

CITY OF ASBURY

CITY OF ASBURY

Table of Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>
Government-wide Financial Statement: Statement of Activities and Net Assets – Cash Basis	A 11
Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements, and Changes in Cash Balances	B 12
Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements, and Changes in Cash Balances	C 13
Notes to Financial Statements	14-21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	22
Notes to Required Supplementary Information – Budgetary Reporting	23
OTHER SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances – Nonmajor Governmental Funds	1 24
Schedule of Indebtedness	2 25
Bond and Note Maturities	3 26-28
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4 29
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30-31
SCHEDULE OF FINDINGS AND RESPONSES	32-34

**CITY OF ASBURY
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Adams	Mayor	January 2012
Deborah Roth	Mayor Pro tem	January 2010
Robert Reisch	Council Member	January 2010
Kate Perrin	Council Member	January 2010
Jamie Nedved	Council Member	January 2012
Andrew Kindle	Council Member	January 2012
Elizabeth Bonz	City Administrator, Treasurer	Appointed
Doug Hummel	City Clerk	Appointed
Peggy Thill	Office Assistant	Appointed
Stephen Juergens	Attorney	Appointed



CPAs & BUSINESS ADVISORS

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 Asbury, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the management of the City of Asbury. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 Asbury as of June 30, 2009, 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 2, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 4 through 10 and budgetary comparison information on pages 22 and 23 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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'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 five years ended June 30, 2008, (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
November 2, 2009

CITY OF ASBURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The City of Asbury 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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

This discussion and analysis is intended to be an easily readable analysis of the City's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the audited financial statements.

2009 Financial Highlights

Receipts of the City increased 35.58%, or approximately \$919,000, from fiscal year 2008 to fiscal year 2009. The City received general obligation bond proceeds in the amount of \$3,100,000 for the purchase of the Meadows Golf Club. Charges for Services increased approximately \$820,000 for revenues received at the Golf Course.

Disbursements of the City's governmental activities increased 145%, or approximately \$4,161,000, from fiscal year 2008 to fiscal year 2009. Capital Projects increased \$3,326,000 for the purchase of the Meadows Golf Club (\$3,100,000), improvements to the hard surface courts in Asbury Park (\$105,600), grading and parking improvements for new City park development (\$180,082), Burr Oak Street Project (\$346,012), and the Asbury Road Sidewalk Project (\$346,012). Disbursements relating to Public Safety decreased \$57,812 because in the prior year two police vehicles were purchased. Culture and Recreation expenditures increased approximately \$883,639 for operations of the golf course. Disbursements for business-type activities increased approximately \$265,000 because of land purchased for a future lift station and the Asbury Road Water Main Looping Project.

The City's total cash basis net assets decreased 10%, or approximately \$580,000, from June 2008 to June 2009. Of this amount, the assets of the governmental activities decreased approximately \$822,000, and the assets of the business-type activities increased approximately \$241,500.

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. 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.

Basis of Accounting

The City maintains its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than accounting principles generally accepted in the United States of America. The cash basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and accrued revenues) and certain liabilities and their related expenses (such as accounts payable and accrued expenses) are not recorded in these financial statements. 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.

Statement of Financial Activities

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.

Governmental funds account for most of the City's basic services and are funded primarily through tax revenues. The City's proprietary funds account for the enterprise funds. Enterprise funds are used to report business-type activities.

The Statement of Activities and Net Assets is divided into two kinds of activities - Governmental Activities and Business-type (Proprietary) Activities.

Governmental Activities include:

Public Safety – includes police operations, civil service, emergency management, fire protection, ambulance service and building inspections.

Public Works – includes roads, sidewalks, equipment replacement, street lighting, traffic safety and snow removal.

Culture and Recreation – includes library services, parks and recreation and golf course.

Community and Economic Development – includes community betterment, economic development and planning and zoning.

General Government – includes mayor, city council, city administrator, city clerk, legal services, city hall, insurance and general administration.

Debt Service – includes general obligation and TIF debt.

Capital Projects – includes sidewalks, Asbury intersection, and park expansion projects.

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

Business-type (Proprietary) Activities include the water utility, sewer utility and solid waste utility.

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

Governmental Activities

For the year ended June 30, 2009, the City's governmental activities were funded as follows:

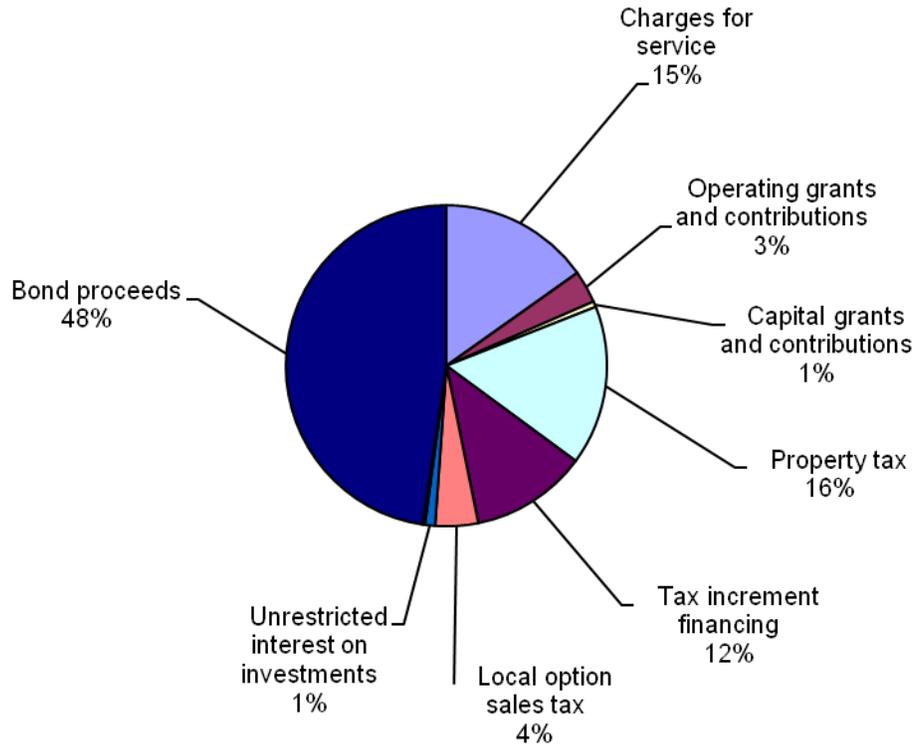
Receipts of the City's governmental activities increased 33.06%, or approximately \$811,000 from fiscal year 2008 to fiscal year 2009. The City received bond proceeds in the amount of \$3,100,000 for the purchase of the Meadows Golf Course. Property tax and tax increment financing increased approximately \$166,586 because property valuations increased \$40,318,688.

