,832	8,921,770	2,679,437	3,490,785
2015	38,792,811	11,394,035	2,889,262	4,310,624
2016	40,409,310	8,373,886	2,805,846	3,642,031
2017	42,345,139	9,244,522	2,679,842	3,040,308
2018	43,198,522	9,110,364	2,770,278	3,105,127

City of Council Bluffs  
 Schedule 5 – Governmental Activities Tax Revenues By Source  
 For the Last Ten Fiscal Years  
 Year Ended June 30, 2018

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Gaming Wager Tax	Pari-mutuel Wager Tax	Total
\$ 4,199,317	\$ 72,282	\$ 51,186,401
3,821,147	35,784	53,487,352
3,670,039	96,357	55,804,896
3,695,712	135,659	57,048,707
3,539,033	88,992	56,251,208
3,059,131	66,591	57,048,546
3,007,350	83,656	60,477,738
3,036,726	42,382	58,310,181
2,985,118	7,002	60,301,931
2,995,861	36,815	61,216,968

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<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>
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
2015	2017	1,248.4	853.6	83.4	15.2	199.6
2016	2018	1,297.0	839.2	83.1	16.8	191.7

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
\$ -	\$ (6.6)	\$ 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%
1.1	(5.3)	2,396.0	17.7500	4,658.9	51.4%
1.1	(5.1)	2,423.8	17.9072	4,839.0	50.1%

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 *	
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	
2017	15.5428	2.2072	17.7500	7.5537	0.7932	8.3468	
2018	15.5428	2.3644	17.9072	7.5502	0.5956	8.1458	
Year Over Year Change in Levy Rate	City of Council Bluffs			Pottawattamie County	Council Bluffs Community Schools		
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%	
2017		0.0%		-4.0%		0.0%	
2018		0.9%		-2.4%		0.9%	

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 *
\$ 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
16.8569	-	16.8569	1.8869	44.8406
17.0031	-	17.0031	1.7266	44.7827
	<u>All Other Levies</u>		<u>Total Tax Levy</u>	
	-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%	
	25.5%		0.1%	
	-8.5%		-0.1%	

		2018		
Taxpayer	Also Known As	Taxable Value 01/01/2017	Rank	% of Total Taxable Value
Mid American Energy*	formally Mid American Production*	\$ 138.6	1	5.09%
HBR Reality Company, Inc.	Horseshoe Casino	69.5	2	2.55%
Gable Corp.	Google	63.9	3	2.35%
Pinnacle Entertainment, Inc.	Ameristar Casino	51.8	4	1.90%
Harras's Council Bluffs LLC	Harras's Casino	49.0	5	1.80%
W-PT Metro Center Owner VIII LLC	Metro Crossing	37.8	6	1.39%
Walmart Real Estate Business		32.1	7	1.18%
Ootzie Properties-CB LLC	Ootzie Properties	24.3	8	0.89%
Tetra LLC	Google	22.0	9	0.81%
Menards Inc.		16.8	10	0.62%
Dearborn Properties, LLC	Mall of the Bluffs	-	-	-
Bass Pro Shops		-	-	-
Blue Star Foods	ConAgra Foods	-	-	-
CBV Limited Ptsp		-	-	-
IBP		-	-	-
Central Iowa Power Co-Op		-	-	-

Source of 2018 data: Series 2018A - Official Statement dated May 15, 2018

Source of 2009 data: Series 2009B - Official Statement dated May 14, 2009

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

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2009		
Taxable Value 01/01/2008	Rank	% of Total Taxable Value
\$ 146.0	1	6.74%
80.0	2	3.69%
-	-	-
66.8	3	3.08%
54.1	4	2.50%
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
47.0	5	2.17%
29.1	6	1.34%
16.6	7	0.77%
12.0	8	0.55%
11.2	9	0.52%
11.0	10	0.51%

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<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>
1/1/2007	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%
1/1/2015	2017	45.59	45.18	99.1%	99.4%
1/1/2016	2018	46.47	46.24	99.5%	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)

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Year Over Year Change in Levied Taxes	Year Over Year Change In Taxable Valuation *	Year Over Year Change in City Levy Tax Rate **
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%
3.2%	2.2%	0.0%
1.9%	-2.7%	0.0%

