

CITY OF BLOOMFIELD  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2004

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CITY OF BLOOMFIELD

Officials

<u>Name</u>	<u>Title</u> (Before January 2004)	<u>Term Expires</u>
Sam Eakins	Mayor	Jan. 2006
Donald Smith	Mayor Pro Tem	Jan. 2006
Dale Blumhagen	Council Member	Jan. 2004
Foster Grant II	Council Member	Jan. 2004
Terry Nelson	Council Member	Jan. 2004
David Thordarson	Council Member	Jan. 2006
Betsy J. Bassett	Clerk/Treasurer	Jan. 2004
John Martin	Attorney	Jan. 2004
(After January 2004)		
Sam Eakins	Mayor	Jan. 2006
Donald Smith	Mayor Pro Tem	Jan. 2006
David Thordarson	Council Member	Jan. 2006
Jerry Kincart	Council Member	Jan. 2008
Craig Scott	Council Member	Jan. 2008
Paul Wettstein	Council Member	Jan. 2008
Betsy J. Bassett	Clerk/Treasurer	(Resigned April 2004)
Carol Taylor	Clerk/Treasurer	(Appointed June 2004) Indefinite
John Martin	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of City of Bloomfield's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield as of and for the year ended June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in note 14, during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

In accordance with Government Auditing Standards, we have also issued our reports dated May 6, 2005 on our consideration of the City of Bloomfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The city has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Budgetary comparison information on pages 24 through 26 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the year ended June 30, 2002 (none of which are presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
May 6, 2005

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## Basic Financial Statements

CITY OF BLOOMFIELD

STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS

As of and for Year Ended June 30, 3004

	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Functions/Programs:				
Governmental activities:				
Public safety	\$ 545,478	\$ 51,569	\$ 22,271	\$ -
Public works	737,083	143,375	219,897	131,850
Culture and recreation	268,797	76,949	54,463	-
Community and economic development	176,650	-	60,441	58,392
General government	117,787	4,677	-	-
Debt service	258,414	-	-	-
Total governmental activities	<u>2,104,209</u>	<u>276,570</u>	<u>357,072</u>	<u>190,242</u>
Business type activities:				
Water	541,068	559,846	-	-
Sewer	890,998	301,961	-	313,660
Electric	1,501,001	1,949,236	-	-
Gas	1,326,585	1,301,616	-	-
Total business type activities	<u>4,259,652</u>	<u>4,112,659</u>	<u>-</u>	<u>313,660</u>
Total	<u>6,363,861</u>	<u>4,389,229</u>	<u>357,072</u>	<u>503,902</u>

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

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	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>		<u>Total</u>
\$	(471,638)	-	-	(471,638)
	(241,961)	-	-	(241,961)
	(137,385)	-	-	(137,385)
	(57,817)	-	-	(57,817)
	(113,110)	-	-	(113,110)
	(258,414)	-	-	(258,414)
	<u>(1,280,325)</u>	<u>-</u>	<u>-</u>	<u>(1,280,325)</u>
	-	18,778	-	18,778
	-	(275,377)	-	(275,377)
	-	448,235	-	448,235
	-	(24,969)	-	(24,969)
	<u>-</u>	<u>166,667</u>	<u>-</u>	<u>166,667</u>
	<u>(1,280,325)</u>	<u>166,667</u>	<u>-</u>	<u>(1,113,658)</u>

CITY OF BLOOMFIELD

STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS

As of and for Year Ended June 30, 3004

	<u>Program Receipts</u>		
	<u>Charges</u>	<u>Operating</u>	<u>Capital Grants,</u>
	<u>for Services</u>	<u>Grants,</u>	<u>Contributions</u>
		<u>and Restricted</u>	<u>and Restricted</u>
		<u>Interest</u>	<u>Interest</u>
<u>Disbursements</u>			
General Receipts:			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Local option sales tax			
Grants and contributions not restricted to			
specific purpose			
Unrestricted interest on investments			
Miscellaneous			
Sale of assets			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
Cash Basis Net Assets:			
Restricted:			
Streets			
Debt service			
Other purposes			
Unrestricted			

See notes to financial statements.

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
\$ 634,071	\$ -	\$ 634,071
128,446	-	128,446
53,783	-	53,783
98,262	-	98,262
28,204	-	28,204
3,026	105,354	108,380
12,813	227,287	240,100
42,459	-	42,459
290,480	(290,480)	-
<u>1,291,544</u>	<u>42,161</u>	<u>1,333,705</u>
11,219	208,828	220,047
<u>869,921</u>	<u>3,882,800</u>	<u>4,752,721</u>
<u>\$ 881,140</u>	<u>\$ 4,091,628</u>	<u>\$ 4,972,768</u>
\$ 116,345	\$ -	\$ 116,345
62,273	61,229	123,502
620,320	958,325	1,578,645
82,202	3,072,074	3,154,276
<u>\$ 881,140</u>	<u>\$ 4,091,628</u>	<u>\$ 4,972,768</u>

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
GOVERNMENT FUNDS

As of and for Year Ended June 30, 3004

	General	Other Nonmajor Governmental Funds	Total
Receipts:			
Property tax	\$ 409,353	\$ 278,501	\$ 687,854
Tax increment financing collections	-	128,446	128,446
Other City tax	22,372	98,262	120,634
Licenses and permits	4,677	-	4,677
Use of money and property	12,419	43,297	55,716
Intergovernmental	190,389	275,023	465,412
Charges for service	240,094	-	240,094
Miscellaneous	25,712	53,944	79,656
Total receipts	<u>905,016</u>	<u>877,473</u>	<u>1,782,489</u>
Disbursements:			
Operating:			
Public safety	438,718	106,760	545,478
Public works	460,859	276,224	737,083
Culture and recreation	218,542	50,255	268,797
Community and economic development	37,800	138,850	176,650
General government	100,010	17,777	117,787
Debt Service	780	257,634	258,414
Total disbursements	<u>1,256,709</u>	<u>847,500</u>	<u>2,104,209</u>
Excess (deficiency) of receipts over (under) disbursements	(351,693)	29,973	(321,720)
Other financing sources (uses), net			
Sale of capital assets	42,459	-	42,459
Operating transfers in	290,480	-	290,480
Total other financing sources	<u>332,939</u>	<u>-</u>	<u>332,939</u>
Net change in cash balances	(18,754)	29,973	11,219
Cash balances beginning of year	<u>268,703</u>	<u>601,218</u>	<u>869,921</u>
Cash balances end of year	<u>\$ 249,949</u>	<u>\$ 631,191</u>	<u>\$ 881,140</u>

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
GOVERNMENT FUNDS

As of and for Year Ended June 30, 3004

	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Cash Basis Fund Balances:			
Reserved:			
Library building	\$ -	\$ 24,988	\$ 24,988
Debt service	-	62,273	62,273
Unreserved:			
General fund	249,949	-	249,949
Special revenue funds	-	494,539	494,539
Capital project funds	-	(33,601)	(33,601)
Permanent funds	-	82,992	82,992
	<hr/>		
Total cash basis fund balances	\$ <u>249,949</u>	\$ <u>631,191</u>	\$ <u>881,140</u>

See notes to financial statements.