Disbursements of the City's governmental activities increased 145.80% or approximately \$4,161,000 from fiscal year 2008 to fiscal year 2009. Disbursements relating to Public Safety decreased (\$57,812) because in the prior year two police vehicles were purchased. Culture and Recreation disbursements increased approximately \$884,000 because of operations for the Meadows Golf Course. The increase in Capital Projects disbursements was for the purchase of the Meadows Golf Club (\$3,100,000), improvements to the hard surface courts in Asbury Park (\$105,600), grading and parking improvements for new City park development (\$180,082), Burr Oak Street Project (\$346,012), and the Asbury Road Sidewalk Project (\$346,012).

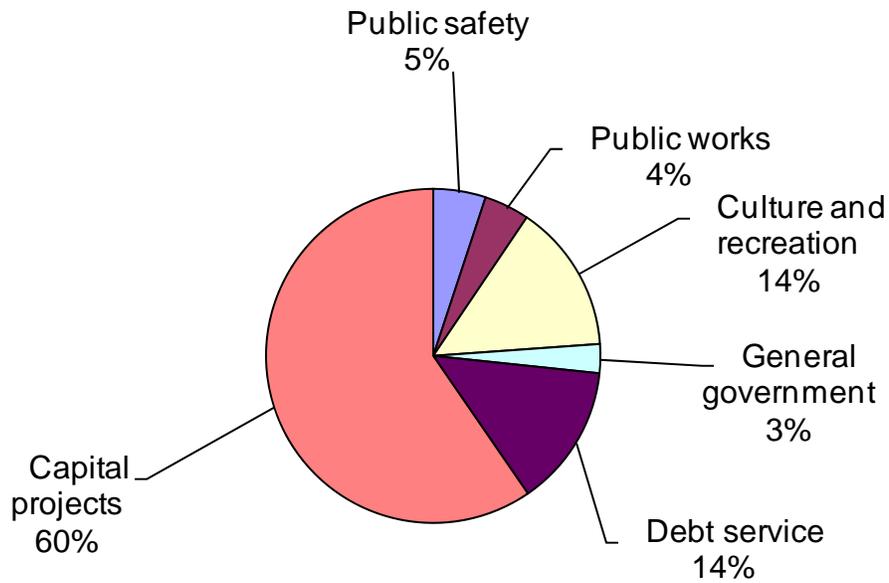
Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Program receipts:		
Charges for service	\$ 965,409	\$ 144,152
Operating grants and contributions	208,448	215,712
Capital grants and contributions	36,084	1,976
General receipts:		
Property tax	1,023,441	874,744
Tax increment financing	745,590	727,701
Local option sales tax	275,165	287,944
Unrestricted interest on investments	64,433	160,180
Other general receipts	14,216	40,360
Bond proceeds	3,030,784	-
Total receipts	<u>6,363,570</u>	<u>2,452,769</u>
Program disbursements:		
Public safety	356,179	413,991
Public works	306,387	286,422
Culture and recreation	1,011,131	127,492
Community and economic development	85	17,745
General government	197,364	193,480
Debt service	964,006	960,719
Capital projects	4,179,669	853,990
Total disbursements	<u>7,014,821</u>	<u>2,853,839</u>
Change in cash basis net assets before transfers	(651,251)	(401,070)
Transfers, net	<u>(170,645)</u>	<u>131,209</u>
Change in cash basis net assets	(821,896)	(269,861)
Cash basis net assets beginning of year	<u>3,370,270</u>	<u>3,640,131</u>
Cash basis net assets end of year	<u>\$ 2,548,374</u>	<u>\$ 3,370,270</u>

Receipts by Source



Disbursements by Function



Business-type Activities

For the year ended June 30, 2009, the City's business-type activities receipts and disbursements were as follows:

Changes in Cash Basis Net Assets of Business-type Activities

	Year Ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Sewer utility	\$ 649,533	\$ 606,665
Solid waste	188,554	174,039
Water	611,924	583,686
Operating grants and contributions	-	3,412
General receipts:		
Unrestricted interest on investments	51,011	96,854
Total receipts	<u>1,501,022</u>	<u>1,464,656</u>
Program disbursements:		
Sewer utility	811,647	638,606
Solid waste	153,923	133,519
Water	<u>464,474</u>	<u>392,553</u>
Total disbursements	<u>1,430,044</u>	<u>1,164,678</u>
Change in cash basis net assets before transfers	70,978	299,978
Transfers, net	<u>170,645</u>	<u>(131,209)</u>
Change in cash basis net assets	241,623	168,769
Cash basis net assets beginning of year	<u>2,463,649</u>	<u>2,294,880</u>
Cash basis net assets end of year	<u>\$ 2,705,272</u>	<u>\$ 2,463,649</u>

Receipts of the City's business-type activities increased 2.5%, or approximately \$36,366, from fiscal year 2008 to fiscal year 2009.

Disbursements for business-type activities increased 22.78%, or approximately \$265,000. The City purchased land for a future lift station and extended the water main along Asbury Road from Springreen to the east City limits.

Individual Major Fund Analysis

As of June 30, 2009, the City had cash balances on hand of \$2,548,374 in governmental fund types and \$2,705,272 in business-type funds. The governmental fund type decreased \$821,896 and business fund types increased \$241,623, respectively, during fiscal year 2008-2009. The decrease in governmental funds on hand is for projects that were budgeted and not completed in the fiscal year and were paid for with bond proceeds received in the prior year.

Budgetary Highlights

City Council approved two budget amendments during the year. The amendments were for receipts received exceeding budgeted amounts for bond proceeds projected for the purchase of the Meadows Golf Course and related operating revenue, interest income, and water and sewer charges and the reallocation of capital projects. Disbursements were increased for the purchase of golf course property and operations and the re-appropriation of funds for capital projects to the construction contract timeline.

For the year ended June 30, 2009, total actual receipts including other financing sources were \$45,968 under the final budget while total actual disbursements including other financing uses were \$2,117,532 under the final budget. The large difference for budgeted and actual expenditures occurred because the capital projects for the road improvements were budgeted and not completed in the current fiscal year.

Debt Outstanding

As of year end, the City had \$10,437,530 debt outstanding compared to \$8,177,000 in 2008.