Fiscal year ended June 30,	Governmental Activities					
	General Obligation Bonds	General Obligation Notes	Capital Leases	Urban Renewal Term Loan Note	Term Loan Note	Other Debt
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
2017	41.66	2.32	-	-	3.66	7.46
2018	61.15	1.40	-	-	1.22	6.46



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

<u>Business Type Activities</u>						
<u>General Obligation Notes</u>	<u>Revenue Capital Loan Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>	<u>Per Capita Income</u>	
\$ -	\$ -	\$ 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	
0.25	4.16	59.51	1.89%	921	50,481	
0.14	3.94	74.31	2.29%	1,156	52,066	

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

Fiscal Years Ended June 30,	General Obligation Bonds/Notes	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Total Taxable Assessed Value	Net Bonded Debt as % of Assessed Value	Net Bonded Debt per Capita	Population
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
2017	43.98	1.14	42.84	2,547.7	1.68%	685	62,524
2018	62.55	1.51	61.04	2,569.1	2.38%	980	62,316

City of Council Bluffs  
Schedule 12 – Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018  
(Expressed in Millions)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Council Bluffs direct debt	\$ 72.16	100.00%	\$ 72.16
Overlapping:			
Pottawattamie County	8	66.7% *	5
Council Bluffs Community Schools	60	89.6% **	54
Lewis Central Community Schools	2	84.5% **	2
Iowa Western Community College	105	28.10% ***	29
Subtotal, overlapping debt	175		90
Total direct and overlapping debt	\$ 246.79		\$ 162.32

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.

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Limit	\$ 241.95	\$ 232.95	\$ 229.94	\$ 218.69
Total Net Debt applicable to limit	<u>67.59</u>	<u>52.53</u>	<u>51.96</u>	<u>60.88</u>
Legal Debt Margin	<u>\$ 174.36</u>	<u>\$ 180.42</u>	<u>\$ 177.98</u>	<u>\$ 157.81</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>27.9%</u>	<u>22.5%</u>	<u>22.6%</u>	<u>27.8%</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 219.27	\$ 212.66	\$ 217.63	\$ 218.89	\$ 207.13	\$ 221.44
<u>73.31</u>	<u>79.22</u>	<u>69.33</u>	<u>81.30</u>	<u>70.59</u>	<u>79.26</u>
<u>\$ 145.96</u>	<u>\$ 133.44</u>	<u>\$ 148.30</u>	<u>\$ 137.59</u>	<u>\$ 136.54</u>	<u>\$ 142.18</u>
<u>33.4%</u>	<u>37.3%</u>	<u>31.9%</u>	<u>37.1%</u>	<u>34.1%</u>	<u>35.8%</u>

Legal Debt Margin Calculation for Fiscal Year 2018

Actual Assessed valuation as of January 1, 2016	\$ 4,839.01
Debt Limit - 5% of assessed valuation	241.95
Debt applicable to debt limit:	
General obligation bonds/notes	62.54
Settlement agreement	1.79
Term Loan Note	1.22
Tax increment indebtedness	4.25
Balance in Debt Service Fund	(1.15)
Balance in Special Revenue, Tax Increment Financing Fund	<u>(1.06)</u>
 Total net debt applicable to limit	 <u>67.59</u>
Legal Debt margin	<u>\$ 174.36</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
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
2017	4,164	734	3,430	2,582	1.3284
2018	3,758	651	3,107	2,533	1.2266

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	\$ 4,945	\$ 5,645	\$ (700)	\$ 342	-
2015	5,141	5,742	(601)	343	-
2016	5,955	5,820	135	344	0.3924
2017	6,514	5,028	1,486	344	4.3198
2018	6,934	6,038	896	344	2.6047

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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Year	Population	Per Capita Personal Income	Personal Income (Expressed in millions)	Median Age	Unemployment Rate	Council Bluffs School Enrollment
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
2016	62,524	50,481	3,156	37.9	3.0%	9,257
2017	62,316	53,613	3,341	36.8	2.9%	9,125

Sources:

Population Data: 2010 to 2017 data from United States Census Bureau - ([quickfacts.census.gov](http://quickfacts.census.gov))

Population Data: 2008 to 2009 data from United States Census Bureau - (Quicklinks - Population Estimates ([quickfacts.census.gov](http://quickfacts.census.gov)))