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS

As of and for Year Ended June 30, 3004

	Enterprise Funds				Total
	Water	Sewer	Electric	Gas	
Operating receipts:					
Use of money and property	\$ -	\$ -	\$ 5,215	\$ -	\$ 5,215
Charges for services	559,846	301,961	1,944,021	1,301,616	4,107,444
Total operating receipts	559,846	301,961	1,949,236	1,301,616	4,112,659
Operating disbursements:					
Business type activities	387,736	890,218	1,500,221	1,325,805	4,103,980
Excess (deficiency) of operating receipts over (under) operating disbursements	172,110	(588,257)	449,015	(24,189)	8,679
Nonoperating receipts (disbursements):					
Intergovernmental	-	313,660	-	-	313,660
Interest on investments	17,048	20,976	37,211	30,119	105,354
Miscellaneous	42,108	9,162	122,751	53,266	227,287
Debt service	(153,332)	(780)	(780)	(780)	(155,672)
Total nonoperating receipts (disbursements)	(94,176)	343,018	159,182	82,605	490,629
Excess (deficiency) of receipts over (under) disbursements	77,934	(245,239)	608,197	58,416	499,308
Operating transfers out	(10,360)	(10,360)	(223,160)	(46,600)	(290,480)
Net change in cash balances	67,574	(255,599)	385,037	11,816	208,828
Cash balances beginning of year	878,176	345,490	1,775,444	883,690	3,882,800
Cash balances end of year	\$ 945,750	\$ 89,891	\$ 2,160,481	\$ 895,506	\$ 4,091,628

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS

As of and for Year Ended June 30, 3004

	Enterprise Funds				Total
	Water	Sewer	Electric	Gas	
Cash basis fund balances:					
Reserved for:					
Debt service	\$ 61,229	\$ -	\$ -	\$ -	61,229
Reserve	154,991	-	-	-	154,991
Improvements	400,000	-	352,680	50,654	803,334
Unreserved	329,530	89,891	1,807,801	844,852	3,072,074
Total cash basis fund balances	\$ <u>945,750</u>	\$ <u>89,891</u>	\$ <u>2,160,481</u>	\$ <u>895,506</u>	\$ <u>4,091,628</u>

See notes to financial statements.

CITY OF BLOOMFIELD  
STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
As of and for Year Ended June 30, 3004

	Private Purpose Expendable Trusts				Total
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	
Additions:					
Use of money and property:					
Interest on investments	\$ -	\$ 15	\$ 407	\$ -	\$ 422
Miscellaneous:					
Donations	-	3,634	9,957	10,000	23,591
Total additions	-	3,649	10,364	10,000	24,013
Deduction:					
Culture and recreation:					
Commodities	-	3,895	6,822	-	10,717
Capital outlay	-	-	454	-	454
	-	3,895	7,276	-	11,171
Net change in cash balances	-	(246)	3,088	10,000	12,842
Cash balances beginning of year	47	3,663	43,309	-	47,019
Cash balances end of year	\$ <u>47</u>	\$ <u>3,417</u>	\$ <u>46,397</u>	\$ <u>10,000</u>	\$ <u>59,861</u>
Cash basis fund balances:					
Reserved for special purpose	\$ <u>47</u>	\$ <u>3,417</u>	\$ <u>46,397</u>	\$ <u>10,000</u>	\$ <u>59,861</u>

See notes to financial statements.

CITY OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 1. Summary of Significant Accounting Policies

The City of Bloomfield is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1850 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Bloomfield 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 Bloomfield (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions. Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise 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 fund:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield maintains its financial records on the cash basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and debt service functions.

Note 2. Cash and Pooled Investments

The City's deposits in banks at June 30, 3004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 3. Long-Term Debt

Notes Payable

Annual debt service requirements to maturity for revenue notes are as follows:

Year Ending June 30,	Revenue Notes	
	Principal	Interest
2005	\$ 105,000	\$ 47,803
2006	105,000	43,025
2007	115,000	38,142
2008	120,000	32,738
2009	125,000	26,977
2010	130,000	20,853
2011	135,000	14,352
2012	<u>145,000</u>	<u>7,467</u>
Total	<u>\$ 980,000</u>	<u>\$ 231,357</u>

On June 1, 2004 the \$200,000 balance of the general obligation bonds due on June 1, 2005 through June 1, 2008 were called for redemption.

The resolution providing for the issuance of the revenue notes includes the following provisions.

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a water revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (c) An amount equal to 25% of the monthly transfer to the sinking account shall be made to a water reserve account until a specified amount is accumulated and maintained. The water reserve account is required to accumulate the lesser of the principal plus interest due in any succeeding year or \$126,500.
- (d) Additional monthly transfers of \$4,000 to a water improvements account shall be made until a minimum balance of \$400,000 is accumulated. This account is restricted for the purpose of paying for any deficiencies in the revenue note sinking account, then for capital improvements, renewals and replacements and extraordinary repairs.

The City has established the sinking, reserve and improvements accounts required by the note resolution and has complied with the related provisions.

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 3. Long-Term Debt (continued)

Lease Purchase Agreement

In June, 2004, the City entered into a lease-purchase agreement to purchase a computer network. The total cost was \$11,125 with 36 monthly lease payments of \$346, with an imputed interest rate of 7.55%. Also in June, 2004, the city entered into a lease-purchase agreement to purchase a folding-inserting machine. The total cost was \$3,750 with 36 monthly lease payments of \$120 with an imputed interest rate of 9.6%. The following is a schedule of the future minimum lease payments, interest and the present value of net minimum lease payments under agreements in effect at June 30, 2004.

Year Ending June 30,	Minimum Lease Payments	Less Amount Representing Interest	Present Value of Net Minimum Lease Payments
2005	\$ 5,599	\$ 1,024	\$ 4,575
2006	5,599	642	4,957
2007	5,479	226	5,253
	<u>\$ 16,677</u>	<u>\$ 1,892</u>	<u>\$ 14,785</u>

Note 4. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 5.93% and 8.9%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the year ended June 30, 3004, 2003, and 2002 were \$60,727, \$60,234, and \$61,932, respectively, equal to the required contribution for each year.

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 5. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The liability is computed based on the rate of pay as of June 30, 3004. The City's approximate liability for earned compensated absences payable to employees at June 30, 3004, primarily relating to the General Fund is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 16,189
Vacation	35,820
Sick leave	<u>53,982</u>
 Total	 <u>\$ 105,991</u>

Sick leave is payable when used or, after an employment period of ten (10) years, upon termination, retirement or death. The above liability has been computed based on rates of pay in effect at June 30, 3004.

Note 6. Industrial Development Loan and Rebate Agreement

On May 11, 1992, the City entered into a loan agreement, under the provisions of Chapter 403 of the Code of Iowa, with Chevron Chemical Company totaling \$425,000 to provide funds for the purpose of defraying a portion of the costs of carrying out an urban renewal development project of the City. The loan principal plus interest thereon at the rate of 8.50% per annum were payable solely from tax increment financing property tax collections.

On June 19, 2000, the City and Chevron Chemical Company amended the original agreement whereby the City is no longer required to repay the \$425,000. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements constructed by the developer as set forth in the amendment, with the condition that the company maintains a specified level of full-time equivalent positions for the term of the agreement. The incremental taxes that otherwise would have been received by the City under Chapter 403.19 of the Code of Iowa from the developer are to be rebated for a period of nine years beginning May 1, 2001. During the year, the City rebated taxes totaling \$34,452 to Chevron Chemical Company.