Outstanding Debt at Year-End

	June 30,	
	2009	2008
General Obligation Notes:		
1999 Street improvements	\$ -	\$ 55,000
2000 Park expansion	90,000	115,000
2000 City hall	28,000	53,000
2001 Street improvements	180,000	235,000
2002 Water improvements	457,000	492,000
2007 Sewer improvements	730,000	770,000
Total General Obligation Notes	<u>1,485,000</u>	<u>1,720,000</u>
General Obligation Bonds:		
2004 Water improvements	1,367,000	1,445,000
2004 Sewer improvements	455,000	675,000
2005 Sewer improvements	1,418,000	1,515,000
2005 Water improvements	466,000	501,000
2008 Golf course acquisition	2,965,000	-
Total General Obligation Bonds	<u>6,671,000</u>	<u>4,136,000</u>
Revenue Notes:		
2001 Water improvements	420,000	480,000
2006 Sewer improvements	1,709,000	1,841,000
Total Revenue Notes	<u>2,129,000</u>	<u>2,321,000</u>
Purchase Agreement:		
2009 Yamaha Golf Cart	152,530	-
Total	<u>\$ 10,437,530</u>	<u>\$ 8,177,000</u>

The City as of June 30, 2009, is at 67.50% of its bonding capacity. The City's outstanding general obligation debt limit was \$12,905,381.

Economic Factors

While property taxes are important to the City, they represent less than 31% of revenue sources excluding other financing sources. TIF revenues comprise 15% of total revenues. Charges for services comprise 46% of total revenues. The City continues to grow and add residential housing at a robust pace. This has added to the property tax base and increased the number of utility users in the community.

Next Year's Budget and Rates

For the year ending June 30, 2010, the trail system for the City continues to be a priority to link neighborhoods and provide a method of safe pedestrian travel within the community. The City plans to annex approximately 330 acres which includes the Meadows Golf Course and Tuscany Ridge and Legacy Heights subdivisions. Capital projects budgeted for next year include the land acquisition for right of way purchase, new equipment, and the continuation of sidewalk improvements along Asbury Road and the design work for Seippel Road improvements and water main extensions to the new annexed area. Fiscal year 2009 improvements for generators for lift stations not completed in the prior year are reappropriated to 2010. These projects will be financed with a combination of general obligation debt and reserves for equipment replacement. While the City had a corporate tax levy of 10.30 in 2009, the Fiscal Year 2010 total corporate tax levy will again be \$10.30.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City's Administrator at 5080 Asbury Road, Asbury, IA 52002 or telephone 563-556-7106.

Elizabeth Bonz
City Administrator

BASIC FINANCIAL STATEMENTS

CITY OF ASBURY

CITY OF ASBURY
STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions / Programs:				
Governmental activities:				
Public safety	\$ 356,179	\$ 105,810	\$ -	\$ -
Public works	306,387	-	203,276	-
Culture and recreation	1,011,131	777,291	5,172	-
Community and economic development	85	-	-	-
General government	197,364	57,331	-	10,000
Debt service	964,006	-	-	-
Capital projects	4,179,669	24,977	-	26,084
Total governmental activities	<u>7,014,821</u>	<u>965,409</u>	<u>208,448</u>	<u>36,084</u>
Business-type activities:				
Sewer utility	811,647	649,533	-	-
Solid waste	153,923	188,554	-	-
Water	464,474	611,924	-	-
Total business-type activities	<u>1,430,044</u>	<u>1,450,011</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,444,865</u>	<u>\$ 2,415,420</u>	<u>\$ 208,448</u>	<u>\$ 36,084</u>

General Receipts:

Property tax levied for:
 General purposes
 Debt service
 Tax increment financing
 Local option sales tax
 Unrestricted interest on investments
 Bond proceeds
 Discount on bonds sold
 Miscellaneous
 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
 Capital projects
 Debt service
 Other purposes
 Unrestricted

Total cash basis net assets

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (250,369)	\$ -	\$ (250,369)
(103,111)	-	(103,111)
(228,668)	-	(228,668)
(85)	-	(85)
(130,033)	-	(130,033)
(964,006)	-	(964,006)
<u>(4,128,608)</u>	<u>-</u>	<u>(4,128,608)</u>
<u>(5,804,880)</u>	<u>-</u>	<u>(5,804,880)</u>
-	(162,114)	(162,114)
-	34,631	34,631
-	147,450	147,450
<u>-</u>	<u>19,967</u>	<u>19,967</u>
<u>(5,804,880)</u>	<u>19,967</u>	<u>(5,784,913)</u>
833,207	-	833,207
190,234	-	190,234
745,590	-	745,590
275,165	-	275,165
64,433	51,011	115,444
3,100,000	-	3,100,000
(69,216)	-	(69,216)
14,216	-	14,216
<u>(170,645)</u>	<u>170,645</u>	<u>-</u>
<u>4,982,984</u>	<u>221,656</u>	<u>5,204,640</u>
(821,896)	241,623	(580,273)
<u>3,370,270</u>	<u>2,463,649</u>	<u>5,833,919</u>
<u>\$ 2,548,374</u>	<u>\$ 2,705,272</u>	<u>\$ 5,253,646</u>
\$ 614,470	\$ -	\$ 614,470
-	71,868	71,868
18,308	-	18,308
398,615	-	398,615
<u>1,516,981</u>	<u>2,633,404</u>	<u>4,150,385</u>
<u>\$ 2,548,374</u>	<u>\$ 2,705,272</u>	<u>\$ 5,253,646</u>

CITY OF ASBURY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	General	Special Revenue		
		Road Use Tax	Local Option Sales Tax	Tax Increment Financing
Receipts:				
Property tax	\$ 775,378	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	745,590
Other City tax	-	-	275,165	-
Licenses and permits	148,934	-	-	-
Use of money and property	39,414	-	7,366	5,225
Intergovernmental	-	203,276	-	-
Charges for service	777,291	-	-	-
Special assessments	-	-	-	-
Miscellaneous	38,423	-	-	-
Total receipts	<u>1,779,440</u>	<u>203,276</u>	<u>282,531</u>	<u>750,815</u>
Disbursements:				
Operating:				
Public safety	356,179	-	-	-
Public works	129,779	170,637	-	-
Culture and recreation	1,011,131	-	-	-
Community and economic development	85	-	-	-
General government	197,364	-	-	-
Debt service	-	-	-	-
Capital projects	3,019,354	-	-	-
Total disbursements	<u>4,713,892</u>	<u>170,637</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,934,452)</u>	<u>32,639</u>	<u>282,531</u>	<u>750,815</u>
Other financing sources (uses):				
Bond proceeds	3,100,000	-	-	-
Discount on bonds sold	(69,216)	-	-	-
Transfers in	190,018	-	-	-
Transfers out	(135,571)	-	(199,012)	(750,815)
Total other financing sources (uses)	<u>3,085,231</u>	<u>-</u>	<u>(199,012)</u>	<u>(750,815)</u>
Net change in cash balances	150,779	32,639	83,519	-
Cash balances beginning of year	<u>1,397,873</u>	<u>581,831</u>	<u>311,806</u>	<u>-</u>
Cash balances end of year	<u>\$ 1,548,652</u>	<u>\$ 614,470</u>	<u>\$ 395,325</u>	<u>\$ -</u>
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ -
Unreserved, designated:				
Equipment purchases	442,521	159,956	173,285	-
Unreserved, undesignated:				
General fund	1,106,131	-	-	-
Special revenue funds	-	454,514	222,040	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	<u>\$ 1,548,652</u>	<u>\$ 614,470</u>	<u>\$ 395,325</u>	<u>\$ -</u>

See notes to financial statements.