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

Median Age - [City-data.com](http://City-data.com)

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

School Enrollment Data: Certified Enrollment per Iowa Department of Education ([educateiowa.gov](http://educateiowa.gov))



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

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<u>Lewis Central School Enrollment</u>	<u>Combined School Enrollment</u>
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
2,495	11,751
2,476	11,601

Employer	2018		
	Full Time Equivalent Employees	Rank	% of Total City Employment (1)
Council Bluffs Community Schools	1,250	1	4.0%
Tyson Fresh Meats	1,200	2	3.8%
Harrah's Casino	920	3	2.9%
Ameristar Casino and Hotel	850	4	2.7%
Jennie Edmundson Memorial Hospital	840	5	2.7%
ConAgra Frozen Foods	800	6	2.5%
Iowa Western Community College	625	7	2.0%
City of Council Bluffs	474	8	1.5%
Walmart	450	9	1.4%
JBS USA Foods	450	10	1.4%
Horseshoe Casino/Harrah's Entertainment			0.0%
Alegent Health/Mercy Hospital			0.0%
Pottawattamie County			0.0%
Griffin Pipe Products			0.0%

(1) Based on resident total employment of 31,400 per the Iowa Department of Workforce Development, Labor Market Department

(2) Based on resident total employment of 30,000 per the Iowa Department of Workforce Development, Labor Market Department

Source of 2018 data: Series 2018A - Official Statement dated May 15, 2018.

Source of 2009 data: Series 2009B - Official Statement dated May 14, 2009.

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

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2009

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<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment (2)</u>
1,175	3	3.9%
1,280	2	4.3%
734	9	2.4%
1,025	4	3.4%
900	6	3.0%
825	8	2.8%
1,325	1	4.4%
450	12	1.5%
610	10	2.0%
-	14	0.0%
960	5	3.2%
862	7	2.9%
458	11	1.5%
450	12	1.5%

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police	136.25	133.50	133.50	135.8	142.2	142.2	140.3	137.9	139.3	137.9
Fire	107.00	109.00	109.00	106.0	107.9	107.7	107.9	107.7	109.9	100.0
Animal Control	5.60	4.85	4.85	5.9	6.3	6.7	7.1	7.3	7.8	5.8
Building Inspections	12.00	10.00	10.00	8.0	7.1	7.0	6.7	7.0	5.9	8.0
Public Works	63.25	62.25	64.25	56.0	54.3	54.4	54.4	55.1	54.4	65.7
Health and Social Services	3.00	6.00	7.00	8.0	6.2	6.0	5.9	6.1	6.4	5.7
Culture and Recreation										
Library	22.00	21.75	22.00	26.0	24.1	24.0	22.6	23.1	23.1	23.0
Parks and Recreation	18.00	21.00	20.00	24.0	23.5	28.5	28.3	27.5	27.4	23.7
Community and Economic Development	8.00	9.00	9.00	9.0	9.0	9.0	9.3	10.5	10.4	9.5
General Government										
Mayor's Office	5.00	5.00	6.00	5.0	2.0	2.1	2.0	2.0	2.1	2.0
City Clerk, Finance & Treasurer	11.45	12.45	18.45	19.4	19.3	21.3	21.5	21.5	21.5	20.6
Information Technology*	9.00	10.00								
City Attorney	4.00	5.00	6.00	6.0	6.7	5.6	5.8	6.0	6.3	7.6
Human Resources	5.00	5.00	5.00	4.0	2.6	3.0	3.0	3.0	3.1	3.0
Building Maintenance	7.00	7.80	5.80	5.8	5.8	5.6	6.3	6.3	5.8	5.0
Business Type Activity										
Sewer Operations	40.00	41.00	40.00	49.0	51.0	51.6	52.4	51.4	50.1	52.3
Sanitation and Recycling	11.00	11.00	12.00	10.0	12.7	12.3	12.4	12.4	11.5	12.4
<b>Total Full Time Equivalents</b>	<b>467.55</b>	<b>474.60</b>	<b>472.9</b>	<b>477.9</b>	<b>480.7</b>	<b>487.0</b>	<b>485.9</b>	<b>484.8</b>	<b>485.0</b>	<b>482.2</b>

Data is based on amounts budgeted annually.

