

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS

JUNE 30, 2005

Anderson, Larkin & Co. P.C.

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sam Eakins	Mayor	January 2006
Donald Smith	Mayor Pro Tem	January 2006
David Thordarson	Council Member	January 2006
Jerry Kincart	Council Member	January 2008
Craig Scott	Council Member	January 2008
Paul Wettstein	Council Member	January 2008
Carol Taylor	Clerk/Treasurer	Indefinite
John Martin	Attorney	Indefinite

Anderson, Larkin & Co. P.C.

## 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, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 our audit provides a reasonable basis for our opinions.

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 respective 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, Iowa as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2005 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 20 through 22 are not required parts of the basic financial statements, but are 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 required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. The financial statements for the three years ended June 30, 2004 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the accompanying

Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 23, 2005

Anderson, Larkin & Co. P.C.

**CITY OF BLOOMFIELD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2005**

The City of Bloomfield provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

**2005 FINANCIAL HIGHLIGHTS**

- Revenues of the City's governmental activities increased 23.4%, or \$417,851 from fiscal 2004 to fiscal 2005. Property tax and intergovernmental revenues increased by \$12,174 and \$381,623, respectively.
- Disbursements increased 29.0% or \$609,519, in fiscal 2005 from fiscal 2004. Debt service disbursements decreased \$258,414 while community and economic development expenditures increased \$839,466.
- The City's total cash basis net assets decreased 1.2%, or \$57,673, from June 30, 2004 to June 30, 2005. Of this amount, the assets of the governmental activities decreased \$97,468 and the assets of the business type activities increased by \$39,795.

**USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets – Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

**Basis of Accounting**

The City maintains its financial records on the 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information that helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- **Governmental Activities** include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- **Business Type Activities** include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) **Governmental funds** account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment Fund, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) **Proprietary funds** account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the water, sewer, electric and gas funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$881,140 to \$783,672. The analysis that follows focuses on the changes in cash balances for governmental activities.

## Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	<u>2005</u>	<u>2004</u>
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service	\$ 266,904	\$ 276,570
Operating grants, contributions and restricted interest	290,821	357,072
Capital grants, contributions and restricted interest	613,561	190,242
General receipts:		
Property tax	772,951	816,300
Local option sales tax	202,659	98,262
Grants and contributions not restricted to specific purpose	3,212	28,204
Other general receipts	50,232	58,298
Transfers, net	<u>415,920</u>	<u>290,480</u>
<b>Total receipts and transfers</b>	<b><u>2,616,260</u></b>	<b><u>2,115,428</u></b>
<b>Disbursements:</b>		
Public safety	546,049	545,478
Public works	785,280	737,083
Culture and recreation	252,042	268,797
Community and economic development	1,016,116	176,650
General government	104,241	117,787
Debt service	-	258,414
<b>Total disbursements</b>	<b><u>2,713,728</u></b>	<b><u>2,104,209</u></b>
Increase (decrease) in cash basis net assets	(97,468)	11,219
Cash basis net assets beginning of year	<u>881,140</u>	<u>869,921</u>
Cash basis net assets end of year	\$ <u>783,672</u>	\$ <u>881,140</u>

The City's total receipts and transfers for governmental activities increased by 23.7% or \$500,832. The total cost (disbursements) of all programs and services increased by \$609,519, or 29.0%. The significant increase in receipts was primarily the result of proceeds received from grants issued to the City.

The cost of all governmental activities this year was approximately \$2.7 million compared to approximately \$2.1 million last year.

## Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	<u>2005</u>	<u>2004</u>
<b>Receipts:</b>		
Program receipts:		
Water	\$ 583,125	\$ 559,846
Sewer	299,405	301,961
Electric	1,981,603	1,949,236
Gas	1,359,723	1,301,616
Capital grants, contributions and restricted interest	136,882	313,660
General receipts and debt service:		
Unrestricted investment investments	108,474	105,354
Other general receipts	<u>48,053</u>	<u>227,287</u>
<b>Total receipts</b>	<b><u>4,517,265</u></b>	<b><u>4,758,960</u></b>
 <b>Disbursements and transfers:</b>		
Water	689,254	541,068
Sewer	377,992	890,998
Electric	1,558,479	1,501,001
Gas	1,435,825	1,326,585
Transfers	<u>415,920</u>	<u>290,480</u>
<b>Total disbursements and transfers</b>	<b><u>4,477,470</u></b>	<b><u>4,550,132</u></b>
Increase in cash basis net assets	39,795	208,828
Cash basis net assets beginning of year	<u>4,091,628</u>	<u>3,882,800</u>
Cash basis net assets end of year	\$ <u>4,131,423</u>	\$ <u>4,091,628</u>