Debt Service	Other Nonmajor Governmental Funds	Total
\$ 190,234	\$ 57,829	\$ 1,023,441
-	-	745,590
-	-	275,165
-	-	148,934
1,107	11,321	64,433
-	-	203,276
-	-	777,291
-	50,429	50,429
-	5,804	44,227
<u>191,341</u>	<u>125,383</u>	<u>3,332,786</u>
-	-	356,179
-	5,971	306,387
-	-	1,011,131
-	-	85
-	-	197,364
964,006	-	964,006
-	1,160,315	4,179,669
<u>964,006</u>	<u>1,166,286</u>	<u>7,014,821</u>
<u>(772,665)</u>	<u>(1,040,903)</u>	<u>(3,682,035)</u>
-	-	3,100,000
-	-	(69,216)
773,609	452,357	1,415,984
-	(501,231)	(1,586,629)
<u>773,609</u>	<u>(48,874)</u>	<u>2,860,139</u>
944	(1,089,777)	(821,896)
<u>17,364</u>	<u>1,061,396</u>	<u>3,370,270</u>
<u>\$ 18,308</u>	<u>\$ (28,381)</u>	<u>\$ 2,548,374</u>
\$ 18,308	\$ -	\$ 18,308
-	-	775,762
-	-	1,106,131
-	91,748	768,302
-	(120,129)	(120,129)
<u>\$ 18,308</u>	<u>\$ (28,381)</u>	<u>\$ 2,548,374</u>

CITY OF ASBURY

Exhibit C

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	Enterprise Funds			Total
	Sewer Utility	Water	Nonmajor Solid Waste	
Operating receipts:				
Use of money and property	\$ 31,766	\$ 16,893	\$ 2,352	\$ 51,011
Charges for service	649,533	611,924	188,554	1,450,011
Total operating receipts	<u>681,299</u>	<u>628,817</u>	<u>190,906</u>	<u>1,501,022</u>
Operating disbursements:				
Business-type activities:				
Salaries and wages	73,802	65,855	13,596	153,253
Employee benefits and costs	23,077	20,236	3,806	47,119
Staff development	1,163	3,593	-	4,756
Repair, maintenance, and utilities	103,642	69,031	-	172,673
Contractual services	35,651	80,454	134,422	250,527
Commodities	3,112	23,763	2,099	28,974
Capital outlay	379,367	201,542	-	580,909
Total operating disbursements	<u>619,814</u>	<u>464,474</u>	<u>153,923</u>	<u>1,238,211</u>
Excess of operating receipts over operating disbursements	61,485	164,343	36,983	262,811
Non-operating disbursements:				
Debt service	<u>(191,833)</u>	<u>-</u>	<u>-</u>	<u>(191,833)</u>
Excess (deficiency) of receipts over (under) disbursements	(130,348)	164,343	36,983	70,978
Transfers in	<u>170,645</u>	<u>-</u>	<u>-</u>	<u>170,645</u>
Net change in cash balances	40,297	164,343	36,983	241,623
Cash balances beginning of year	<u>1,571,314</u>	<u>767,409</u>	<u>124,926</u>	<u>2,463,649</u>
Cash balances end of year	<u>\$ 1,611,611</u>	<u>\$ 931,752</u>	<u>\$ 161,909</u>	<u>\$ 2,705,272</u>
Cash Basis Fund Balances				
Reserved for capital projects	\$ 71,868	\$ -	\$ -	\$ 71,868
Unreserved	<u>1,539,743</u>	<u>931,752</u>	<u>161,909</u>	<u>2,633,404</u>
Total cash basis fund balances	<u>\$ 1,611,611</u>	<u>\$ 931,752</u>	<u>\$ 161,909</u>	<u>\$ 2,705,272</u>

CITY OF ASBURY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Asbury is a political subdivision of the State of Iowa located in Dubuque County. It was first incorporated in 1933 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, and solid waste utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City of Asbury 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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: Dubuque County Joint E911 Service Board, the Dubuque County REAP Board, the Dubuque County Empowerment Board, DMATS Policy Committee, and the Iowa League of Cities Executive Board.

Basis of Presentation

Government-wide Financial Statement

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 service.

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

NOTES TO FINANCIAL STATEMENTS

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 and proprietary 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.

Special Revenue

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the payment of police and fire protection, street lighting, snow and ice control, insurance, and street maintenance funded by the local option sales tax.

The Tax Increment Financing Fund is used to account for projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

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

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

Measurement Focus and Basis of Accounting

The City of Asbury 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 accounting principles generally accepted in the United States of America.

NOTES TO FINANCIAL STATEMENTS

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, no disbursements exceeded the amounts budgeted in the general government and business-type activities functions.

Property Tax Receipts

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the government.

Subsequent Events

The City has evaluated subsequent events through November 2, 2009, the date which the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS

The City's deposits in banks at June 30, 2009, 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.

The City had no investments during the year ended June 30, 2009.