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

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

Source of 2015-2018 data: City of Council Bluffs Human Resource Department

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

Data for years 2010-2018 is based on total hours worked, which includes overtime hours.

\* Information Technology reported with City Clerk, Finance & Treasurer prior to 2017

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Function/Program	2017	2016	2015	2014
<b>Public Safety</b>				
<b>Police</b>				
Traffic accidents	2,136	1,976	2,005	1,999
Traffic citations	7,910	7,684	6,923	8,372
Traffic warnings	3,690	3,550	2,533	2,953
Parking violations	2,289	3,925	3,884	2,383
Cases	1,833	1,910	1,823	1,636
Arrests and charges	4,293	5,030	5,254	5,197
<b>Fire</b>				
Fire responses	234	284	270	310
Medical responses	7,294	6,919	6,359	6,135
HazMat responses	324	201	188	186
False alarms	514	585	592	492
Mutual aid responses	60	46	33	46
Other responses	377	430	1,415	1,096
Total responses	8,803	8,465	8,857	8,265
Responses per day	24.1	23.2	24.3	22.6
Fire Department average response time	4 min. 47 sec.	4 min. 53 sec.	5 min. 6 sec.	5 min. 23 sec.
<b>Building Inspections:</b>				
Permits issued	3,100	3,046	4,734	5,672
Value of permits (millions)	325.9	132.0	156.8	329.1
<b>Culture and Recreation</b>				
<b>Library:</b>				
Attendance	304,150	279,006	320,838	344,422
Circulation	426,476	1,016,908	538,555	573,557
Collection size	224,417	202,362	149,502	154,705
Registered borrowers	46,008	41,830	46,899	46,454
Meeting room use by community organizations	729	584	570	234
Reference questions	54,685	56,553	44,749	41,357
Attendance per day	869	790	912	944
Circulation per day	1,218	2,881	1,530	1,571

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

2013	2012	2011	2010	2009	2008
1,987	1,747	1,722	698	731	1,542
6,848	6,807	11,277	15,172	10,095	12,127
5,459	5,911	4,777	4,185	2,318	3,397
4,506	3,980	3,353	3,952	3,147	2,985
1,718	1,654	1,680	1,880	2,211	1,946
5,936	5,873	6,531	6,908	6,470	6,315
285	345	301	267	314	290
5,799	5,842	5,215	5,222	5,190	5,193
209	254	254	222	198	217
461	548	522	549	497	554
50	7	35	30	8	25
731	892	874	639	641	620
7,535	7,888	7,201	6,929	6,848	6,899
20.6	21.6	19.7	19.0	18.8	18.8
5 min. 22 sec.	5 min. 24 sec.	5 min. 28 sec.	5 min. 25 sec.	5 min. 22 sec.	4 min. 54 sec.
4,391	6,274	4,902	1,090	1,532	2,169
311.8	213.1	115.4	85.8	101.5	157.0
383,439	337,049	436,136	414,137	297,706	274,364
610,165	600,736	619,326	600,372	574,727	513,918
186,970	195,252	200,241	194,452	193,967	176,278
48,738	46,750	51,840	51,072	51,673	51,295
217	994	430	635	149	952
42,427	33,119	43,555	52,290	51,479	49,355
1,051	923	1,195	1,135	816	752
1,672	1,646	1,697	1,645	1,575	1,408

	2017	2016	2015	2014
<b>Parks and recreation participation</b>				
Golf complex attendance	29,142	28,965	48,129	33,527
Swimming pool attendance	44,793	50,253	46,332	50,542
Youth softball teams	131	121	108	111
Adult softball teams	89	90	91	102
Tournaments conducted	29	19	18	18
Youth soccer teams	-	-	-	6
Youth football teams	-	19	21	19
Bayliss Park concerts	9	12	10	25
Bayliss Park movies series	8	10	8	11
<b>Zoning Board of Adjustments</b>				
Regular meetings	7	9	9	11
Variance	7	5	6	13
Conditional Use Permit	7	10	4	7
Conditional Use Permit Revocation	1	2	5	-
Administrative Appeal	-	1	1	1
Total meetings and cases	22	27	25	32
<b>Historic Preservation Commission</b>				
Regular Meetings	4	7	6	4
HP Design Review	5	12	10	4
Total meetings and cases	9	19	16	8
<b>Administrative Actions</b>				
Lot Line Adjustments	12	14	17	6
Parcel Splits	2	7	4	7
Offers to Buy City Property	8	20	10	5
Zoning Compliants Investigated	110	241	106	97
Review of Existing CU Permits	-	143	91	55
Total administrative actions	132	425	228	170