CITY OF BLOOMFIELD  
NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 7. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General:	Enterprise:	
General	Water	\$ 10,360
	Sewer	10,360
	Electric	185,360
	Gas	<u>46,600</u>
		252,680
General:	Enterprise:	
Community Development	Electric	<u>37,800</u>
		<u>\$ 290,480</u>

Note 8. Risk Management

The City of Bloomfield 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. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Economic Development Loans

On April 1, 2001, the City of Bloomfield loaned \$300,000 to a local business to construct and equip an assisted and independent living facility to be located in the City. The loan bears interest at 7% and is to be repaid to the City in annual installments of \$30,000 plus interest from April 1, 2001 through April 1, 2011. The loan has a balance of \$210,000 at June 30, 3004.

Note 10. Deficit Balances

The Capital Projects Fund, ABCM Corporation Account had a deficit balance of \$171,860 at June 30, 3004. The deficit is the result of an economic development loan made to ABCM Corporation for construction of an assisted and independent living facility. This deficit will be eliminated through annual installments paid to the City by ABCM Corporation.

CITY OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS

June 30, 3004

Note 11. Health Insurance

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City’s group insurance is a partial self-funded health plan. Under the partial self-funded plan, the City will reimburse an eligible employee for half of the deductible as well as half of out-of- pocket expenses. The amount of the deductibles and out-of-pocket expenses for the employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000
	 <u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$28,500. As of June 30, 3004 there is a remaining liability commitment of \$21,887.

Note 12. Construction Commitments

During the year ended June 30, 3004, the City approved various construction contracts totaling \$355,928 and had construction contracts of \$764,931 carrying over from the prior year. Payments of \$838,900 were made on the contracts for work completed during the year ended June 30, 3004. As of June 30, 2004 the City had construction commitments of \$281,959 with payments on the contracts to be made as the work is completed.

Note 13. Contingencies

The city has some litigation in progress, the outcome of which are not determinable. Any ultimate liability, if any, can not be determined at this time.

CITY OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 14. Accounting Change

The governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the City’s financial statements. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statement reports the City’s governmental and business type activities.

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Required Supplementary Information

CITY OF BLOOMFIELD

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES –  
 BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Year Ended June 30, 2004

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>				
Property tax	\$ 687,854	\$ -	\$ -	\$ 687,854
Tax increment financing collection	128,446	-	-	128,446
Other city tax	120,634	-	-	120,634
License and permits	4,677	-	-	4,677
Use of money and property	55,716	110,569	-	166,285
Intergovernmental	465,412	313,660	-	779,072
Charges for services	240,094	4,107,444	-	4,347,538
Miscellaneous	79,656	227,287	32,020	274,923
Total receipts	<u>1,782,489</u>	<u>4,758,960</u>	<u>32,020</u>	<u>6,509,429</u>
<b>Disbursements:</b>				
Public safety	545,478	-	-	545,478
Public works	737,083	-	-	737,083
Health and social services	-	-	-	-
Culture and recreation	268,797	-	9,780	259,017
Community and economic development	176,650	-	-	176,650
General government	117,787	-	-	117,787
Debt service	258,414	-	-	258,414
Capital projects	-	-	-	-
Business type activities	-	4,259,652	-	4,259,652
Total disbursements	<u>2,104,209</u>	<u>4,259,652</u>	<u>9,780</u>	<u>6,354,081</u>
Excess (deficiency) of receipts over (under) disbursements	(321,720)	499,308	22,240	155,348
Other financing sources (uses), net	<u>332,939</u>	<u>(290,480)</u>	-	<u>42,459</u>
Excess of receipts and other financing sources over disbursements and other financing uses	11,219	208,828	22,240	197,807
Balances beginning of year	<u>869,921</u>	<u>3,882,800</u>	<u>6,861</u>	<u>4,745,860</u>
Balanced end of year	<u>\$ 881,140</u>	<u>\$ 4,091,628</u>	<u>\$ 29,101</u>	<u>\$ 4,943,667</u>

See accompanying independent auditor's report.

Budgeted Amounts Original and Fund	Final to Net Variance
\$ 688,235	\$ (381)
105,000	23,446
294	120,340
19,600	(14,923)
147,615	18,670
741,950	37,122
4,298,440	49,098
81,050	193,873
<u>6,082,184</u>	<u>427,245</u>
533,234	(12,244)
619,419	(117,664)
-	-
325,535	66,518
66,400	(110,250)
105,659	(12,128)
57,550	(200,864)
-	-
4,382,407	122,755
<u>6,090,204</u>	<u>(263,877)</u>
(8,020)	163,368
-	42,459
(8,020)	205,827
<u>3,643,573</u>	<u>1,102,287</u>
<u>\$ 3,635,553</u>	<u>\$ 1,308,114</u>

CITY OF BLOOMFIELD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2004

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, there were no budget amendments.

During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and debt service functions.

Other Supplementary Information

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for Year Ended June 30, 3004

	Special Revenue			
	Road Use Tax	Employee Benefits	Local Option Sales Tax	Chevron Tax Increment Financing
Receipts:				
Property tax	\$ -	\$ 224,718	\$ -	\$ -
Tax increment financing collections	-	-	-	34,452
Other City tax	-	-	98,262	-
Use of money and property	-	-	-	-
Intergovernmental	216,631	-	-	-
Miscellaneous	-	170	-	-
Total receipts	<u>216,631</u>	<u>224,888</u>	<u>98,262</u>	<u>34,452</u>
Disbursements:				
Operating:				
Public safety	-	106,760	-	-
Public works	229,782	46,442	-	-
Culture and recreation	-	40,475	-	-
Community and economic development	-	-	-	34,452
General government	-	17,777	-	-
Debt service	-	-	-	-
Total disbursements	<u>229,782</u>	<u>211,454</u>	<u>-</u>	<u>34,452</u>
Net change in cash balances	(13,151)	13,434	98,262	-
Cash balances beginning of year	<u>129,496</u>	<u>121,768</u>	<u>-</u>	<u>-</u>
Cash balances end of year	<u>\$ 116,345</u>	<u>\$ 135,202</u>	<u>\$ 98,262</u>	<u>\$ -</u>
Cash basis fund balances:				
Reserved:				
Library building	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-
Unreserved:				
Special revenue funds	116,345	135,202	98,262	-
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>\$ 116,345</u>	<u>\$ 135,202</u>	<u>\$ 98,262</u>	<u>\$ -</u>

Other Tax Increment Financing	Friends of the Bloomfield Library	Childcare Facility CDBG Grant	Local Housing Assistance Program	Debt Service		Capital Projects	
				General Obligation Bonds	Tax Increment Financing Debt Service	SPEC Building	ACBM Corporation Economic Development
\$ -	\$ -	\$ -	\$ -	\$ 53,783	\$ -	\$ -	\$ -
90,004	-	-	-	-	3,990	-	-
-	-	-	-	-	-	-	-
-	-	-	27	-	-	-	42,714
-	-	665	57,727	-	-	-	-
-	32,020	-	17,727	-	-	-	-
<u>90,004</u>	<u>32,020</u>	<u>665</u>	<u>75,481</u>	<u>53,783</u>	<u>3,990</u>	<u>-</u>	<u>42,714</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,780	-	-	-	-	-	-
5,611	-	665	98,122	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	257,634	-	-	-
<u>5,611</u>	<u>9,780</u>	<u>665</u>	<u>98,122</u>	<u>257,634</u>	<u>-</u>	<u>-</u>	<u>-</u>
84,393	22,240	-	(22,641)	(203,851)	3,990	-	42,714
49,092	6,861	-	29,773	205,084	57,050	138,259	(214,574)
<u>\$ 133,485</u>	<u>\$ 29,101</u>	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 1,233</u>	<u>\$ 61,040</u>	<u>\$ 138,259</u>	<u>\$ (171,860)</u>
\$ -	\$ 24,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,233	61,040	-	-
133,485	4,113	-	7,132	-	-	-	-
-	-	-	-	-	-	138,259	(171,860)
-	-	-	-	-	-	-	-
<u>\$ 133,485</u>	<u>\$ 29,101</u>	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 1,233</u>	<u>\$ 61,040</u>	<u>\$ 138,259</u>	<u>\$ (171,860)</u>

CITY OF BLOOMFIELD

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for Year Ended June 30, 3004

	Permanent		Total
	IOOF Cemetery Perpetual Care	Library Bequest	
Receipts:			
Property tax	\$ -	\$ -	\$ 278,501
Tax increment financing collections	-	-	128,446
Other City tax	-	-	98,262
Use of money and property	556	-	43,297
Intergovernmental	-	-	275,023
Miscellaneous	4,000	27	53,944
Total receipts	<u>4,556</u>	<u>27</u>	<u>877,473</u>
Disbursements:			
Operating:			
Public safety	-	-	106,760
Public works	-	-	276,224
Culture and recreation	-	-	50,255
Community and economic development	-	-	138,850
General government	-	-	17,777
Debt service	-	-	257,634
Total disbursements	<u>-</u>	<u>-</u>	<u>847,500</u>
Net change in cash balances	4,556	27	29,973
Cash balances beginning of year	<u>73,409</u>	<u>5,000</u>	<u>601,218</u>
Cash balances end of year	<u>\$ 77,965</u>	<u>\$ 5,027</u>	<u>\$ 631,191</u>
Cash basis fund balances:			
Reserved:			
Library building	\$ -	\$ -	\$ 24,988
Debt service	-	-	62,273
Unreserved:			
Special revenue funds	-	-	494,539
Capital project funds	-	-	(33,601)
Permanent funds	<u>77,965</u>	<u>5,027</u>	<u>82,992</u>
	<u>\$ 77,965</u>	<u>\$ 5,027</u>	<u>\$ 631,191</u>

See accompanying independent auditor's report.

CITY OF BLOOMFIELD  
COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND  
Year Ended June 30, 3004

	General	Community Development	Fire Department FEMA Grant	Total
Receipts:				
Property tax	\$ 409,353	\$ -	\$ -	\$ 409,353
Other City tax:				
Cable franchise fee	22,372	-	-	22,372
Licenses and permits:				
Beer and liquor	3,422	-	-	3,422
Cigarette	525	-	-	525
Building	730	-	-	730
	4,677	-	-	4,677
Use of money and property:				
Interest on investments	7,709	-	-	7,709
Rent	4,710	-	-	4,710
	12,419	-	-	12,419
Intergovernmental:				
FFA Airport grant	131,850	-	-	131,850
Bank franchise tax	4,582	-	-	4,582
County library allocation	14,000	-	-	14,000
FEMA grant	-	-	18,771	18,771
State grant	3,500	-	-	3,500
Township fire protection	15,612	-	2,074	17,686
	169,544	-	20,845	190,389
Charges for service:				
Garbage collection	142,099	-	-	142,099
Parks and recreation	41,535	-	-	41,535
Auto salvage inspection fee	22,260	-	-	22,260
Cemetery	34,200	-	-	34,200
	240,094	-	-	240,094
Miscellaneous:				
Court fines	9,965	-	-	9,965
Refunds and reimbursements	7,836	-	-	7,836
Police	1,658	-	-	1,658
Miscellaneous	6,253	-	-	6,253
	25,712	-	-	25,712
Total receipts	884,171	-	20,845	905,016

CITY OF BLOOMFIELD  
COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND  
Year Ended June 30, 3004

	General	Community Development	Fire Department FEMA Grant	Total
Disbursements:				
Public Safety:				
Police:				
Personal services	\$ 178,254	\$ -	\$ -	\$ 178,254
Services and commodities	34,288	-	-	34,288
Capital outlay	47,404	-	-	47,404
	<u>259,946</u>	-	-	<u>259,946</u>
Prisoner care	341	-	-	341
Public safety:				
Personal services	74,015	-	-	74,015
Services and commodities	25,607	-	-	25,607
Capital outlay	2,060	-	-	2,060
	<u>101,682</u>	-	-	<u>101,682</u>
Fire department:				
Personal services	26,005	-	-	26,005
Services and commodities	10,647	-	-	10,647
Capital outlay	-	-	39,419	39,419
	<u>36,652</u>	-	<u>39,419</u>	<u>76,071</u>
Animal control	678	-	-	678
	<u>399,299</u>	-	<u>39,419</u>	<u>438,718</u>
Public Works:				
Street maintenance:				
Personal services	35,898	-	-	35,898
Services and commodities	61,897	-	-	61,897
Capital outlay	18,774	-	-	18,774
	<u>116,569</u>	-	-	<u>116,569</u>
Snow removal	980	-	-	980
Airport:				
Services and commodities	48,735	-	-	48,735
Capital outlay	134,611	-	-	134,611
	<u>183,346</u>	-	-	<u>183,346</u>

CITY OF BLOOMFIELD  
COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND  
Year Ended June 30, 3004

	General	Community Development	Fire Department FEMA Grant	Total
Disbursements (continued):				
Public Works (continued):				
Solid waste:				
Services and commodities	\$ 136,367	\$ -	\$ -	\$ 136,367
Shop:				
Personal services	17,654	-	-	17,654
Services and commodities	5,943	-	-	5,943
	<u>23,597</u>	-	-	<u>23,597</u>
	<u>460,859</u>	-	-	<u>460,859</u>
Culture and Recreation:				
Library:				
Personal services	47,167	-	-	47,167
Services and commodities	25,744	-	-	25,744
Capital outlay	3,604	-	-	3,604
	<u>76,515</u>	-	-	<u>76,515</u>
Parks and recreation:				
Personal services	34,533	-	-	34,533
Services and commodities	11,577	-	-	11,577
Capital outlay	6,801	-	-	6,801
	<u>52,911</u>	-	-	<u>52,911</u>
Swimming pool:				
Personal services	27,190	-	-	27,190
Services and commodities	22,107	-	-	22,107
Capital outlay	5,438	-	-	5,438
	<u>54,735</u>	-	-	<u>54,735</u>
Cemetery:				
Personal services	10,250	-	-	10,250
Services and commodities	23,781	-	-	23,781
Capital outlay	350	-	-	350
	<u>34,381</u>	-	-	<u>34,381</u>
	<u>218,542</u>	-	-	<u>218,542</u>
Community and Economic Development:				
Payments to other agencies	-	37,800	-	37,800

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND  
Year Ended June 30, 3004

	General	Community Development	Fire Department FEMA Grant	Total
Disbursements (continued):				
General Government:				
Mayor and Council Members:				
Personal services	\$ 12,300	\$ -	\$ -	\$ 12,300
Financial administration:				
Personal services	28,319	-	-	28,319
Services and commodities	28,141	-	-	28,141
	<u>56,460</u>	<u>-</u>	<u>-</u>	<u>56,460</u>
Election	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>1,685</u>
Insurance	<u>24,711</u>	<u>-</u>	<u>-</u>	<u>24,711</u>
City Hall and general buildings:				
Personal services	3,073	-	-	3,073
Services and commodities	653	-	-	653
Capital outlay	1,128	-	-	1,128
	<u>4,854</u>	<u>-</u>	<u>-</u>	<u>4,854</u>
	<u>100,010</u>	<u>-</u>	<u>-</u>	<u>100,010</u>
Debt Service:				
Principal redemption	742	-	-	742
Interest payments	38	-	-	38
	<u>780</u>	<u>-</u>	<u>-</u>	<u>780</u>
Total disbursements	<u>1,179,490</u>	<u>37,800</u>	<u>39,419</u>	<u>1,256,709</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(295,319)</u>	<u>(37,800)</u>	<u>(18,574)</u>	<u>(351,693)</u>
Other financing sources:				
Sale of capital assets	42,459	-	-	42,459
Operating transfers in (out):				
Enterprise:				
Water works operating	10,360	-	-	10,360
Sewer rental	10,360	-	-	10,360
Electric plant operating	185,360	37,800	-	223,160
Gas plant operating	46,600	-	-	46,600
	<u>295,139</u>	<u>37,800</u>	<u>-</u>	<u>332,939</u>

CITY OF BLOOMFIELD  
COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND  
Year Ended June 30, 3004

	<u>General</u>	<u>Community Development</u>	<u>Fire Department FEMA Grant</u>	<u>Total</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ (180)	\$ -	\$ (18,574)	\$ (18,754)
Balance beginning of year	<u>257,416</u>	<u>-</u>	<u>11,287</u>	<u>268,703</u>
Balance end of year	<u>\$ 257,236</u>	<u>\$ -</u>	<u>\$ (7,287)</u>	<u>\$ 249,949</u>

See accompanying independent auditor's report.

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 3004

	Road Use Tax	Employee Benefits	Local Option Sales Tax	Chevron Tax Increment Financing
Receipts:				
Property tax	\$ -	\$ 224,718	\$ -	\$ -
Tax increment financing collections	-	-	-	34,452
Other City tax:				
Local option sales tax	-	-	98,262	-
Use of money and property:				
Interest on investments	-	-	-	-
Intergovernmental:				
Road use tax allocation	216,631	-	-	-
CDBG grant	-	-	-	-
Local housing assistance	-	-	-	-
	216,631	-	-	-
Miscellaneous:				
Fundraisers and donations	-	-	-	-
Refunds and reimbursements	-	-	-	-
Miscellaneous	-	170	-	-
	-	170	-	-
Total receipts	216,631	224,888	98,262	34,452
Disbursements:				
Public Safety:				
Police:				
Personal services	-	65,565	-	-
Public safety:				
Personal services	-	39,607	-	-
Fire department:				
Personal services	-	1,588	-	-
	-	106,760	-	-
Public Works:				
Streets:				
Personal services	63,953	39,418	-	-
Services and commodities	165,829	-	-	-
	229,782	39,418	-	-

<u>Other Tax Increment Financing</u>	<u>Friends of the Bloomfield Library</u>	<u>Childcare Facility CDBG Grant</u>	<u>Local Housing Assistance Program</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 224,718
90,004	-	-	-	124,456
-	-	-	-	98,262
-	-	-	27	27
-	-	-	-	216,631
-	-	665	-	665
-	-	-	57,727	57,727
-	-	665	57,727	275,023
-	30,427	-	-	30,427
-	-	-	17,727	17,727
-	1,593	-	-	1,763
-	32,020	-	17,727	49,917
90,004	32,020	665	75,481	772,403
-	-	-	-	65,565
-	-	-	-	39,607
-	-	-	-	1,588
-	-	-	-	106,760
-	-	-	-	103,371
-	-	-	-	165,829
-	-	-	-	269,200

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
SPECIAL REVENUE FUNDS  
Year Ended June 30, 3004

	Road Use Tax	Employee Benefits	Local Option Sales Tax	Chevron Tax Increment Financing
Disbursements (continued):				
Public Works (continued):				
Airport:				
Personal services	\$ -	\$ 474	\$ -	\$ -
Shop:				
Personal services	-	6,550	-	-
	<u>229,782</u>	<u>46,442</u>	<u>-</u>	<u>-</u>
Culture and Recreation:				
Library:				
Personal services	-	15,015	-	-
Services and commodities	-	-	-	-
	<u>-</u>	<u>15,015</u>	<u>-</u>	<u>-</u>
Park and recreation:				
Personal services	-	16,051	-	-
Swimming pool:				
Personal services	-	3,179	-	-
Cemetery:				
Personal services	-	6,230	-	-
	<u>-</u>	<u>40,475</u>	<u>-</u>	<u>-</u>
Community and Economic Development:				
Housing assistance:				
Services and commodities	-	-	-	-
Tax rebated to Chevron Chemical Company	-	-	-	34,452
	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,452</u>
General Government:				
Mayor and council members:				
Personal services	-	318	-	-
Financial administration:				
Personal services	-	16,953	-	-
City hall and general buildings:				
Personal services	-	506	-	-
	<u>-</u>	<u>17,777</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>229,782</u>	<u>211,454</u>	<u>-</u>	<u>34,452</u>

<u>Other Tax Increment Financing</u>	<u>Friends of the Bloomfield Library</u>	<u>Childcare Facility CDBG Grant</u>	<u>Local Housing Assistance Program</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 474
-	-	-	-	6,550
-	-	-	-	276,224
-	-	-	-	15,015
-	9,780	-	-	9,780
-	9,780	-	-	24,795
-	-	-	-	16,051
-	-	-	-	3,179
-	-	-	-	6,230
-	9,780	-	-	50,255
5,611	-	665	98,122	104,398
-	-	-	-	34,452
5,611	-	665	98,122	138,850
-	-	-	-	318
-	-	-	-	16,953
-	-	-	-	506
-	-	-	-	17,777
5,611	9,780	665	98,122	589,866

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 3004

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Local Option Sales Tax</u>	<u>Chevron Tax Increment Financing</u>
Excess (deficiency) of receipts over (under) disbursements	\$ (13,151)	\$ 13,434	\$ 98,262	\$ -
Cash balances beginning of year	<u>129,496</u>	<u>121,768</u>	<u>-</u>	<u>-</u>
Cash balances end of year	<u>\$ 116,345</u>	<u>\$ 135,202</u>	<u>\$ 98,262</u>	<u>\$ -</u>

See accompanying independent auditor's report.

<u>Other Tax Increment Financing</u>	<u>Friends of the Bloomfield Library</u>	<u>Childcare Facility CDBG Grant</u>	<u>Local Housing Assistance Program</u>	<u>Total</u>
\$ 84,393	\$ 22,240	\$ -	\$ (22,641)	\$ 182,537
<u>49,092</u>	<u>6,861</u>	<u>-</u>	<u>29,773</u>	<u>336,990</u>
<u>\$ 133,485</u>	<u>\$ 29,101</u>	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 519,527</u>

CITY OF BLOOMFIELD  
 COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 DEBT SERVICE FUNDS  
 Year Ended June 30, 3004

	General Obligation Bonds	Tax Increment Financing Debt Service	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Receipts:			
Property tax	\$ 53,783	\$ -	\$ 53,783
Tax increment financing collections	-	3,990	3,990
Total receipts	<u>53,783</u>	<u>3,990</u>	<u>57,773</u>
Disbursements:			
Debt service:			
Principal redemption	245,000	-	245,000
Interest payments	12,250	-	12,250
Administration fees	384	-	384
Total disbursements	<u>257,634</u>	<u>-</u>	<u>257,634</u>
Excess (deficiency) of receipts over (under) disbursements	(203,851)	3,990	(199,861)
Balance beginning of year	<u>205,084</u>	<u>57,050</u>	<u>262,134</u>
Balance end of year	<u>\$ 1,233</u>	<u>\$ 61,040</u>	<u>\$ 62,273</u>

See accompanying independent auditor's report.

CITY OF BLOOMFIELD  
 COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 CAPITAL PROJECTS FUNDS  
 Year ended June 30, 3004

	<u>SPEC Building</u>	<u>ABC Corporation Economic Development</u>	<u>Total</u>
Receipts:			
Use of money and property:			
Repayment of ABCM Loan:			
Principal	\$ -	\$ 30,000	\$ 30,000
Interest	-	12,714	12,714
	<u>-</u>	<u>42,714</u>	<u>42,714</u>
Disbursements:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Excess of receipts over disbursements	-	42,714	42,714
Balance beginning of year	<u>138,259</u>	<u>(214,574)</u>	<u>(76,315)</u>
Balance end of year	<u>\$ 138,259</u>	<u>\$ (171,860)</u>	<u>\$ (33,601)</u>

See accompanying independent auditor's report.

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 ENTERPRISE FUNDS  
 Year ended June 30, 3004

	Water Works Operating	Water Reserve	Water Revenue Note Sinking	Water Improve- ments
Operating receipts:				
Use of money and property:				
Rent	\$ -	\$ -	\$ -	\$ -
Charges for service:				
Sale of water	557,474	-	-	-
Sewer rental fees	-	-	-	-
Sale of electricity	-	-	-	-
Sale of gas	-	-	-	-
Interdepartmental sales	1,154	-	-	-
Customer penalty	1,218	-	-	-
	<u>559,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating receipts	<u>559,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating disbursements:				
Business type activities:				
Water:				
Plant:				
Personal services	77,307	-	-	-
Services and commodities	79,886	-	-	-
Capital outlay	2,619	-	-	-
	<u>159,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
Distribution:				
Personal services	72,107	-	-	-
Services and commodities	49,113	-	-	-
Capital outlay	72	-	-	-
	<u>121,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounting and collection:				
Personal services	55,187	-	-	-
Services and commodities	49,941	-	-	-
Capital outlay	1,128	-	-	-
	<u>106,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Purchased water	376	-	-	-

<u>Sewer Rental</u>	<u>Electric Plant Operating</u>	<u>Electric Improve- ments</u>	<u>Gas Plant Operating</u>	<u>Gas Improve- ments</u>	<u>Total</u>
\$ -	\$ 5,215	\$ -	\$ -	\$ -	\$ 5,215
-	-	-	-	-	557,474
299,751	-	-	-	-	299,751
-	1,903,771	-	-	-	1,903,771
-	-	-	1,290,641	-	1,290,641
2,046	37,111	-	9,290	-	49,601
164	3,139	-	1,685	-	6,206
<u>301,961</u>	<u>1,944,021</u>		<u>1,301,616</u>	-	<u>4,107,444</u>
<u>301,961</u>	<u>1,949,236</u>	-	<u>1,301,616</u>	-	<u>4,112,659</u>
-	-	-	-	-	77,307
-	-	-	-	-	79,886
-	-	-	-	-	2,619
-	-	-	-	-	<u>159,812</u>
-	-	-	-	-	72,107
-	-	-	-	-	49,113
-	-	-	-	-	72
-	-	-	-	-	<u>121,292</u>
-	-	-	-	-	55,187
-	-	-	-	-	49,941
-	-	-	-	-	1,128
-	-	-	-	-	<u>106,256</u>
-	-	-	-	-	376

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 ENTERPRISE FUNDS  
 Year ended June 30, 3004

	Water Works Operating	Water Reserve	Water Revenue Note Sinking	Water Improve- ments
Disbursements (continued):				
Business type activities (continued):				
Sewer:				
Plant:				
Personal services	\$ -	\$ -	\$ -	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Distribution:				
Contractual services	-	-	-	-
Accounting and collection:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Electric:				
Plant:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Distribution:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Accounting and collection:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Purchased power	-	-	-	-

<u>Sewer Rental</u>	<u>Electric Plant Operating</u>	<u>Electric Improve- ments</u>	<u>Gas Plant Operating</u>	<u>Gas Improve- ments</u>	<u>Total</u>
\$ 60,085	\$ -	\$ -	\$ -	\$ -	60,085
137,388	-	-	-	-	137,388
21,973	-	-	-	-	21,973
<u>219,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,446</u>
596,363	-	-	-	-	596,363
37,813	-	-	-	-	37,813
35,462	-	-	-	-	35,462
1,134	-	-	-	-	1,134
<u>74,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,409</u>
-	94,672	-	-	-	94,672
-	41,956	-	-	-	41,956
-	3,437	-	-	-	3,437
<u>-</u>	<u>140,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,065</u>
-	144,937	-	-	-	144,937
-	37,760	-	-	-	37,760
-	8,909	-	-	-	8,909
<u>-</u>	<u>191,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,606</u>
-	54,117	-	-	-	54,117
-	100,589	-	-	-	100,589
-	1,128	-	-	-	1,128
<u>-</u>	<u>155,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,834</u>
<u>-</u>	<u>1,012,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012,716</u>

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 ENTERPRISE FUNDS  
 Year ended June 30, 3004

	Water Works Operating	Water Reserve	Water Revenue Note Sinking	Water Improve- ments
Disbursements (continued):				
Business type activities (continued):				
Gas:				
Plant:				
Services and commodities	\$ -	\$ -	\$ -	-
Capital outlay	-	-	-	-
	-	-	-	-
Distribution:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Accounting and collection:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Purchased gas	-	-	-	-
Total disbursements	387,736	-	-	-
Excess (deficiency) of operating receipts over (under) operating disbursements	172,110	-	-	-
Nonoperating receipts (disbursements):				
Intergovernment:				
Community Development Block Grant	-	-	-	-
Sales tax refunded	-	-	-	-
	-	-	-	-
Interest on investments	17,048	-	-	-

<u>Sewer Rental</u>	<u>Electric Plant Operating</u>	<u>Electric Improve- ments</u>	<u>Gas Plant Operating</u>	<u>Gas Improve- ments</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 95	\$ -	\$ 95
-	-	-	5,466	-	5,466
-	-	-	5,561	-	5,561
-	-	-	86,644	-	86,644
-	-	-	29,218	-	29,218
-	-	-	23	-	23
-	-	-	115,885	-	115,885
-	-	-	46,354	-	46,354
-	-	-	64,106	-	64,106
-	-	-	1,200	-	1,200
-	-	-	111,660	-	111,660
-	-	-	1,092,699	-	1,092,699
890,218	1,500,221	-	1,325,805	-	4,103,980
(588,257)	449,015	-	(24,189)	-	8,679
300,299	-	-	-	-	300,299
13,361	-	-	-	-	13,361
313,660	-	-	-	-	313,660
20,976	37,211	-	30,119	-	105,354

CITY OF BLOOMFIELD

COMBINING DETAILED SCHEDULE OF CASH TRANSACTIONS  
 ENTERPRISE FUNDS  
 Year ended June 30, 3004

	Water Works Operating	Water Reserve	Water Revenue Note Sinking	Water Improve- ments
Nonoperating receipts (disbursements):				
Miscellaneous:				
Refunds and reimbursements	\$ 425	\$ -	\$ -	-
Merchandise sales and service	3,545	-	-	-
Sales tax collected	30,618	-	-	-
Customer deposits	2,980	-	-	-
Miscellaneous	4,540	-	-	-
	<u>42,108</u>	-	-	-
Debt service:				
Principal redemption	(742)	-	(100,000)	-
Interest payments	(38)	-	(52,252)	-
Administration fee	-	-	(300)	-
	<u>(780)</u>	-	<u>(152,552)</u>	-
Total nonoperating receipts (disbursements)	<u>58,376</u>	-	<u>(152,552)</u>	-
Excess (deficiency) of receipts over (under) disbursements	<u>230,486</u>	-	<u>(152,552)</u>	-
Operating financing sources (uses):				
Operating transfers in (out):				
General:				
General	(10,360)	-	-	-
Community development	-	-	-	-
Enterprise:				
Waterworks operating	-	-	152,298	-
Water revenue note sinking	(152,298)	-	-	-
Total other financing sources (uses)	<u>(162,658)</u>	-	<u>152,298</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	67,828	-	(254)	-
Balance beginning of year	<u>261,702</u>	<u>154,991</u>	<u>61,483</u>	<u>400,000</u>
Balance end of year	<u>\$ 329,530</u>	<u>\$ 154,991</u>	<u>\$ 61,229</u>	<u>\$ 400,000</u>

See accompanying independent auditor's report.

<u>Sewer Rental</u>	<u>Electric Plant Operating</u>	<u>Electric Improve- ments</u>	<u>Gas Plant Operating</u>	<u>Gas Improve- ments</u>	<u>Total</u>
\$ 1,607	\$ 41,753	\$ -	\$ 425	\$ -	\$ 44,210
4,015	1,920	-	752	-	10,232
2,699	68,972	-	37,922	-	140,211
-	8,630	-	7,355	-	18,965
841	1,476	-	6,812	-	13,669
<u>9,162</u>	<u>122,751</u>	<u>-</u>	<u>53,266</u>	<u>-</u>	<u>227,287</u>
(742)	(742)	-	(742)	-	(102,968)
(38)	(38)	-	(38)	-	(52,404)
-	-	-	-	-	(300)
<u>(780)</u>	<u>(780)</u>	<u>-</u>	<u>(780)</u>	<u>-</u>	<u>(155,672)</u>
<u>343,018</u>	<u>159,182</u>	<u>-</u>	<u>82,605</u>	<u>-</u>	<u>490,629</u>
<u>(245,239)</u>	<u>608,197</u>	<u>-</u>	<u>58,416</u>	<u>-</u>	<u>499,308</u>
(10,360)	(185,360)	-	(46,600)	-	(252,680)
-	(37,800)	-	-	-	(37,800)
-	-	-	-	-	152,298
-	-	-	-	-	(152,298)
<u>(10,360)</u>	<u>(223,160)</u>	<u>-</u>	<u>(46,600)</u>	<u>-</u>	<u>(290,480)</u>
(255,599)	385,037	-	11,816	-	208,828
<u>345,490</u>	<u>1,422,764</u>	<u>352,680</u>	<u>833,036</u>	<u>50,654</u>	<u>3,882,800</u>
<u>\$ 89,891</u>	<u>\$ 1,807,801</u>	<u>\$ 352,680</u>	<u>\$ 844,852</u>	<u>\$ 50,654</u>	<u>\$ 4,091,628</u>

CITY OF BLOOMFIELD  
SCHEDULE OF INDEBTEDNESS

Year ended June 30, 3004

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>
General obligation bonds:				
Essential corporate purpose	Aug 1, 1993	4.5 - 5.6%	\$ 595,000	\$ <u>245,000</u>
Revenue notes:				
Water revenue refunding capital loan notes	May 1, 2001	4.25 - 5.15%	\$ 1,265,000	\$ <u>1,080,000</u>
Lease purchase agreement:				
Computer network equipment	Nov 1, 2000	18.65%	\$ 16,318	\$ 3,626
Folder - inserter	Jan 1, 2004	9.60%	3,750	-
Computer network equipment	Jan 1, 2004	7.55%	11,125	-
				\$ <u>3,626</u>

See accompanying independent auditor's report.

<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ -	\$ 245,000	\$ -	\$ 12,250
\$ -	\$ 100,000	\$ 980,000	\$ 52,252
\$ -	\$ 3,626	\$ -	\$ 162
3,750	90	3,660	30
<u>11,125</u>	<u>-</u>	<u>11,125</u>	<u>-</u>
<u>\$ 14,875</u>	<u>\$ 3,716</u>	<u>\$ 14,785</u>	<u>\$ 192</u>

## CITY OF BLOOMFIELD

## NOTE MATURITIES

June 30, 3004

Year Ending June 30,	Revenue Notes	
	Water	
	Issued May 1, 2001	
	Interest Rates	Amount
2005	4.55 %	\$ 105,000
2006	4.65	105,000
2007	4.70	115,000
2008	4.80	120,000
2009	4.90	125,000
2010	5.00	130,000
2011	5.10	135,000
2012	5.15	145,000
Total		\$ <u>980,000</u>

See accompanying independent auditor's report.

## CITY OF BLOOMFIELD

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

	Years ended June 30,		
	2004	2003	2002
<b>Receipts:</b>			
Property tax	\$ 687,854	\$ 601,513	\$ 576,651
Tax increment financing collections	128,446	123,729	104,117
Other city tax	120,634	17,100	15,528
Licenses and permits	4,677	5,935	4,921
Use of money and property	55,716	56,231	65,499
Intergovernmental	465,412	435,292	320,761
Charges for services	240,094	240,822	234,057
Miscellaneous	79,656	193,619	110,869
	<u>\$ 1,782,489</u>	<u>\$ 1,674,241</u>	<u>\$ 1,432,403</u>
<b>Disbursements:</b>			
Operating:			
Public safety	\$ 545,478	\$ 565,348	\$ 531,660
Public works	737,083	467,857	514,263
Culture and recreation	268,797	327,575	270,927
Community and economic development	176,650	394,594	111,106
General government	117,787	115,138	124,218
Debt service	258,414	55,846	58,712
Capital projects	-	-	182,799
	<u>\$ 2,104,209</u>	<u>\$ 1,926,358</u>	<u>\$ 1,793,685</u>

See accompanying independent auditor's report.

CITY OF BLOOMFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Federal Emergency Management Agency: Assistance to Firefighters Grant Program for Fire Operations and Firefighter Safety	83.554	EMW-2002-FG-17857	\$ <u>35,475</u>
U.S. Federal Aviation Administration: Airport Improvement Program	20.106	FAA AIP 3-19-0008-1	<u>135,688</u> <u>171,163</u>
Indirect:			
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State Programs	14.228	00-WS-003	418,121
Community Development Block Grants/ Housing Rehabilitation Grant	14.228	03-HSG-006	61,252
Community Development Block Grants/ State's Program	14.228	03-CF-037	<u>57,180</u> <u>536,553</u>
			<u>\$ 707,716</u>

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

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Bloomfield, Iowa as of and for the year ended June 30, 3004, and have issued our report thereon dated May 6, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Bloomfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 3004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-04, IV-H-04, IV-I-04 and IV-K-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Bloomfield's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. The prior year's reportable conditions have not been resolved and are repeated as items II-A-04, II-B-04, II-C-04, II-D-04, II-E-04, II-G-04 and II-H-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield and other parties to whom the City of Bloomfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Oskaloosa, Iowa  
May 6, 2005

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the compliance of the City of Bloomfield, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2004. The City of Bloomfield's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Bloomfield's management. Our responsibility is to express an opinion on the City of Bloomfield's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield'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. Our audit does not provide a legal determination on the City of Bloomfield's compliance with those requirements.

In our opinion, the City of Bloomfield complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City of Bloomfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bloomfield's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Bloomfield's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no conditions which we believe to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield and other parties to whom the City of Bloomfield may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
May 6, 2005

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2004

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

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 – Community Development Block Grants/State's Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Bloomfield did not qualify a low-risk auditee.

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 3004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- II-A-04 Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings and collections were not adequately reconciled.

Recommendation – Procedures should be established to reconcile utility billings and collections for each billing period. The Council or a Council-designated independent person should review the reconciliations to monitor for variances.

Response – A new utility billing software was installed which should assist with reconciliation of utility billings and collections. However, due to software installation problems, the reconciliation procedures were not completed. We will attempt to do this in the future.

Conclusion – Response accepted.

- II-B-04 Electronic Data Processing Systems – During our review of internal control, the existing control activities in the City’s computer-based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide a reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City’s computer based systems were noted:

The City does not have written policies for:

- Password privacy and confidentiality.
- Requiring password changes because software does not require the user to change log-ins/password periodically.
- Ensuring that only software licensed to the City is installed on computers.
- Usage of the internet.
- Personal use of computer equipment and software.

Also, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over computer-based systems.

Response – The City will begin the process of developing written policies associated with computer usage and will work to establish a written disaster recovery plan.

Conclusion – Response accepted.

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 3004

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

REPORTABLE CONDITIONS (continued):

II-C-04 Accounting Policies and Procedures Manual – The City does not have an accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits.

1. Aid in training additional or replacement personnel and act as a quick reference to staff members and officials.
2. Helps streamline accounting operations by achieving uniformity in accounting and in the application of policies and procedures.
3. Saves supervisory time by recording decisions so that they will not have to be made each time the same, or similar, situation arises.
4. Helps preserve the key elements in the government’s internal control structure.
5. Increases effectiveness and efficiency in your organization.

Response – the City Clerk and office staff will work on preparation of an accounting policies and procedures manual.

Conclusion – Response accepted.

II-D-04 Job Descriptions – The City does not maintain written job descriptions.

Recommendation – The City should develop written job descriptions to aid in training additional or replacement personnel and act as a quick reference to staff members and officials.

Response – The City will work on developing written job descriptions.

Conclusion – Response accepted.

II-E-04 Miscellaneous Employee Payroll Deduction – The City does not have employee signed authorizations on file for some of the payroll deductions, such as insurance and savings accounts. Also no support was found for the “cafeteria” plan for which deductions were being made.

Recommendation – All payroll deductions should be supported by an employee signed authorization and included in the employee personnel file and a “cafeteria” plan document should be on file.

Response – We will review the employee files and authorizations on file and will obtain any missing items and the cafeteria plan document will be put on file.

Conclusion – Response accepted.

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 3004

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

REPORTABLE CONDITIONS (continued):

II-F-04 Authorized Payroll Rates – It was noted that the hourly payroll rate used for a police officer did not agree with the hourly rates as approved in the City Council minutes.

Recommendation – The hourly rate as approved by the City Council should be used. If a different rate is used employee personnel file should document the justification of the case of the different hourly rate.

Response – We will review the hourly rate being used and will document the reason if a different rate other than the City Council approved rates are used.

Conclusion – Response accepted.

II-G-04 Invoice Disbursement Approval – It was noted six disbursements tested had been approved by the Council after the actual disbursements were made. Also we noted that the invoices on two disbursements tested had not been approved by the responsible department head prior to being presented for payment.

Recommendation – The above procedures weaken the control that the council has over disbursements. The Council should have a policy to cover the circumstances when payments need to be made between Council meetings. The policy should be followed that invoices have approved documentation by an authorized endorsement before they are presented for payment.

Response – We will review the procedures and implement any needed City policies.

Conclusion – Response accepted.

II-H-04 Cancellation of Invoices – As part of testing the invoices in support of disbursements, we noted three invoices that had not been cancelled.

Recommendation – To strengthen internal control and prevent an invoice from being paid more than once, all invoices should be cancelled by being marked “paid” and the date paid.

Response – We will watch more closely to assure that all invoices are cancelled when paid.

Conclusion – Response accepted.

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 3004

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were identified.

CITY OF BLOOMFIELD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 3004

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-04 Official Depositories – A resolution naming official depositories has been approved by the Council. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 3004.

IV-B-05 Certified Budget – Disbursements for the year ended June 30, 3004 exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and debt service functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Due to a turn over in administrative personnel the exceeding of the budget was overlooked. The budget will be monitored more closely regarding amendments.

Conclusion – Response accepted.

IV-C-04 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-D-04 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-04 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>
David Thordarson, Council Member, Owner of Karr Street Automotives	Parts and supplies	\$ 579

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the fiscal year.

IV-F-04 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 insure that the coverage is adequate for current operations.

IV-G-04 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. Of Council meeting minutes tested, noted one set of minutes had not been published within 15 days.

Recommendation – The City should review procedures to insure that minutes are published on a timely basis.

Response – We will make every effort to publish the Council minutes timely.

Conclusion – Response accepted.

CITY OF BLOOMFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 3004

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

IV-H-04 Deposits and Investments – Except as follows, 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. The City has funds on deposit at a credit union which have not been secured by a letter of credit in an amount of at least 110 percent of the uninsured amount.

Recommendation – An updated letter of credit should be obtained from the credit union and kept on file at the business office.

Response – We will contact the credit union and obtain a copy of the letter of credit.

Conclusion – Response accepted.

IV-I-04 Financial Condition – The Capital Projects Fund – ABCM Corporation Economic Development account had a deficit balance of \$171,860 at June 30, 3004.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return the account to a sound financial condition.

Response – The deficit in the ABCM Corporation Economic Development account will be eliminated through annual installments paid to the City by ABCM Corporation.

Conclusion – Response accepted.

IV-J-04 Revenue Notes – The City has complied with the provisions of the revenue note indentures.

IV-K-04 Vehicle Usage Policy – The City does not have a written policy as to the use of City vehicles by City employees.

Recommendation – The City should adopt a written policy as to when and under what circumstances City employees may use City-owned vehicles and what documentation is required by the City employee.

Response – We will review the use of City-owned vehicles and adopt a written policy.

Conclusion – Response accepted.

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