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) to 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for the City’s indebtedness are as follows:

Year Ending June 30,	General Obligation Notes		General Obligation Bonds		Revenue Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 194,000	\$ 59,677	\$ 546,000	\$ 244,008	\$ 194,000	\$ 78,570
2011	172,000	51,185	562,000	226,541	196,000	70,650
2012	178,000	43,729	345,000	208,095	198,000	62,670
2013	89,000	35,888	356,000	196,882	200,000	54,630
2014	90,000	32,718	369,000	185,303	203,000	46,530
2015-2019	509,000	110,818	2,026,000	732,792	866,000	120,300
2020-2024	253,000	19,980	1,627,000	420,316	272,000	11,640
2025-2028	-	-	840,000	144,470	-	-
	<u>\$ 1,485,000</u>	<u>\$ 353,995</u>	<u>\$ 6,671,000</u>	<u>\$ 2,358,407</u>	<u>\$ 2,129,000</u>	<u>\$ 444,990</u>

Year Ending June 30,	Golf Cart Purchase Agreement		Total	
	Principal	Interest	Principal	Interest
2010	\$ 24,030	\$ 6,570	\$ 958,030	\$ 388,825
2011	25,191	5,409	955,191	353,785
2012	26,407	4,193	747,407	318,687
2013	27,682	2,918	672,682	290,318
2014	29,019	1,581	691,019	266,132
2015-2019	20,201	199	3,421,201	964,109
2020-2024	-	-	2,152,000	451,936
2025-2028	-	-	840,000	144,470
	<u>\$ 152,530</u>	<u>\$ 20,870</u>	<u>\$ 10,437,530</u>	<u>\$ 3,178,262</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, \$135,000 of general obligation bond principal was paid from the General Fund during the year ended June 30, 2009.

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$900,000 in a water revenue note issued in May 2001. Proceeds from the note provided financing for the purchase of private water systems. The note is payable solely from water customer net receipts and are payable through 2016. The total principal and interest remaining to be paid on the note is \$529,200. For the current year, principal and interest paid and total customer net receipts were \$91,200 and \$147,450, respectively.

NOTES TO FINANCIAL STATEMENTS

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,100,000 in a sewer revenue note issued in June 2006. Proceeds from the note provided financing for the construction of improvements to the sewer treatment plant. The note is payable solely from sewer customer net receipts and are payable through 2021. The total principal and interest remaining to be paid on the note is \$2,044,790. For the current year, principal and interest paid and total customer net receipts were \$187,230 and \$162,114, respectively.

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.

Most regular plan members are required to contribute 4.10% of their annual covered salary, and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City’s contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$39,548, \$27,220, and \$24,504, respectively, equal to the required contributions for each year.

NOTE 5 – COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation 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 liability for earned compensated absences payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ <u>8,317</u>

Upon termination, retirement, or death, City employees are not paid for unused sick leave.

This liability has been computed based on rates of pay in effect at June 30, 2009.

NOTE 6 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 132,432
	Nonmajor Governmental Funds	<u>57,586</u>
		<u>190,018</u>

NOTES TO FINANCIAL STATEMENTS

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Tax Increment Financing	\$ 707,029
	Local Option Sales Tax	<u>66,580</u>
		<u>773,609</u>
Nonmajor Governmental Funds	General	135,571
	Special Revenue:	
	Tax Increment Financing	43,786
	Nonmajor Governmental Funds	<u>273,000</u>
		<u>452,357</u>
Sewer Utility	Nonmajor Governmental Funds	<u>170,645</u>
Total		<u>\$ 1,586,629</u>

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

NOTE 7 – RISK MANAGEMENT

The City of Asbury 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 8 – COMMITMENTS AND CONTINGENCY

The City has active construction projects as of June 30, 2009. The projects include the construction of storm water, water, and waste water improvements. At year end the City’s commitments with contractors are as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Payments-to-Date</u>	<u>Remaining Commitment</u>
Asbury Park Hard Surface Courts	\$ 167,774	\$ 104,986	\$ 62,788
Radford Road Lift Station	204,291	177,592	26,699
Asbury Road Water Looping	<u>206,479</u>	<u>107,494</u>	<u>98,985</u>
	<u>\$ 578,544</u>	<u>\$ 390,072</u>	<u>\$ 188,472</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$6,059,118.

NOTE 10 – LITIGATION

The City is a defendant in several claims and lawsuits. In the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11 – DEFICIT BALANCES

At June 30, 2009, the Capital Projects Fund deficit balances were as follows:

Burr Oak Reconstruction	\$	286,250
Asbury Walking Trail		25,603

These deficit balances are the result of capital projects where permanent financing is not in place. The deficits will be eliminated upon collection of bond proceeds in future periods.

NOTE 12 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board (GASB) has issued five statements not yet implemented by the City of Asbury. The statements, which might impact the City of Asbury, are as follows:

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the fiscal year ending June 30, 2010. This Statement establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this Statement was effective for the fiscal year ended June 30, 2006.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

NOTES TO FINANCIAL STATEMENTS

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ASBURY

CITY OF ASBURY
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, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
Receipts:			
Property tax	\$ 1,023,441	\$ -	\$ 1,023,441
Tax increment financing	745,590	-	745,590
Other City tax	275,165	-	275,165
Licenses and permits	148,934	-	148,934
Use of money and property	64,433	51,011	115,444
Intergovernmental	203,276	-	203,276
Charges for service	777,291	1,450,011	2,227,302
Special assessments	50,429	-	50,429
Miscellaneous	44,227	-	44,227
Total receipts	<u>3,332,786</u>	<u>1,501,022</u>	<u>4,833,808</u>
Disbursements:			
Public safety	356,179	-	356,179
Public works	306,387	-	306,387
Culture and recreation	1,011,131	-	1,011,131
Community and economic development	85	-	85
General government	197,364	-	197,364
Debt service	964,006	-	964,006
Capital projects	4,179,669	-	4,179,669
Business-type activities	-	1,430,044	1,430,044
Total disbursements	<u>7,014,821</u>	<u>1,430,044</u>	<u>8,444,865</u>
Excess (deficiency) of receipts over (under) disbursements	(3,682,035)	70,978	(3,611,057)
Other financing sources, net	<u>2,860,139</u>	<u>170,645</u>	<u>3,030,784</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(821,896)	241,623	(580,273)
Balances beginning of year	<u>3,370,270</u>	<u>2,463,649</u>	<u>5,833,919</u>
Balances end of year	<u>\$ 2,548,374</u>	<u>\$ 2,705,272</u>	<u>\$ 5,253,646</u>

<u>Budgeted Amounts</u>		Final to Actual Variance- Positive (Negative)
<u>Original</u>	<u>Final</u>	
\$ 1,020,589	\$ 1,020,589	\$ 2,852
789,743	789,743	(44,153)
280,337	280,337	(5,172)
103,785	103,785	45,149
105,700	105,700	9,744
223,740	223,740	(20,464)
1,311,091	2,355,882	(128,580)
-	-	50,429
-	-	44,227
<u>3,834,985</u>	<u>4,879,776</u>	<u>(45,968)</u>
448,847	448,847	92,668
348,704	348,704	42,317
143,190	1,188,048	176,917
8,725	8,725	8,640
311,732	311,732	114,368
965,692	965,692	1,686
1,133,000	5,484,854	1,305,185
<u>1,329,204</u>	<u>1,805,795</u>	<u>375,751</u>
<u>4,689,094</u>	<u>10,562,397</u>	<u>2,117,532</u>
(854,109)	(5,682,621)	2,071,564
<u>1,005,000</u>	<u>4,434,300</u>	<u>(1,403,516)</u>
150,891	(1,248,321)	668,048
<u>4,978,173</u>	<u>5,833,919</u>	<u>-</u>
<u>\$ 5,129,064</u>	<u>\$ 4,585,598</u>	<u>\$ 668,048</u>