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

2013	2012	2011	2010	2009	2008
48,789	44,370	40,000	90,460	-	-
55,752	55,385	58,080	57,794	-	-
105	110	131	98	-	-
101	106	91	110	-	-
17	19	32	34	-	-
8	12	-	378	-	-
21	22	29	31	-	-
23	14	16	10	-	-
11	11	10	10	-	-
12	8	7	7	10	6
5	9	9	8	9	3
8	6	7	3	4	6
2	1	10	2	28	33
-	-	-	-	1	-
27	24	33	20	52	48
6	4	6	9	8	9
5	7	5	10	16	15
11	11	11	19	24	24
15	7	18	16	12	20
2	3	4	3	5	1
6	13	7	7	6	9
145	208	234	159	195	236
-	-	-	147	150	154
168	231	263	332	368	420

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City Planning Commission	2017	2016	2015	2014
Regular meetings	12	7	11	10
Subdivisions (Prelim, Final, Replat)	4	2	11	17
Planned Commercial	2	1	4	2
Planned Residential	2	3	1	-
Zoning Text Amendments	6	-	2	2
Subdivision Text Amendments	-	-	-	-
Rezoning	7	7	20	12
Street & Alley Vacations	7	8	10	8
Historic Preservation	-	-	-	-
Miscellaneous Cases	1	1	3	5
Urban Renewal	-	2	2	3
Urban Revitalization	2	2	2	4
Annexation	1	-	1	1
Comp Plan Amendments	-	-	2	-
Appeals	-	-	-	1
Right-of-Way Encroachment	-	-	-	1
Temporary Use Permits	7	5	7	7
Total CPC Meetings and Cases	51	38	76	73
Sewer				
Sewer system customers	20,709	20,503	21,603	21,842

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
- Commisison 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)

2013	2012	2011	2010	2009	2008
10	9	9	10	10	11
2	-	3	3	6	6
3	2	-	1	1	6
-	1	1	-	-	6
5	3	3	8	2	1
3	-	-	-	-	-
11	6	9	12	9	15
9	6	2	10	8	10
1	-	-	-	-	-
-	-	-	3	4	4
-	-	-	3	2	2
1	-	-	4	-	-
-	1	-	2	1	1
1	-	-	1	-	-
1	-	-	1	-	-
-	-	-	1	1	-
-	-	-	2	-	-
47	28	27	61	44	62
20,428	20,386	21,499	-	-	-

Function/Program	2018	2017	2016	2015	2014
<b>Public Safety</b>					
Police Stations	1	1	1	1	1
<b>Fire/Ambulance</b>					
Stations	5	5	5	5	5
Engines in service	5	5	5	5	4
Quints in service	2	2	2	2	3
Ambulances in service	3	3	3	3	3
Special use apparatus	6	6	6	6	6
<b>Public Works</b>					
Miles of streets - paved	310	303	303	301	301
Miles of streets - unpaved	3	3	1	1	1
Miles of Federal levees	28	28	28	28	28
Street lights	4,700 *	4,700 *	4,700 *	4,698	4,599
Intersections with traffic signals	95	95	95	95	95
Pedestrian crossings with signals	13	13	13	13	13
<b>Culture &amp; Recreation</b>					
City parks	39	39	39	30	39
Historic monuments	11	11	11	11	11
Football fields	5	5	5	5	5
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	13	13	15	16
Skate parks	2	2	2	2	2
Trails (miles)	43	43	42	41	40
Library buildings	1	1	1	1	1
<b>Sewer</b>					
Miles of sanitary sewer	281	281	281	281	281

\* 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.

Parks - Internal operating records based on registration data, point of sale system data.