Total business type activities receipts for the fiscal year were approximately \$4.5 million compared to approximately \$4.8 million last year. This significant decrease was due primarily to the receipt of approximately \$596,000 in a sewer CDBG grants during the year ended June 30, 2004.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield completed the year, its governmental funds reported a combined fund balance of \$783,672, a decrease of \$97,468 below a year's total of \$881,140. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$197,346 from the prior year to \$447,295.
- In total the nonmajor governmental funds cash balance decreased \$292,419

### INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by \$88,189 to \$857,561, due to an increase in the number of water main breaks.
- The Sewer Fund cash balance increased by \$77,758 to \$167,649, due to completion of previous projects.

### BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 19, 2005 and resulted in an increase in operating disbursements related to \$13,200 in Public Safety and \$1,000,650 in disbursements to Capital Projects. The City had sufficient cash reserves to fund these additional costs.

## DEBT ADMINISTRATION

At June 30, 2005, the City had \$882,692 in bonds and other long-term debt, compared to \$994,785 last year, as shown below.

### Outstanding Debt at Year End

	Year ended June 30,	
	<u>2005</u>	<u>2004</u>
Capital leases	\$ 7,692	\$ 14,785
Revenue notes	<u>875,000</u>	<u>980,000</u>
	\$ <u>882,692</u>	\$ <u>994,785</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$882,692 is significantly below its constitutional debt limit of approximately \$2.5 million.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bloomfield's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates, and fees that will be charged for various City activities.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.1 percent for fiscal year 2005 compared with the national rate of 3.4 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2004-2005.

These indicators were taken into account when adopting the budget for fiscal year 2006. The City has a major street project planned. The City plans to self-fund the estimated \$1,993,000 project using funds from the Electric Utility Fund. The pay back to the Utility will be made from Local Option Sales Tax, Tax Increment Financing and Road Use Taxes.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa

BASIC FINANCIAL STATEMENTS

Anderson, Larkin & Co. P.C.

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>				
Public safety	\$ 546,049	\$ 41,074	\$ -	\$ -
Public works	785,280	162,074	216,262	-
Culture and recreation	262,042	63,306	17,185	-
Community and economic development	1,016,116	450	42,713	613,561
General government	104,241	-	14,661	-
<b>Total governmental activities</b>	<u>2,713,728</u>	<u>266,904</u>	<u>290,821</u>	<u>613,561</u>
<b>Business type activities:</b>				
Water	689,254	583,125	-	-
Sewer	377,992	299,405	-	136,882
Electric	1,558,479	1,981,603	-	-
Gas	1,435,825	1,359,723	-	-
<b>Total business type activities</b>	<u>4,061,550</u>	<u>4,223,856</u>	<u>-</u>	<u>136,882</u>
<b>Total</b>	<u>\$ 6,775,278</u>	<u>\$ 4,490,760</u>	<u>\$ 290,821</u>	<u>\$ 750,443</u>
<b>General receipts:</b>				
Property tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Grants and contributions not restricted to specific purpose				
Unrestricted interest on investments				
Miscellaneous				
<b>Transfers</b>				
<b>Total general receipts and transfers</b>				
<b>Change in cash basis net assets</b>				
<b>Cash basis net assets beginning of year</b>				
<b>Cash basis net assets end of year</b>				
<u><b>Cash Basis Net Assets</b></u>				
Restricted:				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

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

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Governmental Activities	Business Type Activities	Total
\$ (504,975)	\$ -	\$ (504,975)
(406,944)	-	(406,944)
(181,551)	-	(181,551)
(359,392)	-	(359,392)
(89,580)	-	(89,580)
<u>(1,542,442)</u>	<u>-</u>	<u>(1,542,442)</u>
-	(106,129)	(106,129)
-	58,295	58,295
-	423,124	423,124
-	(76,102)	(76,102)
<u>-</u>	<u>299,188</u>	<u>299,188</u>
<u>(1,542,442)</u>	<u>299,188</u>	<u>(1,243,254)</u>
700,028	-	700,028
72,923	-	72,923
202,659	-	202,659
3,212	-	3,212
-	108,474	108,474
50,232	48,012	98,285
<u>415,920</u>	<u>(415,910)</u>	<u>-</u>
<u>1,444,974</u>	<u>(259,393)</u>	<u>1,185,581</u>
(97,468)	39,795	(57,673)
<u>881,140</u>	<u>4,091,628</u>	<u>4,972,768</u>
\$ <u>783,672</u>	\$ <u>4,131,423</u>	\$ <u>4,915,095</u>
\$ 62,991	\$ 104,603	\$ 167,594
37,823	419,990	457,813
<u>682,858</u>	<u>3,606,830</u>	<u>4,289,688</u>
\$ <u>783,672</u>	\$ <u>4,131,423</u>	\$ <u>4,915,095</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Capital Projects Childcare Facility</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total</u>
<b>RECEIPTS:</b>				
Property tax	\$ 438,604	\$ -	\$ 261,424	\$ 700,028
Tax increment financing collections	-	-	72,923	72,923
Other City tax	37,987	-	164,672	202,659
Licenses and permits	5,715	-	-	5,715
Use of money and property	8,946	-	45,898	54,844
Intergovernmental	17,212	403,951	425,872	847,035
Charges for services	266,904	-	-	266,904
Miscellaneous	22,569	-	27,663	50,232
Total receipts	<u>797,937</u>	<u>403,951</u>	<u>978,412</u>	<u>2,200,340</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	412,751	-	133,298	546,049
Public works	240,775	-	544,505	785,280
Culture and recreation	226,092	-	35,950	262,042
Community and economic development	50,500	406,346	559,270	1,016,116
General government	86,593	-	17,848	104,241
Total disbursements	<u>1,016,911</u>	<u>406,346</u>	<u>1,290,871</u>	<u>2,713,728</u>
Deficiency of receipts under disbursements	(218,574)	(2,395)	(292,419)	(513,388)
Other financing sources:				
Operating transfers in	415,920	-	-	415,920
Net change in cash balances	197,346	(2,395)	(292,419)	(97,468)
<b>CASH BALANCE - Beginning of year</b>	<u>249,949</u>	<u>-</u>	<u>631,191</u>	<u>881,140</u>
<b>CASH BALANCE - End of year</b>	<u>\$ 447,295</u>	<u>\$ (2,395)</u>	<u>\$ 338,772</u>	<u>\$ 783,672</u>
<b>Cash Basis Fund Balances</b>				
Reserved:				
Library building	\$ -	\$ -	\$ 37,823	\$ 37,823
Debt service	-	-	62,991	62,991
Unreserved:				
General fund	447,295	(2,395)	-	444,900
Special revenue funds	-	-	552,874	552,874
Capital projects funds	-	-	(404,197)	(404,197)
Permanent funds	-	-	89,281	89,281
Total cash basis fund balances	<u>\$ 447,295</u>	<u>\$ (2,395)</u>	<u>\$ 338,772</u>	<u>\$ 783,672</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Funds				
	Water	Sewer	Electric	Gas	Total
<u>Operating receipts:</u>					
Use of money and property	\$ -	\$ 240	\$ 5,215	\$ -	\$ 5,455
Charges for services	<u>583,125</u>	<u>299,165</u>	<u>1,976,388</u>	<u>1,359,723</u>	<u>4,218,401</u>
Total operating receipts	583,125	299,405	1,981,603	1,359,723	4,223,856
<u>Operating disbursements:</u>					
Business type activities	<u>536,451</u>	<u>377,992</u>	<u>1,558,479</u>	<u>1,435,825</u>	<u>3,908,747</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>46,674</u>	<u>(78,587)</u>	<u>423,124</u>	<u>(76,102)</u>	<u>315,109</u>
<u>Non-operating receipts (disbursements):</u>					
Intergovernmental	-	136,882	-	-	136,882
Interest on investments	17,686	22,975	37,438	30,355	108,474
Miscellaneous	10,184	6,418	22,264	9,187	48,053
Debt service	<u>(152,803)</u>	-	-	-	<u>(152,803)</u>
Total non-operating receipts (disbursements)	<u>(124,933)</u>	<u>166,275</u>	<u>59,722</u>	<u>39,542</u>	<u>140,606</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(78,259)</u>	87,688	482,846	(36,560)	455,715
Operating transfers out	<u>9,930</u>	<u>9,930</u>	<u>295,130</u>	<u>100,930</u>	<u>415,920</u>
Net change in cash balances	(88,189)	77,758	187,716	(137,490)	39,795
<u>CASH BALANCES - Beginning of year</u>	<u>945,750</u>	<u>89,891</u>	<u>2,160,481</u>	<u>895,506</u>	<u>4,091,628</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 857,561</u>	<u>\$ 167,649</u>	<u>\$ 2,348,197</u>	<u>\$ 758,016</u>	<u>\$ 4,131,423</u>
<u>Cash Basis Fund Balances</u>					
Reserved for:					
Debt service	\$ 104,603	\$ -	\$ -	\$ -	\$ 104,603
Reserve	169,238	-	-	-	169,238
Improvements	250,752	-	-	-	250,752
Unreserved	<u>332,968</u>	<u>167,649</u>	<u>2,348,197</u>	<u>758,016</u>	<u>3,606,830</u>
Total cash basis fund balances	<u>\$ 857,561</u>	<u>\$ 167,649</u>	<u>\$ 2,348,197</u>	<u>\$ 758,016</u>	<u>\$ 4,131,423</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

	Private Purpose Expendable Trusts				Total
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 32	\$ 554	\$ 58	\$ 644
Miscellaneous:					
Donations	-	4,302	15,719	-	20,021
Total additions	<u>-</u>	<u>4,334</u>	<u>16,273</u>	<u>58</u>	<u>20,665</u>
<u>Deductions:</u>					
Culture and recreation:					
Commodities	-	4,326	1,732	-	10,058
Capital outlay	-	-	10,910	-	10,910
Total deductions:	<u>-</u>	<u>4,326</u>	<u>16,642</u>	<u>-</u>	<u>20,968</u>
Net change in cash balances	-	8	(369)	58	(303)
<u>CASH BALANCES - Beginning of year</u>	<u>17</u>	<u>3,417</u>	<u>46,397</u>	<u>10,000</u>	<u>59,861</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 47</u>	<u>\$ 3,425</u>	<u>\$ 46,028</u>	<u>\$ 10,058</u>	<u>\$ 59,558</u>
<u>Cash Basis Fund Balances</u>					
Reserved for special purpose	<u>\$ 47</u>	<u>\$ 3,425</u>	<u>\$ 46,028</u>	<u>\$ 10,058</u>	<u>\$ 59,558</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa 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 nonpartisan 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, the City of Bloomfield, Iowa 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, Iowa (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 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: 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.

**B.**      Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all 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.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation (Continued)**

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 funds:

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.

Capital Projects - The Childcare Facility Fund is a capital projects fund used to account for grant funds received for the construction of the Davis County Day Care Center.

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.

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, Iowa maintains its financial records on the 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.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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, 2005, disbursements exceeded the amounts budgeted in the public works and business type activities functions.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2005, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2005, the City held publicly traded stock with a fair market value of \$98,626.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City's investment in the stock is subject to current market conditions.

NOTE 3: NOTES PAYABLE AND LEASE PURCHASE AGREEMENT

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

Year Ending June 30,	Revenue Notes	
	Principal	Interest
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>875,000</u>	\$ <u>183,554</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 3: NOTES PAYABLE AND LEASE PURCHASE AGREEMENT (Continued)

The resolutions providing for the issuance of the revenue notes include 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 ten percent of the stated principal amount of the Notes, the maximum annual principal and interest coming due on the Notes, or 125% of the average annual principal and interest coming due on the Notes. At June 30, 2005 the allowable reserve fund amount is computed to be \$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.

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 folding-inserting machine lease was subsequently cancelled during July 2004. 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, 2005.

Year Ending June 30	Minimum Lease Payments	Less Amount Representing Interest	Present Value of Net Minimum Lease Payments
2006	\$ 4,155	\$ 454	\$ 3,701
2007	<u>4,156</u>	<u>165</u>	<u>3,991</u>
	<u>\$ 8,311</u>	<u>\$ 619</u>	<u>\$ 7,692</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 IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for police employees and the city were 5.93% and 8.90%, respectively, and for the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$58,098, \$60,727 and \$60,234, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

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 City's approximate liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2005, primarily relating to the General Fund is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 19,665
Vacation	26,304
Sick leave	<u>51,754</u>
 Total	 \$ <u>97,723</u>

Sick leave is payable when used or, after an employment period of ten (10) years, upon termination, retirement or death. This liability has been computed based on rates of pay in effect at June 30, 2005.

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 \$14,657 to Chevron Chemical Company.

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General:	Enterprise:	
General	Water	\$ 9,930
	Sewer	9,930
	Electric	248,630
	Gas	<u>100,930</u>
		369,420
 General:	Enterprise:	
Community development	Electric	<u>46,500</u>
		\$ <u>415,920</u>

NOTE 8: 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. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 9: DEFICIT BALANCES

The Capital Projects Fund, ABCM Corporation Account had a deficit balance of \$129,147 at June 30, 2005. 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. In addition, the other tax increment financing, the 2005 street project, the Childcare Facility, and the fire station had deficit balances of \$4,508, \$264,695, \$2,395 and \$10,355, respectively.

NOTE 10: 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 \$42,713 including interest, from April 1, 2001 through April 1, 2011. The loan has a balance of \$203,594 at June 30, 2005.

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 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, 2005 there is a remaining maximum liability commitment of \$18,068.

NOTE 12: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2005, the City approved various construction contracts totaling \$2,979,305 and had construction contracts of \$281,959 carrying over from the prior year. Payments of \$781,402 were made on the contracts for work completed during the year ended June 30, 2005. As of June 30, 2005 the City had construction commitments of \$2,196,903 with payments on the contracts to be made as the work is completed.

NOTE 13: CONTINGENCIES

The City is involved in some litigation, the outcome of which is not determinable. The liability, if any, can not be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Anderson, Larkin & Co. P.C.

CITY OF BLOOMFIELD, IOWA

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, 2005

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted	<u>Net</u>
<u>RECEIPTS:</u>				
Property tax	\$ 700,028	\$ -	\$ -	\$ 700,028
Tax increment financing collections	72,923	-	-	72,923
Other City tax	202,659	-	-	202,659
License and permits	5,715	-	-	5,715
Use of money and property	54,844	113,929	-	168,773
Intergovernmental	847,035	136,882	-	983,917
Charges for services	266,904	4,218,401	-	4,485,305
Miscellaneous	50,232	48,053	23,513	74,772
Total receipts	<u>2,200,340</u>	<u>4,517,265</u>	<u>23,513</u>	<u>6,694,092</u>
<u>DISBURSEMENTS:</u>				
Public safety	546,049	-	-	546,049
Public works	785,280	-	-	785,280
Culture and recreation	262,042	-	6,008	256,034
Community and economic development	1,016,116	-	-	1,016,116
General government	104,241	-	-	104,241
Capital projects	-	-	-	-
Business type activities	-	4,061,550	-	4,061,550
Total disbursements	<u>2,713,728</u>	<u>4,061,550</u>	<u>6,008</u>	<u>6,769,270</u>
Excess (deficiency) of receipts over (under) disbursements	(513,388)	455,715	17,505	(75,178)
Other financing sources (uses), net	<u>415,920</u>	<u>(415,920)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(97,468)	39,795	17,505	(75,178)
<u>BALANCES - Beginning of year</u>	<u>881,140</u>	<u>4,091,628</u>	<u>29,101</u>	<u>4,943,667</u>
<u>BALANCES - End of year</u>	\$ <u>783,672</u>	\$ <u>4,131,423</u>	\$ <u>46,606</u>	\$ <u>4,868,489</u>

Budgeted Amounts		Final to
Original	Final	Net
		Variance
\$ 704,908	\$ 704,908	\$ (4,880)
44,000	69,000	3,923
115,235	160,235	42,424
17,600	17,600	(11,885)
134,155	134,155	34,618
1,235,500	1,720,500	(736,583)
4,777,040	4,777,040	(291,735)
<u>23,500</u>	<u>23,500</u>	<u>51,272</u>
<u>7,051,938</u>	<u>7,606,938</u>	<u>(912,846)</u>
538,433	551,633	(5,584)
622,540	622,540	162,740
329,921	329,921	(73,887)
1,089,000	1,089,000	(72,884)
104,320	104,320	(79)
-	1,000,650	(1,000,650)
<u>3,881,623</u>	<u>3,881,623</u>	<u>179,927</u>
<u>6,565,837</u>	<u>7,579,687</u>	<u>(810,417)</u>
486,101	27,251	(102,429)
-	-	-
486,101	27,251	(102,429)
<u>4,711,254</u>	<u>4,993,281</u>	<u>(49,614)</u>
\$ <u>5,197,355</u>	\$ <u>5,020,532</u>	\$ <u>(152,043)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2005

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 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, one budget amendment increased budgeted disbursements by \$1,013,850. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public works and business type activities functions.

Anderson, Larkin & Co. P.C.

OTHER SUPPLEMENTARY INFORMATION

Anderson, Larkin & Co. P.C.

CITY OF BLOOMFIELD, IOWA

**COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue						
	Road Use Tax	Employee Benefits	Local Option Sales Tax	Chevron Tax Increment Financing	Other Tax Increment Financing	Friends of the Bloomfield Library	Local Housing Assistance Program
<b>RECEIPTS:</b>							
Property tax	\$ -	\$ 260,819	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing collections	-	-	-	14,657	58,153	-	-
Other City tax	-	-	164,672	-	-	-	-
Use of money and property	-	-	-	-	-	-	-
Intergovernmental	216,262	-	-	-	-	-	209,610
Miscellaneous	-	1,046	-	-	-	23,513	-
Total receipts	<u>216,262</u>	<u>261,865</u>	<u>164,672</u>	<u>14,657</u>	<u>58,153</u>	<u>23,513</u>	<u>209,610</u>
<b>DISBURSEMENTS:</b>							
Operating:							
Public safety	-	122,943	-	-	-	-	-
Public works	234,372	45,438	-	-	-	-	-
Culture and recreation	-	29,942	-	-	-	6,008	-
Community and economic development	-	-	-	14,657	196,146	-	210,208
General government	-	17,848	-	-	-	-	-
Total disbursements	<u>234,372</u>	<u>216,171</u>	<u>-</u>	<u>14,657</u>	<u>196,146</u>	<u>6,008</u>	<u>210,208</u>
Excess (deficiency) of receipts over (under) disbursements	(18,110)	45,694	164,672	-	(137,993)	17,505	(598)
<b>CASH BALANCES - Beginning of year</b>	<u>116,345</u>	<u>135,202</u>	<u>98,262</u>	<u>-</u>	<u>133,485</u>	<u>29,101</u>	<u>7,132</u>
<b>CASH BALANCES - End of year</b>	\$ <u>98,235</u>	\$ <u>180,896</u>	\$ <u>262,934</u>	\$ <u>-</u>	\$ <u>(4,508)</u>	\$ <u>46,606</u>	\$ <u>6,534</u>
<b>Cash Basis Fund Balances</b>							
Reserved:							
Library building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,823	\$ -
Debt service	-	-	-	-	-	-	-
Unreserved:							
Special revenue funds	98,235	180,896	262,934	-	(4,508)	8,783	6,534
Capital project funds	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-
	\$ <u>98,235</u>	\$ <u>180,896</u>	\$ <u>262,934</u>	\$ <u>-</u>	\$ <u>(4,508)</u>	\$ <u>46,606</u>	\$ <u>6,534</u>

SCHEDULE 1

Debt Service		Capital Projects				Permanent		Total
General Obligation Bonds	Tax Increment Financing Debt Service	SPEC Building	ACBM Corporation Economic Development	2005 Street Project	Fire Station	IOOF Cemetery Perpetual Care	Library Bequest	
\$ 605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,424
-	113	-	-	-	-	-	-	72,923
-	-	-	-	-	-	-	-	164,672
-	-	-	42,713	-	-	3,026	159	45,898
-	-	-	-	-	-	-	-	425,872
-	-	-	-	-	-	3,104	-	27,663
<u>605</u>	<u>113</u>	<u>-</u>	<u>42,713</u>	<u>-</u>	<u>-</u>	<u>6,130</u>	<u>159</u>	<u>998,452</u>
-	-	-	-	-	10,355	-	-	133,298
-	-	-	-	264,695	-	-	-	544,505
-	-	-	-	-	-	-	-	35,950
-	-	138,259	-	-	-	-	-	559,270
-	-	-	-	-	-	-	-	17,848
<u>-</u>	<u>-</u>	<u>138,259</u>	<u>-</u>	<u>264,695</u>	<u>10,355</u>	<u>-</u>	<u>-</u>	<u>1,290,871</u>
605	113	(138,259)	42,713	(264,695)	(10,355)	6,130	159	(292,419)
<u>1,233</u>	<u>61,040</u>	<u>138,259</u>	<u>(171,860)</u>	<u>-</u>	<u>-</u>	<u>77,965</u>	<u>5,027</u>	<u>631,191</u>
\$ <u>1,838</u>	\$ <u>61,153</u>	\$ <u>-</u>	\$ <u>(129,147)</u>	\$ <u>(264,695)</u>	\$ <u>(10,355)</u>	\$ <u>84,095</u>	\$ <u>5,186</u>	\$ <u>338,772</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,823
1,838	61,153	-	-	-	-	-	-	62,991
-	-	-	-	-	-	-	-	552,874
-	-	-	(129,147)	(264,695)	(10,355)	-	-	(404,197)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,095</u>	<u>5,186</u>	<u>89,281</u>
\$ <u>1,838</u>	\$ <u>61,153</u>	\$ <u>-</u>	\$ <u>(129,147)</u>	\$ <u>(264,695)</u>	\$ <u>(10,355)</u>	\$ <u>84,095</u>	\$ <u>5,186</u>	\$ <u>338,772</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2005

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water revenue refunding capital loan notes	May 1, 2001	4.25 - 5.15%	\$ <u>1,265,000</u>
Lease purchase agreement:			
Folder-inserter	June 30, 2004	9.60%	\$ 3,750
Computer network equipment	June 30, 2004	7.55%	<u>11,125</u>
			\$ <u>14,875</u>

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SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed/ Cancelled During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ <u>980,000</u>	\$ <u>-</u>	\$ <u>105,000</u>	\$ <u>875,000</u>	\$ <u>47,803</u>	\$ <u>-</u>
\$ <u>3,660</u>	\$ <u>-</u>	\$ <u>3,660</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>11,125</u>	<u>-</u>	<u>3,433</u>	<u>7,692</u>	<u>723</u>	<u>-</u>
\$ <u>14,785</u>	\$ <u>-</u>	\$ <u>7,093</u>	\$ <u>7,692</u>	\$ <u>723</u>	\$ <u>-</u>

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CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
JUNE 30, 2005

Year Ending <u>June 30,</u>	Revenue Notes	
	Water	
	<u>Issued May 1, 2001</u>	
	Interest <u>Rate</u>	<u>Amount</u>
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	<u>145,000</u>
Total		\$ <u>875,000</u>

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CITY OF BLOOMFIELD, IOWA

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

FOR THE LAST FOUR YEARS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>RECEIPTS:</b>				
Property tax	\$ 700,028	\$ 687,854	\$ 601,513	\$ 576,651
Tax increment financing collections	72,923	128,446	123,729	104,117
Other City tax	202,659	120,634	17,100	15,528
Licenses and permits	5,715	4,677	5,935	4,921
Use of money and property	54,844	55,716	56,231	65,499
Intergovernmental	847,035	465,412	435,292	320,761
Charges for services	266,904	240,094	240,822	234,057
Miscellaneous	50,232	79,656	193,619	110,869
Total	\$ <u>2,200,340</u>	\$ <u>1,782,489</u>	\$ <u>1,674,241</u>	\$ <u>1,432,403</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	\$ 546,049	\$ 545,478	\$ 565,348	\$ 531,660
Public works	785,280	737,083	467,857	514,263
Culture and recreation	262,042	268,797	327,575	270,927
Community and economic development	1,066,116	176,650	394,594	111,106
General government	104,241	117,787	115,138	124,218
Debt service	-	258,414	55,846	58,712
Capital projects	-	-	-	182,799
Total	\$ <u>2,713,728</u>	\$ <u>2,104,209</u>	\$ <u>1,926,358</u>	\$ <u>1,793,685</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Federal Aviation Administration: Airport Improvement Program	20.106	FAA AIP 3-19-0008-1	\$ <u>6,765</u>
Indirect:			
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/States Program	14.228	02-WS-003	138,084
Community Development Block Grants/ Housing Rehabilitation Grant	14.228	03-HSG-006	210,194
Community Development Block Grants/ States Program	14.228	03-CF-037	397,373
Community Development Block Grants/ States Program	14.223	05-WS-008	<u>4,500</u>
			<u>750,151</u>
U.S. Department of Public Safety: Discretionary Innovative Grant	20.604	PAP05-157	<u>3,212</u>
			\$ <u>760,128</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomfield, Iowa 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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council

We have audited 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, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 23, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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, Iowa'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 reportable 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 caused by error or fraud 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 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, of the reportable conditions described above, we believe item II-B-05 and II-E-05 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of

financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2005 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.

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, Iowa and other parties to whom the City of Bloomfield, Iowa 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa 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

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 23, 2005

Anderson, Larkin & Co. P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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, 2005. The City of Bloomfield, Iowa'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 grant agreements applicable to its major federal program is the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express an opinion on the City of Bloomfield, Iowa's compliance based on our audit.

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

In our opinion, the City of Bloomfield, Iowa complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005. However, the results of our auditing procedures disclose instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in Part III of the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance

The management of the City of Bloomfield, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Bloomfield, Iowa'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider 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, Iowa and other parties to whom the City of Bloomfield, Iowa 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.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 23, 2005

Anderson, Larkin & Co. P.C.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

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, including material weaknesses.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No reportable conditions 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 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, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Noncompliance:

No matters were noted.

Reportable Conditions

- II-A-05 Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – The City should formalize its procedures for reconciling utility billings and collections for each billing period. The Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – Due to installation problems with a new utility billing software, the reconciliation of utility billings was not completed throughout the year. We perform informal reconciliation of receipts on a daily/weekly basis. We will consider performing a formal reconciliation for Council approval on a monthly basis.

Conclusion – Response accepted.

- II-B-05 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:

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

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

II-B-05 Electronic Data Processing Systems (Continued)

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/passwords periodically.
- Ensuring that only software licensed to the City is installed on computers.

Also, the City does not have a written disaster recover 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 recover plan

Conclusion – Response accepted

II-C-05 Accounting Policies and Procedures Manual – The City does not have a current 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. Increased effectiveness and efficiency in your organization by streamlining accounting operations and achieving uniformity in accounting.
3. Helps preserve the key elements in the government's internal control structure.

Response – The City Clerk and office staff will work on preparing an accounting policies and procedures manual.

Conclusion – Response accepted

II-D-05 Job Descriptions and Standard Hiring Practices – The City does not maintain written job descriptions for all positions, and standard hiring procedures were not followed for all employees hired during the year

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. Additionally all required forms and applications should be completed by all new employees. The completed forms should be maintained by the City Clerk's office

Response – The City Clerk and office staff will work on developing written job descriptions and new employee files will be reviewed for appropriate documentation before the employee's first payroll is processed.

Conclusion – Response accepted.

II-E-05 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

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

II-E-05 Segregation of Duties (Continued)

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

III-A-05 CFDA Number 14.228: Community Development Block Grants/States Program  
Pass-through Agency Number: 03-HSG-006  
Federal Award Year: 2005  
Department of Housing and Urban Development  
Passed through the Iowa Department of Economic Development

Late Report Submissions – The City is required to submit quarterly performance reports by the 15<sup>th</sup> of the month following the end of each quarter of the contract. Two of three reports selected for testing were not submitted on time

Recommendation – The City should implement procedures to ensure reports are submitted in a timely manner.

Response – We will develop a schedule to monitor reporting requirements and deadlines for all grant agreements

Conclusion – Response accepted.

III-B-05 CFDA Number 14.228: Community Development Block Grants/States Program and Housing Rehabilitation Grant  
Pass-through Agency Number: 03-HSG-006 and 02-WS-003  
Federal Award Year: 2003 and 2002  
Department of Housing and Urban Development  
Passed through the Iowa Department of Economic Development

Cash Management – The City must expend federal award funds within 10 days of receipt. On two occasions, federal funds were not expended within the required time frame.

Recommendation – The City should implement procedures to ensure federal funds are expended within the required time frame.

Response – We will monitor the timing of draw downs and expending of federal funding more closely.

Conclusion – Response accepted.

Reportable Conditions:

No matters were noted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

Reportable Conditions

IV-A-05 Official Depositories – A resolution naming official depositories has been approved by the City Council. Except as follows, the maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005. Depository resolution amounts at Davis County Savings Bank were exceeded during June 2005.

Recommendation - The City should consider changing the depository resolution amounts or transferring excess funds to different depositories.

Response – We will consider our options and make changes as considered necessary.

Conclusion – Response accepted.

IV-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in public works and business type activities 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 be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – We will monitor our budget to actual status on a monthly basis.

Conclusion – Response accepted.

IV-C-05 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-05 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-05 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Karr Street Automotive	Maintenance of City Vehicles	\$ 3,363
Craig Scott	Maintenance at Bloomfield Fire Department	\$ 1,200

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since they were entered into through competitive bidding.

IV-F-05 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 remains adequate for current operations.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005

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

IV-G-05 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, three sets of minutes had not been published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

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

Response – We will do so from now on.

Conclusion – Response accepted.

IV-H-05 Deposits and Investments – Except as follows, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy were noted. The City has funds on deposit at a credit union which has 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 reviewed periodically to ensure compliance.

Response – We will obtain an updated letter and will monitor this going forward.

Conclusion – Response accepted.

The City is required to adopt an investment policy which complies with Chapter 12B 10B of the Code of Iowa. At June 30, 2005, the City held stock in a publicly traded company which is not authorized under the Code of Iowa, or the City's investment policy.

Recommendation – The City should sell the unauthorized holdings and invest the funds in an investment that is authorized under the City's investment policy and the Code of Iowa.

Response – We will sell the stock and invest the funds in an approved investment option.

Conclusion – Response accepted.

IV-I-05 Financial Condition – The following funds had deficit balances at June 30, 2005: Other Tax Increment Financing, ABCM Corporation Economic Development, 2005 Street Project, Fire Station, and Childcare Facility

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the accounts to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit in the ABCM Corporation Economic Development Fund will be eliminated through annual installments paid to the City by ABCM Corporation

Conclusion – Response acknowledged

IV-J-05 Revenue Notes – The City has complied with the provisions of the revenue note indentures.

IV-K-05 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 employees.

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

Conclusion – Response accepted.