CITY OF ASBURY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY
REPORTING
JUNE 30, 2009

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, 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, two budget amendments increased budgeted disbursements by \$5,873,303. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

CITY OF ASBURY

CITY OF ASBURY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Capital Projects				
	Seippel Road Project	Asbury Intersection Project	Burr Oak Reconstruction	Park Expansion Project	Intersection Improvement Fund
Receipts:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,461	1,582	-	114	5,036
Special assessments	-	-	24,977	-	-
Miscellaneous	-	-	-	632	-
Total receipts	<u>1,461</u>	<u>1,582</u>	<u>24,977</u>	<u>746</u>	<u>5,036</u>
Disbursements:					
Operating:					
Public works	5,971	-	-	-	-
Capital projects	-	-	484,227	285,682	9,867
Total disbursements	<u>5,971</u>	<u>-</u>	<u>484,227</u>	<u>285,682</u>	<u>9,867</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(4,510)</u>	<u>1,582</u>	<u>(459,250)</u>	<u>(284,936)</u>	<u>(4,831)</u>
Other financing sources (uses):					
Transfers in	-	-	173,000	135,571	-
Transfers out	-	-	-	-	(273,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>173,000</u>	<u>135,571</u>	<u>(273,000)</u>
Net change in cash balances	(4,510)	1,582	(286,250)	(149,365)	(277,831)
Cash balances beginning of year	<u>88,138</u>	<u>90,171</u>	<u>-</u>	<u>149,773</u>	<u>278,172</u>
Cash balances end of year	<u>\$ 83,628</u>	<u>\$ 91,753</u>	<u>\$ (286,250)</u>	<u>\$ 408</u>	<u>\$ 341</u>
Cash Basis Fund Balances					
Unreserved:					
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	<u>83,628</u>	<u>91,753</u>	<u>(286,250)</u>	<u>408</u>	<u>341</u>
Total cash basis fund balances	<u>\$ 83,628</u>	<u>\$ 91,753</u>	<u>\$ (286,250)</u>	<u>\$ 408</u>	<u>\$ 341</u>

Schedule 1

Capital Projects (Cont.)			Special Revenue				
Asbury Walking Trail	Sidewalk Assessment Fund	Public Works Garage	Special Levies	Trail Contribution	Low Moderate Income	K-9 Fund	Total
\$ -	\$ -	\$ -	\$ 57,829	\$ -	\$ -	\$ -	\$ 57,829
114	-	248	90	-	2,665	11	11,321
25,452	-	-	-	-	-	-	50,429
-	-	-	-	-	-	5,172	5,804
<u>25,566</u>	<u>-</u>	<u>248</u>	<u>57,919</u>	<u>-</u>	<u>2,665</u>	<u>5,183</u>	<u>125,383</u>
-	-	-	-	-	-	-	5,971
<u>346,012</u>	<u>-</u>	<u>34,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,315</u>
<u>346,012</u>	<u>-</u>	<u>34,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,166,286</u>
<u>(320,446)</u>	<u>-</u>	<u>(34,279)</u>	<u>57,919</u>	<u>-</u>	<u>2,665</u>	<u>5,183</u>	<u>(1,040,903)</u>
100,000	-	-	-	-	43,786	-	452,357
<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,586)</u>	<u>-</u>	<u>(170,645)</u>	<u>-</u>	<u>(501,231)</u>
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(57,586)</u>	<u>-</u>	<u>(126,859)</u>	<u>-</u>	<u>(48,874)</u>
(220,446)	-	(34,279)	333	-	(124,194)	5,183	(1,089,777)
<u>194,843</u>	<u>287</u>	<u>49,586</u>	<u>1,838</u>	<u>1,119</u>	<u>202,744</u>	<u>4,725</u>	<u>1,061,396</u>
<u>\$ (25,603)</u>	<u>\$ 287</u>	<u>\$ 15,307</u>	<u>\$ 2,171</u>	<u>\$ 1,119</u>	<u>\$ 78,550</u>	<u>\$ 9,908</u>	<u>\$ (28,381)</u>
\$ -	\$ -	\$ -	\$ 2,171	\$ 1,119	\$ 78,550	\$ 9,908	\$ 91,748
<u>(25,603)</u>	<u>287</u>	<u>15,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,129)</u>
<u>\$ (25,603)</u>	<u>\$ 287</u>	<u>\$ 15,307</u>	<u>\$ 2,171</u>	<u>\$ 1,119</u>	<u>\$ 78,550</u>	<u>\$ 9,908</u>	<u>\$ (28,381)</u>

CITY OF ASBURY
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Notes:			
1999 Street improvements	6/1/1999	4.90%	\$ 430,000
2000 Park expansion	4/1/2000	5.65-5.80	280,000
2000 City hall	8/15/2000	6.50	207,000
2001 Street improvements	7/1/2001	4.70-4.90	515,000
2002 Water improvements	10/1/2002	3.00	681,000
2007 Sewer improvements	2/15/2007	3.85-4.50	800,000
Total General Obligation Notes			
General Obligation Bonds:			
2004 Water improvements	1/9/2004	3.00	1,800,000
2004 Sewer improvements	9/1/2004	3.25-3.45	1,290,000
2005 Sewer improvements	6/7/2005	3.00	1,700,000
2005 Water improvements	6/7/2005	3.00	600,000
2008 Golf course acquisition	9/2/2008	3.50-4.90	3,100,000
Total General Obligation Bonds			
Revenue Notes:			
2001 Water improvements	5/1/2001	6.25	900,000
2006 Sewer improvements	6/1/2006	3.00	2,100,000
Total Revenue Notes			
Purchase Agreement:			
2009 Yamaha Golf Cart	1/1/2009	4.87	160,212
Total			