Data not presented was not readily available

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
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
301	301	297	-	-
1	1	1	-	-
28	28	28	-	-
4,309	4,207	4,000	-	-
94	94	94	-	-
14	14	14	-	-
39	26	26	26	-
11	10	10	10	-
5	4	4	4	-
2	2	2	2	-
2	2	2	2	-
23	23	23	23	-
20	20	20	20	-
16	15	15	15	-
2	2	2	2	-
40	37	37	40	-
1	1	1	1	1
279	279	274	-	-

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Information Provided to Comply with Governmental  
Auditing Standards and the Uniform Guidance  
June 30, 2018

**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 Honorable Mayor and  
Members of City Council  
City of Council Bluffs, Iowa

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Council Bluffs, Iowa, (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 5, 2018.

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 on 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.



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 deficiency, described as item 2018-A in the accompanying schedule of findings and questioned costs, to be a material weakness.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, 2018, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
December 5, 2018



## **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, 2018. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **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 a 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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



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Dubuque, Iowa  
December 5, 2018

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/ Entitlement Grants	14.218		\$ 135,544	\$ 17,550
Community Development Block Grants/ Entitlement Grants	14.218		4,918	-
Community Development Block Grants/ Entitlement Grants	14.218		92,118	-
Community Development Block Grants/ Entitlement Grants	14.218		<u>637,024</u>	<u>133,137</u>
Total U.S. Department of Housing and Urban Development:			<u>869,604</u>	<u>150,687</u>
U.S. Department of Justice:				
Direct Program:				
Joint Law Enforcement Operations Program	16.111		5,743	-
Joint Law Enforcement Operations Program	16.111		8,400	-
Joint Law Enforcement Operations Program	16.111		<u>4,848</u>	<u>-</u>
			<u>18,991</u>	<u>-</u>
Bulletproof Vest Partnership Program	16.607		<u>358</u>	<u>-</u>
Pass-Through Program From:				
Governor's Office of Drug Control Policy:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15-JAG- 195932	<u>63,762</u>	<u>21,749</u>
Total U.S. Department of Justice:			<u>83,111</u>	<u>21,749</u>

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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:				
Highway Planning and Construction Cluster:				
Iowa Department of Transportation:				
Highway Planning and Construction	20.205	HDP-1642 (645)71-78	\$ 349,913	\$ -
Highway Planning and Construction	20.205	BROS-1642 (664)--8J-78	1,992,208	-
Highway Planning and Construction	20.205	HDP-1642 (675)--71-78	<u>1,125,843</u>	<u>-</u>
Cluster total			<u>3,467,964</u>	<u>-</u>
Federal Transit Cluster:				
Omaha Metro Area Transit:				
Federal Transit - Formula Grants	20.507	NE-90- X094-00	<u>165,285</u>	<u>-</u>
Transit Services Program Cluster:				
Omaha Metropolitan Area Planning Agency:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NE-16- X039-01	<u>210,309</u>	<u>-</u>
Highway Safety Cluster:				
Iowa Department of Public Safety:				
State and Community Highway Safety	20.600	PAP 18-402, Task 01-00-00	20,422	-
State and Community Highway Safety	20.600	PAP 17-402, Task 01-00-00	<u>4,013</u>	<u>-</u>
Cluster total			<u>24,435</u>	<u>-</u>
Total U.S. Department of Transportation:			<u>3,867,993</u>	<u>-</u>

City of Council Bluffs  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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:				
Immunization Cooperative Agreements	93.268	5886I420	\$ 14,790	\$ -
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	MOU-2018- ELC03	3,600	-
HIV Prevention Activities - Health Department Based	93.940	2018-588 AP05	62,625	16,017
HIV Prevention Activities - Health Department Based	93.940	2017-5886 AP05	41,781	-
			<u>104,406</u>	<u>16,017</u>
Total U.S. Department of Health and Human Services:			<u>122,796</u>	<u>16,017</u>
U.S. Executive Office of the President:				
Direct program:				
High Intensity Drug Trafficking Areas Program	95.001		286	-
High Intensity Drug Trafficking Areas Program	95.001		28,528	-
High Intensity Drug Trafficking Areas Program	95.001		4,450	-
Total U.S. Executive Office of the President:			<u>33,264</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,976,768</u>	<u>\$ 188,453</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Council Bluffs, Iowa (City) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position and fund balances, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

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	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be a material weakness	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
CDBG - Entitlement Grants Cluster:	
Community Development Block Grants/ Entitlement Grants	14.218
Highway Planning and Construction Cluster:	
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 Weakness**

**2018-A Material Audit Adjustment and Restatement for Correction of Errors**

**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 (GAAP).

**Condition:** During the course of our engagement, we proposed a material audit adjustment to the governmental activities equity balances that was not identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements. In addition, as part of the City implementing additional internal controls related to City-owned property in the current year, the City identified and corrected prior year errors related to its land held for resale and capital asset balances. The correction of the errors resulted in a restatement of beginning equity balances.

**Cause:** There is a limited number of office employees with varying levels of experience with the reporting requirements. This significantly limits the City's review procedures.

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

**Recommendation:** The City has made significant improvements to its review procedures over the last few years. We recommend the City continue to implement further review procedures.

**Views of Responsible Officials:** The City Finance team has reviewed the American Institute of CPA's course on Governmental reporting. Going forward, the Finance team will rely less on prior year audited financials and more on formal course information when completing the year-end financial statements. Additionally, the correction of land held for sale resulting in restatement of beginning equity balances, is an improvement in the representation of the City's assets and implementation of proper accounting procedures.

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

**2018-001 U.S. Department of Housing and Urban Development  
CFDA 14.218, B-14-MC-19-0005, B-15-MC-19-0005, B-16-MC-19-0005, B-17-MC-19-0005,  
Year Ended June 30, 2018  
Community Development Block Grants/Entitlement Grants**

**Procurement and Suspension and Debarment and Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

**Criteria:** The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity must establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

**Part III: Findings and Questioned Costs for Federal Awards: (continued)**

Non-federal entities are also prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from that entity, or (3) adding a clause or condition to the covered transaction with that entity.

**Condition:** We tested compliance and internal controls over suspension and debarment and subrecipient monitoring and noted two vendors and five subrecipients in which there was no documentation to support the contractor or subrecipient was not suspended or debarred.

**Cause:** There is a lack of controls over the suspension, debarment, and subrecipient monitoring.

**Effect:** Failure to provide documentation of the suspension and debarment check being performed may result in disallowed cost.

**Questioned Costs:** None reported.

**Context/Sampling:** A nonstatistical sample of five vendors out of 15 vendors were selected for suspension and debarment testing. A nonstatistical sample of five subrecipients out of seven subrecipients were selected for subrecipient monitoring testing.

**Repeat Finding from Prior Years:** No.

**Recommendation:** We recommend that management review and improve the approval and documentation process for program expenditures to identify “covered transactions” and ensure suspension and debarment checks are performed.

**View of Responsible Officials:** The City of Council Bluffs already checks the System for Award Management (SAM) for prime contractors and both general and lower-tier contractors. We have amended our practices to include verifying that all vendors and sub recipients are not on the list.

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

**2018-IA-A Certified Budget** – Disbursements exceeded amounts budgeted at the June 30, 2018 in the public works, general government, capital projects, and debt service 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.

**2018-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.

**2018-IA-C Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**2018-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>
Margie Johnson, Revenue Clerk, Husband is part owner in Echo Electric	Services	\$ 404,430
Roger Sandau, City Council Member, owner of Sandau Bros Sign Co.	Services	1,018

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Sandau Bros Sign Co. do not appear to represent a conflict of interest since the total of the transactions were less than \$1,500 during the fiscal year. The transactions with Echo Electric may represent a conflict of interest since they were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

**Recommendation** – We recommend the City review the transactions with Echo Electric with legal counsel.

**View of Responsible Officials** – The employee is a part-time Account Clerk 1 in the revenue area of Finance. She is not involved in the Procurement or Payables processes with the City. Upon further review, \$289,057.87 of the above amount is related to targeted jobs credit. The remaining spend is related to supplies and services across approximately 15 different organizations in the City. The City Attorney concurs the employee lacks the ability to be involved in procurement of services with Echo Electric.

**2018-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.

**2018-IA-F City Council Minutes** – No transactions were found that we believe should have been approved in the minutes but were not.

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

- 2018-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.
- 2018-IA-H Revenue Notes**– No instances of non-compliance with revenue debt provisions were noted.
- 2018-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.

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