Schedule 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 55,000	\$ -	\$ 55,000	\$ -	\$ 2,695	\$ -
115,000	-	25,000	90,000	6,533	-
53,000	-	25,000	28,000	2,650	-
235,000	-	55,000	180,000	11,180	-
492,000	-	35,000	457,000	14,760	-
<u>770,000</u>	<u>-</u>	<u>40,000</u>	<u>730,000</u>	<u>32,312</u>	<u>-</u>
<u>1,720,000</u>	<u>-</u>	<u>235,000</u>	<u>1,485,000</u>	<u>70,130</u>	<u>-</u>
1,445,000	-	78,000	1,367,000	43,350	-
675,000	-	220,000	455,000	21,958	-
1,515,000	-	97,000	1,418,000	45,450	-
501,000	-	35,000	466,000	15,030	-
<u>-</u>	<u>3,100,000</u>	<u>135,000</u>	<u>2,965,000</u>	<u>101,966</u>	<u>-</u>
<u>4,136,000</u>	<u>3,100,000</u>	<u>565,000</u>	<u>6,671,000</u>	<u>227,754</u>	<u>-</u>
480,000	-	60,000	420,000	31,200	-
<u>1,841,000</u>	<u>-</u>	<u>132,000</u>	<u>1,709,000</u>	<u>55,230</u>	<u>-</u>
<u>2,321,000</u>	<u>-</u>	<u>192,000</u>	<u>2,129,000</u>	<u>86,430</u>	<u>-</u>
<u>-</u>	<u>160,212</u>	<u>7,682</u>	<u>152,530</u>	<u>2,519</u>	<u>-</u>
<u>\$ 8,177,000</u>	<u>\$ 3,260,212</u>	<u>\$ 999,682</u>	<u>\$ 10,437,530</u>	<u>\$ 386,833</u>	<u>\$ -</u>

CITY OF ASBURY
BOND AND NOTE MATURITIES
JUNE 30, 2009

Schedule 3

General Obligation Notes						
Year Ending June 30,	Park Expansion Note		City Hall Note		Street Improvement Note	
	Issued April 1, 2000		Issued August 15, 2000		Issued July 1, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	5.65	\$ 30,000	6.50	\$ 28,000	4.70	\$ 55,000
2011	5.70	30,000	-	-	4.80	60,000
2012	5.80	30,000	-	-	4.90	65,000
		<u>\$ 90,000</u>		<u>\$ 28,000</u>		<u>\$ 180,000</u>

General Obligation Notes						
Year Ending June 30,	Water Improvement Note		Street Improvement Note		Total	
	Issued October 1, 2002		Issued February 15, 2007			
	Interest Rates	Amount	Interest Rates	Amount		
2010	3.00	\$ 36,000	3.85	\$ 45,000	\$ 194,000	
2011	3.00	37,000	3.90	45,000	172,000	
2012	3.00	38,000	3.95	45,000	178,000	
2013	3.00	39,000	4.00	50,000	89,000	
2014	3.00	40,000	4.10	50,000	90,000	
2015	3.00	41,000	4.15	55,000	96,000	
2016	3.00	43,000	4.20	55,000	98,000	
2017	3.00	44,000	4.25	60,000	104,000	
2018	3.00	45,000	4.30	60,000	105,000	
2019	3.00	46,000	4.35	60,000	106,000	
2020	3.00	48,000	4.40	65,000	113,000	
2021	-	-	4.45	70,000	70,000	
2022	-	-	4.50	70,000	70,000	
		<u>\$ 457,000</u>		<u>\$ 730,000</u>	<u>\$ 1,485,000</u>	

(continued)

CITY OF ASBURY
BOND AND NOTE MATURITIES
JUNE 30, 2009

Schedule 3
(continued)

General Obligation Bonds						
Year Ending June 30,	Water Improvement Bond		Sewer Improvement Bond		Sewer Improvement Bond	
	Issued January 9, 2004		Issued September 1, 2004		Issued June 7, 2005	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	3.00	\$ 80,000	3.25	\$ 225,000	3.00	\$ 100,000
2011	3.00	82,000	3.45	230,000	3.00	103,000
2012	3.00	85,000	-	-	3.00	106,000
2013	3.00	87,000	-	-	3.00	109,000
2014	3.00	90,000	-	-	3.00	113,000
2015	3.00	93,000	-	-	3.00	116,000
2016	3.00	96,000	-	-	3.00	119,000
2017	3.00	98,000	-	-	3.00	123,000
2018	3.00	101,000	-	-	3.00	127,000
2019	3.00	104,000	-	-	3.00	130,000
2020	3.00	108,000	-	-	3.00	134,000
2021	3.00	111,000	-	-	3.00	138,000
2022	3.00	114,000	-	-	-	-
2023	3.00	118,000	-	-	-	-
		<u>\$ 1,367,000</u>		<u>\$ 455,000</u>		<u>\$ 1,418,000</u>

General Obligation Bonds					
Year Ending June 30,	Water Improvement Bond		Golf Course Acquisition Bond		Total
	Issued June 7, 2005		Issued September 2, 2008		
	Interest Rates	Amount	Interest Rates	Amount	
2010	3.00	\$ 36,000	3.50	\$ 105,000	\$ 546,000
2011	3.00	37,000	3.50	110,000	562,000
2012	3.00	39,000	3.75	115,000	345,000
2013	3.00	40,000	3.75	120,000	356,000
2014	3.00	41,000	4.00	125,000	369,000
2015	3.00	42,000	4.00	125,000	376,000
2016	3.00	43,000	4.10	135,000	393,000
2017	3.00	45,000	4.20	140,000	406,000
2018	3.00	46,000	4.30	145,000	419,000
2019	3.00	48,000	4.40	150,000	432,000
2020	3.00	49,000	4.63	155,000	446,000
2021	-	-	4.63	165,000	414,000
2022	-	-	4.63	170,000	284,000
2023	-	-	4.63	180,000	298,000
2024	-	-	4.75	185,000	185,000
2025	-	-	4.75	195,000	195,000
2026	-	-	4.90	205,000	205,000
2027	-	-	4.90	215,000	215,000
2028	-	-	4.90	225,000	225,000
		<u>\$ 466,000</u>		<u>\$ 2,965,000</u>	<u>\$ 6,671,000</u>

(continued)

CITY OF ASBURY
BOND AND NOTE MATURITIES
JUNE 30, 2009

Schedule 3
(continued)

Year Ending June 30,	Revenue Notes				Total
	Water Improvement Note		Sewer Improvement Note		
	Issued May 1, 2001		Issued June 1, 2006		
	Interest Rates	Amount	Interest Rates	Amount	
2010	6.25	\$ 60,000	3.00	\$ 134,000	\$ 194,000
2011	6.25	60,000	3.00	136,000	196,000
2012	6.25	60,000	3.00	138,000	198,000
2013	6.25	60,000	3.00	140,000	200,000
2014	6.25	60,000	3.00	143,000	203,000
2015	6.25	60,000	3.00	145,000	205,000
2016	6.25	60,000	3.00	147,000	207,000
2017	-	-	3.00	149,000	149,000
2018	-	-	3.00	151,000	151,000
2019	-	-	3.00	154,000	154,000
2020	-	-	3.00	156,000	156,000
2021	-	-	3.00	116,000	116,000
		<u>\$ 420,000</u>		<u>\$ 1,709,000</u>	<u>\$ 2,129,000</u>

Year Ending June 30,	Purchase Agreement	
	Yamaha Golf Cart	
	Issued January 1, 2009	
	Interest Rates	Amount
2010	4.87	\$ 24,030
2011	4.87	25,191
2012	4.87	26,407
2013	4.87	27,682
2014	4.87	29,019
2015	4.87	20,201
		<u>\$ 152,530</u>

CITY OF ASBURY
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST SIX YEARS

Schedule 4

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004(1)</u>
Receipts:						
Property tax	\$ 1,023,441	\$ 874,744	\$ 749,292	\$ 698,113	\$ 640,926	\$ 532,391
Tax increment financing	745,590	727,701	798,308	781,591	643,685	373,198
Other City tax	275,165	287,944	279,948	260,615	252,359	262,832
Licenses and permits	148,934	120,056	127,193	139,115	137,426	126,610
Use of money and property	64,433	160,180	172,745	100,468	42,971	27,890
Intergovernmental	203,276	210,987	215,376	205,127	216,003	239,081
Charges for service	777,291	7,280	6,944	9,129	9,011	8,161
Special assessments	50,429	-	500,000	-	-	9,873
Miscellaneous	44,227	63,877	51,768	60,272	48,962	46,394
Total receipts	<u>\$ 3,332,786</u>	<u>\$ 2,452,769</u>	<u>\$ 2,901,574</u>	<u>\$ 2,254,430</u>	<u>\$ 1,991,343</u>	<u>\$ 1,626,430</u>
Disbursements:						
Operating:						
Public safety	\$ 356,179	\$ 413,991	\$ 311,126	\$ 322,405	\$ 277,912	\$ 272,199
Public works	306,387	286,423	167,845	260,239	152,003	243,126
Culture and recreation	1,011,131	127,492	84,965	101,733	73,876	71,435
Community and economic development	85	17,745	12,245	2,597	4,501	4,948
General government	197,364	193,480	254,068	306,853	287,928	287,549
Debt service	964,006	960,719	896,999	753,351	492,174	425,181
Capital projects	4,179,669	853,990	86,979	33,391	-	736,904
Total disbursements	<u>\$ 7,014,821</u>	<u>\$ 2,853,840</u>	<u>\$ 1,814,227</u>	<u>\$ 1,780,569</u>	<u>\$ 1,288,394</u>	<u>\$ 2,041,342</u>

(1) Fiscal year 2004 was the first year of reporting the City's operations under GASB 34 and by function.



CPAs & BUSINESS ADVISORS

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

To the Honorable Mayor and
Members of 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 Asbury, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 2, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including one which we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance or other matters that is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009, 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.

We also noted certain additional matters that we reported to management of the City of Asbury in a separate letter dated November 2, 2009.

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

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 Asbury and other parties to whom the City of Asbury 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 Asbury 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
November 2, 2009

CITY OF ASBURY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

I-A-09 Preparation of Financial Statements

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

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

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

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

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

Response – This finding and recommendation is not a result of any change in City procedures, rather it is due to an auditing standard implemented by the American Institute of Certified Public Accountants. The City will continue to seek additional training and experience and evaluate the need for additional resources to enable our staff to achieve the goal of drafting our financial statements internally.

Conclusion – Response accepted.

SIGNIFICANT DEFICIENCY

I-B-09 Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition - The City is still unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation function from receipt and disbursement functions.

Cause – The City has limited time and staffing constraints.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

CITY OF ASBURY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements:

Recommendation – We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

Response – With the limited number of employees in the Finance Department, it is impossible to achieve a perfect system of internal accounting control. We will continue to review the situation and assign incompatible duties to separate individuals whenever possible.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Disbursements during the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Disbursements – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-09 Business Transactions – No business transactions between the City and City officials or employees were noted.
- II-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- II-H-09 Economic Development – We noted no instances of non-compliance relating to appropriate expenditure of public funds in accordance with Chapter 15A of the Code of Iowa and an Attorney General’s opinion dated August 28, 1986.

CITY OF ASBURY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Statutory Reporting: (continued)

II-I-09 Payment of General Obligation Bonds – Certain general obligation bond payments were paid from the General Fund. Chapter 384.4 of the Code of Iowa states, in part “Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited in the Debt Service Fund.”

Recommendation – The City should transfer from the General Fund to the Debt Service Fund for future funding contributions. Payments of the bonds should then be disbursed from the Debt Service Fund.

Response – We will transfer in the future as recommended.

Conclusion – Response accepted.



CPAs & BUSINESS ADVISORS

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

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa, for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2009. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Asbury, Iowa, are described in Note 1 to the financial statements. No new significant accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no such misstatements during the course of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 2, 2009.

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

To the Honorable Mayor and
Members of the City Council
City of Asbury
Page 2

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Comments

We have included additional comments regarding the financial statements and operations. These comments are not a result of in-depth study of any specific areas but are based on observations made during the course of our audit.

This information is intended solely for the use of the officials, employees, and citizens of the City of Asbury and is not intended to be and should not be used by anyone other than these specified parties.

As always, we will be happy to discuss these or any other topics at your convenience.

Sincerely,

EIDE BAILLY LLP
CPAs & Business Advisors

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
November 2, 2009

CITY OF ASBURY

YEAR ENDED JUNE 30, 2009
OTHER COMMENTS

Journal Entry Procedures

Currently, there is no formal process for the preparation, approval, and posting of journal entries. We recommend that procedures be created that include the review and approval of journal entries by the City Administrator to ensure the proper recording of funds.

Travel and Expense Reimbursement

During our audit, we performed a review of expenses charged to City credit cards. We noted several instances when employees did not provide detailed receipts. Documentation supplied for meals consisted of only a signed credit card receipt showing the total charge rather than a detail of the costs. We recommend continued communication to all employees and council members informing them of the need to fully document their purchases. In addition, we recommend that disbursements to credit card companies only be made after obtaining both the approved detailed receipt and the credit card statement.

Governmental Accounting Standards Board (GASB)

The Governmental Accounting Standards Board (GASB) has issued five statements not yet implemented by the City of Asbury. The statements, which might impact the City of Asbury, are as follows:

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the fiscal year ending June 30, 2010. This Statement establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this Statement was effective for the fiscal year ended June 30, 2006.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds..