

**CITY OF NORTH LIBERTY, IOWA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2009**

# CITY OF NORTH LIBERTY

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**CITY OF NORTH LIBERTY**

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b><u>Mayor and Council</u></b>		
Tom Salm	Mayor	January 2010
Gerald Kuhl	Mayor Pro Tem	January 2010
James Wozniak	Council Member	January 2010
Chris Hoffman	Council Member	January 2012
Terry Donahue	Council Member	January 2012
Coleen Chipman	Council Member	January 2012

**City Staff**

Ryan Heiar	City Administrator
Tracey Mulcahey	City Clerk/Assistant City Administrator
Debra Hilton	Treasurer
Scott Peterson	City Attorney



**Greenwood and Crim, P.C.**  
Certified Public Accountants

*Linda Crim Hopkins, C.P.A.*  
*Steven J. Kuhl, C.P.A.*

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of North Liberty, Iowa

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 North Liberty, 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 City of North Liberty'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 accounting 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 North Liberty 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 January 18, 2010 on our consideration of the City of North Liberty's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 (pages iv through x) and budgetary comparison information (pages 15 and 16) are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain 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 North Liberty'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 nine years ended June 30, 2008 (none of which are 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 8 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.

*Greenwood and Crim, P.C.*

January 18, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of North Liberty provides this overview and analysis of its financial statements and activities 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 Management's Discussion and Analysis.

### FY 2009 Financial Highlights

Revenues of the City's governmental activities increased approximately \$1,214,916, or 13.53%, from FY 2008 to FY 2009. Major revenue increases include:

	<u>Increase in FY 2009 from FY 2008</u>	
Property Taxes	\$770,261	(24.90%)
Tax Increment Financing	\$161,911	(6.09%)
Garbage and Recycling Fees	\$109,849	(42.30%)
Recreation Charges for Service	\$108,291	(20.33%)
Intergovernmental	\$278,044	(34.73%)

Disbursements of the City's governmental activities decreased approximately \$1,721,106, or 12.92%, from FY 2008 to FY 2009. Major disbursement increases by function include:

	<u>Increase in FY 2009 from FY 2008</u>	
Public Safety	\$135,792	(9.53%)
Health and Social Services	\$ 35,580	(101.60%)
Culture and Recreation	\$297,412	(13.04%)

The City's total cash basis net assets increased \$5,431,065, or approximately 219.5%, from June 30, 2008 to June 30, 2009. Of this amount, the net assets of the governmental activities increased by approximately \$1,338,364 and the net assets of the business type activities increased by approximately \$4,092,701.

### Using This Annual Report

The annual report consists of a series of financial statements and other information that includes:

*Management's Discussion and Analysis* introduces the basic financial statements of the City of North Liberty 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 overview 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 for 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 to the City's budget for the year.

*Other Supplementary Information* provides detailed information about the major and non-major governmental and proprietary funds. In addition, detailed information about the City's indebtedness is also provided.

## **Basis of Accounting**

The City of North Liberty 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.

## **Government-wide Financial Statement**

The government-wide financial statement is designed to provide a broad overview of the City of North Liberty's finances.

The Statement of Activities and Net Assets-Cash Basis presents the City's cash basis net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of the City's financial condition. The Statement of Activities and Net Assets-Cash Basis is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes and bond sale proceeds finance a significant portion of most of these activities.
- Business Type Activities include the water, sanitary sewer and storm sewer utilities. These activities are financed primarily by user charges.

## **Fund Financial Statements**

The City of North Liberty has two kinds of funds:

- 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, 3) the Debt Service Funds, and 4) the Capital Projects Funds. 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.

- 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 on the Water and Sanitary Sewer utility funds, the Utility Deposits fund and the Storm Water utility fund.

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 increased approximately 34.93% from a year ago, from \$3,831,466 at June 30, 2008 to \$5,169,830 at June 30, 2009. The analysis that follows provides details on the changes in the City's cash balances.

Changes in Cash Basis Net Assets of Government Activities		
	FY 2009	FY 2008
<b>Receipts and Transfers</b>		
Program Receipts		
Charges for service	\$2,068,863	\$2,008,582
Operating grants, contributions & restricted interest	873,384	833,432
Capital grants, contributions & restricted interest	281,190	164,901
General Receipts		
Property tax & tax increment financing	6,738,415	5,803,905
Grants & contributions, not restricted	4,705	3,858
Unrestricted investment earnings	72,211	70,586
Sale of capital assets	225	5,033
Other general receipts	156,750	95,338
Total Operating Receipts	\$10,195,743	\$8,985,635
Bond and Note Proceeds	2,401,962	5,500,322
Transfers, net	340,000	495,766
Total Receipts and Transfers	\$12,937,705	\$14,981,723
<b>Disbursements</b>		
Public Safety	\$1,560,255	\$1,424,463
Public Works	1,148,712	1,143,600
Health & Social Services	70,600	35,020
Culture & Recreation	2,578,532	2,281,120
Community & Economic Development	619,737	576,163
General Government	739,891	842,771
Debt Service	2,823,582	4,219,859
Capital Projects	2,058,032	2,797,451
Total Disbursements	\$11,599,341	\$13,320,447

Increase in cash basis net assets	\$1,338,364	\$1,661,276
Cash basis net assets, beginning of year	<u>3,831,466</u>	<u>2,170,190</u>
Cash basis net assets, end of year	<u>\$5,169,830</u>	<u>\$3,831,466</u>

Because of the growth in taxable valuation in the City of North Liberty from \$275,810,649 in FY 2008 to \$335,149,577 in FY 2009, general property tax revenues increased by \$578,375 even though the City's general city tax levy remained at the maximum \$8.10 per \$1,000 of taxable valuation. The total city levy increased to \$11.33731 in FY 2009 from the levy of \$10.96599 in FY 2008. The balance of the levy was made up of a \$1.05585 debt service levy, a \$1.69338 employee benefits levy, a \$0.32471 liability levy, and a \$0.16337 emergency levy.

Increases in the City's receipts from governmental activities in FY 2009 were as noted on page iv. Overall, total receipts from governmental activities decreased by \$2,044,018, which was directly attributable to a decrease in bond and note proceeds for the year.

The cost of all governmental activities this year was \$11,599,341, compared to \$13,320,447 last year. General City operating expenses were fairly constant with fewer capital projects than the previous fiscal year.

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

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	<u>FY 2009</u>	<u>FY 2008</u>
<u>Receipts</u>		
Charges for Service and Miscellaneous		
Water	\$1,730,015	\$1,567,529
Sanitary Sewer	2,219,924	1,692,408
Storm Water	139,250	128,954
Utility Deposits	178,273	140,215
General Receipts		
Unrestricted interest on investments		
Water	5,378	5,410
Sanitary Sewer	6,371	5,030
Bond and note proceeds	<u>5,993,167</u>	<u>6,007,225</u>
Total Receipts	<u>\$10,272,378</u>	<u>\$9,546,771</u>
<u>Disbursements and Transfers</u>		
Operating Disbursements		
Water	\$2,226,649	\$1,745,453
Sanitary Sewer	2,105,812	7,964,295
Storm Water	53,902	42,918
Utility Deposits	99,004	81,175
Debt Service		
Water	472,844	362,621
Sanitary Sewer	881,466	682,425

Net Operating Transfers		
Water	165,000	259,000
Sanitary Sewer	155,000	211,766
Storm Water	<u>20,000</u>	<u>25,000</u>
Total Disbursements and Transfers	<u>\$6,179,677</u>	<u>\$11,374,653</u>
Increase (decrease) in cash basis net assets	\$4,092,701	(1,827,882)
Cash basis net assets, beginning of year	<u>(1,357,557)</u>	<u>470,325</u>
Cash basis net assets, end of year	<u>\$2,735,144</u>	<u>\$(1,357,557)</u>

Total business type activities receipts for FY 2009 were \$10,272,378, compared to \$9,546,771 last year. The \$725,607 increase was additional water, sanitary sewer, storm water and utility deposits operating revenues.

The major disbursement increases include increased costs for utility services, other increased expenses due to increased usage and pumpage, capital projects at the water plant, and additional debt service requirements.

The cash balance in the business type activities was improved through the receipt of capital project bonds and notes for expenses expended in the previous fiscal year.

### **Individual Major Governmental Fund Analysis**

At the end of FY 2009, the combined fund balance of the City of North Liberty's governmental funds was \$5,169,830, an increase of \$1,338,364 over the previous year balance of \$3,831,466. Highlights of the changes in the major funds of the governmental type activities follow.

General Fund. General Fund property taxes increased from \$2,221,690 in FY 2008 to \$2,800,065 in FY 2009. The increase resulted from an increase of approximately \$59,000,000 in taxable valuation. The General Fund levy remained at \$8.10 per \$1,000 of taxable valuation. Other General Fund revenue increases include recreation programming, utility franchise fees, garbage and recycling fees and hotel/motel tax. In FY 2009, two additional officers were added to the police department, results of the salary study were implemented, and operating costs such electricity and vehicle fuel increased.

Urban Renewal Tax Increment Fund. Incremental taxes in the urban renewal areas increased with the growth in the tax increment districts. The taxes collected increased by \$161,911. The city only draws down enough increment each year to cover debt service needs of the city.

Debt Service Fund. The Debt Service levy increased from \$0.97873 per \$1,000 of taxable valuation in FY 2008 to \$1.05585 in FY 2009 because of the increase in bonds received for capital projects.

Capital Projects – Street Capital Projects Fund. Several City street-related projects were completed during FY 2009 such as the Penn Street/ I-380 interchange improvements and several street overlay projects.

Capital Projects – Highway 965 Improvements Fund. The City is completing design on the first phase of this seven phase project. In FY 2010, the first phase will be constructed with Phase II starting design for

construction two years after. The city is seeking grant funds for the project. If grant funds are not received, Council will determine the financing scenario for the project.

**Individual Major Business Type Fund Analysis**

Water Enterprise. The Water Fund cash balance at the end of FY 2009 increased by \$1,202,606 due to an increase in water billing receipts and receipt of bond proceeds during the fiscal year for capital projects previously funded. The cash balance at the end of FY 2009 was \$1,563,177, which includes a debt service reserve of \$634,430. Water billing rates were increased on July 22, 2008.

Sewer Enterprise. The Sewer Fund cash balance increased by \$2,745,478 from the end of FY 2008 to the end of FY 2009. Total cash balance of \$509,484 includes a debt service reserve of \$507,592. The deficit balance was remedied early in FY 2009 with the receipt of sewer revenue bonds issued for the West Trunk Sewer construction project and SRF proceeds for the waste water treatment plant project. Sewer billing rates were increased on July 22, 2008.

Utility Deposits. The Utility Deposits cash balance increased by \$79,269 from the end of FY 2008 to the end of FY 2009. The number of new utility customers was more than 1,000 during the year.

**Budgetary Highlights**

The FY 2009 budget was amended on May 26, 2009. Additional revenues from recreation fees, salvage inspection fees, development fees, and utility charges for service were used to offset increased costs of worker’s compensation insurance, fuel, siren cabinet and siren purchase, recycling costs, gym floor refinishing, compressor replacement, NLTV move, network connection upgrade, engineering costs, legal fees, Joint Communications Center costs, election costs, additional debt costs, Vision Iowa grant repayment, library expansion consultant costs, higher unemployment claims, increased salt costs and additional utility deposit refunds. Over \$3,500,000 of funds were expended in FY 2008 that were not reimbursed with bond and other debt proceeds until FY 2009.

The City exceeded the amounts budgeted in the public works, culture and recreation and business type activities functions, primarily due to additional garbage and recycling costs and the repayment of the CAT (Vision Iowa) grant.

**Debt Administration**

At June 30, 2009, the City had \$37,734,000 in bonds and long-term debt compared to \$31,184,547 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30, 2009	June 30, 2008
General Obligation Bonds and Notes	\$18,016,000	\$17,746,000
Special Assessment Notes	11,000	22,000
Revenue Notes	-	211,547
Revenue Bonds	19,707,000	13,205,000
Total	<u>\$37,734,000</u>	<u>\$31,184,547</u>

Debt increased as a result of issuing \$2,425,000 general obligation bonds, \$2,350,000 in water revenue bonds and \$4,800,000 in sewer revenue bonds.

The City of North Liberty carries a Moody's bond rating of A2 which reflects favorably on the economic condition of the City. 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 a city's corporate limits. The City's outstanding general obligation and special assessment debt of \$18,027,000 at June 30, 2009 is below its constitutional debt limit of \$37,903,240.

### **Economic Factors and Next Year's Budget and Rates**

The total tax levy for the FY 2010 budget for the City of North Liberty decreased to \$10.90993, approximately \$0.43 less per \$1,000 from FY 2009. The rollback for residential property changed from 44.08% in FY 2009 to 45.59% in FY 2010. The total property taxes expected to be received by the City in FY 2010 will increase by approximately \$990,000 due to increased valuations and not drawing the maximum amount of TIF incremental taxes.

### **Contacting the City's Financial Management**

This financial report is designed to provide 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 Tracey Mulcahey, City Clerk, 5 East Cherry Street, P.O. Box 77, North Liberty, IA 52317.

**BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH LIBERTY**

Statement of Activities and Net Assets - Cash Basis  
(Page 1 of 2)

Year Ended June 30, 2009

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	\$ 1,560,255	\$ 40,923	\$ 122,567	\$ -
Public works	1,148,712	508,242	599,789	271,798
Health and social services	70,600	-	-	-
Culture and recreation	2,578,532	737,703	68,056	9,392
Community and economic development	619,737	-	52,921	-
General government	739,891	781,995	30,051	-
Debt service	2,823,582	-	-	-
Capital projects	2,058,032	-	-	-
<b>Total governmental activities</b>	<b>\$ 11,599,341</b>	<b>\$ 2,068,863</b>	<b>\$ 873,384</b>	<b>\$ 281,190</b>
<b>Business type activities:</b>				
Water	\$ 2,699,493	\$ 1,730,015	\$ -	\$ -
Sewer	2,987,278	2,219,924	-	-
Utility deposits	99,004	178,273	-	-
Stormwater management	53,902	139,250	-	-
<b>Total business type activities</b>	<b>\$ 5,839,677</b>	<b>\$ 4,267,462</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 17,439,018</b>	<b>\$ 6,336,325</b>	<b>\$ 873,384</b>	<b>\$ 281,190</b>

General Receipts:  
 Property tax levied for:  
     General purposes  
     Tax increment financing  
     Debt service  
     Other purposes  
 Grants and contributions  
     not restricted to specific purposes  
 Unrestricted interest on investments  
 Bond and note proceeds  
 Miscellaneous  
 Sale of capital assets

Transfers

Total general receipts and transfers

**Exhibit A**

Governmental Activities	Business Type Activities	Total
\$ (1,396,765)	\$ -	\$ (1,396,765)
231,117	-	231,117
(70,600)	-	(70,600)
(1,763,381)	-	(1,763,381)
(566,816)	-	(566,816)
72,155	-	72,155
(2,823,582)	-	(2,823,582)
(2,058,032)	-	(2,058,032)
<hr/>		
\$ (8,375,904)	\$ -	\$ (8,375,904)
<hr/>		
\$ -	\$ (969,478)	\$ (969,478)
-	(767,354)	(767,354)
-	79,269	79,269
-	85,348	85,348
<hr/>		
\$ -	\$ (1,572,215)	\$ (1,572,215)
<hr/>		
\$ (8,375,904)	\$ (1,572,215)	\$ (9,948,119)
<hr/>		
\$ 2,838,946	\$ -	\$ 2,838,946
2,822,497	-	2,822,497
452,505	-	452,505
624,467	-	624,467
4,705	-	4,705
72,211	11,749	83,960
2,401,962	5,993,167	8,395,129
156,750	-	156,750
225	-	225
340,000	(340,000)	-
<hr/>		
\$ 9,714,268	\$ 5,664,916	\$ 15,379,184

**CITY OF NORTH LIBERTY**

Statement of Activities and Net Assets - Cash Basis  
(Page 2 of 2)

Year Ended June 30, 2009

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

Urban renewal purposes

Drug task force

Debt service

Unrestricted

Total cash basis net assets

See accompanying notes to financial statements.

Exhibit A

Governmental Activities	Business Type Activities	Total
\$ 1,338,364	\$ 4,092,701	\$ 5,431,065
3,831,466	(1,357,557)	2,473,909
<u>\$ 5,169,830</u>	<u>\$ 2,735,144</u>	<u>\$ 7,904,974</u>
(Exhibit B)	(Exhibit C)	
\$ 78,921	\$ -	\$ 78,921
1,504,496	-	1,504,496
47,151	-	47,151
-	1,142,022	1,142,022
3,539,262	1,593,122	5,132,384
<u>\$ 5,169,830</u>	<u>\$ 2,735,144</u>	<u>\$ 7,904,974</u>

**CITY OF NORTH LIBERTY**

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Governmental Funds

Year Ended June 30, 2009

	General Fund	Special Revenue - Urban Renewal Tax Increment	Debt Service - General Obligation Debt
<b>Receipts:</b>			
Property tax	\$ 2,800,065	\$ -	\$ 447,637
Tax increment financing	-	2,822,497	-
Other city tax	253,607	-	4,868
Licenses and permits	517,615	-	-
Use of money and property	178,936	-	-
Intergovernmental	194,704	-	-
Charges for service	1,240,283	-	-
Special assessments	9,078	-	-
Miscellaneous	205,944	-	-
<b>Total receipts</b>	<b>\$ 5,400,232</b>	<b>\$ 2,822,497</b>	<b>\$ 452,505</b>
<b>Disbursements:</b>			
Public safety	\$ 1,560,255	\$ -	\$ -
Public works	607,854	-	-
Health and social services	70,600	-	-
Culture and recreation	2,578,532	-	-
Community and economic development	527,303	92,434	-
General government	739,891	-	-
Debt service	-	-	2,811,436
Capital projects	-	-	-
<b>Total disbursements</b>	<b>\$ 6,084,435</b>	<b>\$ 92,434</b>	<b>\$ 2,811,436</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>\$ (684,203)</b>	<b>\$ 2,730,063</b>	<b>\$ (2,358,931)</b>
<b>Other financing sources (uses):</b>			
Proceeds from sales of general obligation bonds	\$ -	\$ -	\$ -
Sale of capital assets	225	-	-
Operating transfers in	1,298,834	-	2,369,176
Operating transfers (out)	(226,564)	(2,319,176)	(10,841)
<b>Total other financing sources (uses)</b>	<b>\$ 1,072,495</b>	<b>\$ (2,319,176)</b>	<b>\$ 2,358,335</b>
<b>Net change in cash balances</b>	<b>\$ 388,292</b>	<b>\$ 410,887</b>	<b>\$ (596)</b>
<b>Cash and cash investments, beginning of year</b>	<b>1,902,483</b>	<b>1,093,609</b>	<b>596</b>
<b>Cash and cash investments, end of year</b>	<b>\$ 2,290,775</b>	<b>\$ 1,504,496</b>	<b>\$ -</b>
<b>Cash basis fund balances:</b>			
Reserved -			
Debt service funds	\$ -	\$ -	\$ -
Unreserved -			
Special revenue funds	-	1,504,496	-
Capital projects funds	-	-	-
General fund	2,290,775	-	-
<b>Total cash basis fund balances</b>	<b>\$ 2,290,775</b>	<b>\$ 1,504,496</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**Exhibit B**

Capital Projects - Street Capital Projects	Capital Projects - Hwy. 965 Improvements	Other Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 615,885	\$ 3,863,587
-	-	-	2,822,497
-	-	8,582	267,057
-	-	-	517,615
-	-	10,608	189,544
266,769	5,029	612,106	1,078,608
-	-	-	1,240,283
-	-	1,305	10,383
-	-	-	205,944
<b>\$ 266,769</b>	<b>\$ 5,029</b>	<b>\$ 1,248,486</b>	<b>\$ 10,195,518</b>
\$ -	\$ -	\$ -	\$ 1,560,255
-	-	540,858	1,148,712
-	-	-	70,600
-	-	-	2,578,532
-	-	-	619,737
-	-	-	739,891
-	-	12,146	2,823,582
1,647,830	230,061	180,141	2,058,032
<b>\$ 1,647,830</b>	<b>\$ 230,061</b>	<b>\$ 733,145</b>	<b>\$ 11,599,341</b>
\$ (1,381,061)	\$ (225,032)	\$ 515,341	\$ (1,403,823)
\$ 1,597,000	\$ 515,500	\$ 289,462	\$ 2,401,962
-	-	-	225
-	204,702	10,841	3,883,553
-	-	(986,972)	(3,543,553)
<b>\$ 1,597,000</b>	<b>\$ 720,202</b>	<b>\$ (686,669)</b>	<b>\$ 2,742,187</b>
\$ 215,939	\$ 495,170	\$ (171,328)	\$ 1,338,364
473,035	136,043	225,700	3,831,466
<b>\$ 688,974</b>	<b>\$ 631,213</b>	<b>\$ 54,372</b>	<b>\$ 5,169,830</b>
(Exhibit A)			
\$ -	\$ -	\$ -	\$ -
-	-	130,770	1,635,266
688,974	631,213	(76,398)	1,243,789
-	-	-	2,290,775
<b>\$ 688,974</b>	<b>\$ 631,213</b>	<b>\$ 54,372</b>	<b>\$ 5,169,830</b>

## CITY OF NORTH LIBERTY

Exhibit C

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Proprietary Funds

Year Ended June 30, 2009

	Water Enterprise	Sewer Enterprise	Utility Deposits	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 1,694,319	\$ 2,217,650	\$ -	\$ 139,250	\$ 4,051,219
Miscellaneous	35,696	2,274	178,273	-	216,243
Total operating receipts	\$ 1,730,015	\$ 2,219,924	\$ 178,273	\$ 139,250	\$ 4,267,462
Operating disbursements:					
Business type activities	2,226,649	2,105,812	99,004	53,902	4,485,367
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ (496,634)	\$ 114,112	\$ 79,269	\$ 85,348	\$ (217,905)
Non-operating receipts and (disbursements):					
Interest on cash investments	\$ 5,378	\$ 6,371	\$ -	\$ -	\$ 11,749
Proceeds from sales of revenue bonds	2,331,706	1,537,931	-	-	3,869,637
Proceeds from State Revolving Fund note draws	-	2,123,530	-	-	2,123,530
Debt service	(472,844)	(881,466)	-	-	(1,354,310)
Total non-operating receipts and (disbursements)	\$ 1,864,240	\$ 2,786,366	\$ -	\$ -	\$ 4,650,606
Excess of receipts over disbursements	\$ 1,367,606	\$ 2,900,478	\$ 79,269	\$ 85,348	\$ 4,432,701
Operating transfers:					
Operating transfers in	\$ 642,835	\$ 1,084,374	\$ -	\$ -	\$ 1,727,209
Operating transfers (out)	(807,835)	(1,239,374)	-	(20,000)	(2,067,209)
Net operating transfers	\$ (165,000)	\$ (155,000)	\$ -	\$ (20,000)	\$ (340,000)
Net change in cash balances	\$ 1,202,606	\$ 2,745,478	\$ 79,269	\$ 65,348	\$ 4,092,701
Cash and cash investments, beginning of year	360,571	(2,235,994)	317,334	200,532	(1,357,557)
Cash and cash investments, end of year	\$ 1,563,177	\$ 509,484	\$ 396,603	\$ 265,880	\$ 2,735,144
Cash basis fund balances:					(Exhibit A)
Reserved - debt service	\$ 634,430	\$ 507,592	\$ -	\$ -	\$ 1,142,022
Unreserved:					
Capital projects	708,561	(951,394)	-	-	(242,833)
Unreserved	220,186	953,286	396,603	265,880	1,835,955
Total cash basis fund balances	\$ 1,563,177	\$ 509,484	\$ 396,603	\$ 265,880	\$ 2,735,144

See accompanying notes to financial statements.

# CITY OF NORTH LIBERTY

## Notes to Financial Statements

June 30, 2009

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Liberty is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1913 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, health and social services, culture and recreation, utilities for its citizens, community and economic development, and general government services.

#### A. Reporting Entity and Jointly Governed Organizations

For financial reporting purposes, the City of North Liberty 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 or impose specific financial burdens on the City. The City of North Liberty has no component units which meet the Governmental Accounting Standards Board criteria.

The City also 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 not ongoing financial interest or responsibility by the participating governments. The City and its officials are members of various jointly governed organizations, including the Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Johnson County Council of Governments, East Central Iowa Council of Governments, and the Johnson County Compensation Board.

#### B. 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 services.

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

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

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

**CITY OF NORTH LIBERTY**

Notes to Financial Statements

June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

Debt Service:

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

Capital Projects:

The Capital Projects Fund - Street Capital Projects Fund is used to account for significant general street improvement projects that are financed primarily by proceeds from the sale of general obligation bonds.

The Capital Projects Fund - Hwy. 965 Improvements Fund is used to account for planned improvements to the major thoroughfare through the City. This project is expected to take several years to complete and the City is investigating several financing possibilities for this project.

The City reports the following major proprietary funds:

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

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

The Utility Deposits Fund accounts for the receipt of utility service deposits received from the City's water and sewer customers. Deposits are refunded to customers when they no longer receive water and sewer service from the City.

# CITY OF NORTH LIBERTY

## Notes to Financial Statements

June 30, 2009

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus and 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.

Under the terms of grant agreements, the City funds certain programs with a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the programs. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from nonoperating 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 nonoperating 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, 2009, disbursements exceeded the amounts budgeted in the public works, culture and recreation and business type activities functions.

### NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions 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.

On December 14, 2004, the City authorized the transfer of \$5,000 to the Community Foundation of Johnson County (Foundation) to establish an endowment fund for the North Liberty Community Library. The Foundation may make distributions to the City in accordance with the Foundation's spending policy of the year as determined annually by the Foundation's Board of Directors.

The City's investment is pooled in the investment portfolio of the Foundation and is covered by a pool of U.S. government bonds.

The City's investment of \$5,000 may be returned in full to the City upon request to the Foundation's Board of Directors.

**CITY OF NORTH LIBERTY**

Notes to Financial Statements

June 30, 2009

**NOTE 2. CASH AND POOLED INVESTMENTS (Continued)**

The City's investment of \$5,000 is carried at cost and is included in the City's amount of cash and cash investments at June 30, 2009. No adjustment for any change in the fair value of the City's investment has been made. The investment is subject to the overall increases and decreases in fair values of the Foundation's investment portfolio.

*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 uses of the City.

**NOTE 3. BONDS AND NOTES PAYABLE**

Annual debt service requirements to maturity for general obligation notes and bonds, special assessment notes and revenue notes and bonds are as follows:

Year Ending June 30,	General Obligation Bonds		Special Assessment Notes	
	Principal	Interest	Principal	Interest
2010	\$ 2,352,000	\$ 667,993	\$ 11,000	\$ 567
2011	2,209,000	576,804	-	-
2012	2,091,000	499,809	-	-
2013	1,778,000	427,264	-	-
2014	1,800,000	365,022	-	-
2015-2019	5,411,000	1,006,220	-	-
2020-2024	2,375,000	277,610	-	-
2025-2029	-	-	-	-
<b>Total</b>	<b>\$ 18,016,000</b>	<b>\$ 3,820,722</b>	<b>\$ 11,000</b>	<b>\$ 567</b>

Year Ending June 30,	Enterprise Fund Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2010	\$ 911,000	\$ 702,997	\$ 3,274,000	\$ 1,371,557
2011	937,000	673,446	3,146,000	1,250,250
2012	971,000	641,435	3,062,000	1,141,244
2013	1,005,000	607,515	2,783,000	1,034,779
2014	1,035,000	571,691	2,835,000	936,713
2015-2019	5,813,000	2,255,233	11,224,000	3,261,453
2020-2024	6,006,000	1,106,220	8,381,000	1,383,830
2025-2029	3,029,000	200,145	3,029,000	200,145
<b>Total</b>	<b>\$ 19,707,000</b>	<b>\$ 6,758,682</b>	<b>\$ 37,734,000</b>	<b>\$ 10,579,971</b>

# CITY OF NORTH LIBERTY

## Notes to Financial Statements

June 30, 2009

### NOTE 3. BONDS AND NOTES PAYABLE (Continued)

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, during the year, \$45,000 of general obligation bond principal and \$24,374 of general obligation bond interest was paid from the Sewer Enterprise Fund. In addition, a revenue bond interest payment of \$33,300 was paid from the Debt Service Fund instead of from the Sewer Enterprise Fund.

#### General Obligation Urban Renewal Corporate Purpose (Tax Increment Financing) Revenue Bonds

The City has issued several general obligation urban renewal corporate purpose (tax increment financing) revenue bonds for the purpose of defraying a portion of the costs of various construction and refurbishment projects within the City's urban renewal districts. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the City's TIF districts and which are credited to the Special Revenue - Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds from the sales of the bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2009, the outstanding balances on these bonds totaled \$8,756,000, which are payable through December 2017. During the year, principal and interest paid on these bonds totaled \$1,765,000 and \$394,897, respectively. Tax increment financing receipts during the year were \$2,822,497.

#### Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay four water revenue bond issues totaling \$6,620,000. The bonds were issued between September 2001 and September 2008. Proceeds from the sales of the bonds provided financing for the construction of several water system improvement projects in the City. The bonds are payable solely from water customer defined net receipts and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 50 percent of defined net receipts. At June 30, 2009, total principal and interest remaining to be paid on the bonds was \$8,003,975. During the year, principal and interest paid on the bonds totaled \$175,000 and \$234,859, respectively. Total defined net receipts during the year were \$832,280.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay six sewer revenue bond issues totaling \$16,024,000. The bonds were issued between March 1998 and September 2008. Proceeds from the sales of the bonds provided financing for the construction of and improvements to the waste water treatment plant. The bonds are payable solely from sewer customer defined net receipts and are payable through June 2028. Annual principal and interest payments on the bonds are expected to require less than 65 percent of defined net receipts. At June 30, 2009, total principal and interest remaining to be paid on the bonds was \$18,461,707. During the year, principal and interest paid on the bonds totaled \$473,000 and \$401,830, respectively. Total defined net receipts during the year were \$1,360,871.

The resolutions providing for the issuance of the enterprise fund revenue notes and bonds include the following provisions:

- (a) The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note and bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly cash transfers shall be made to separate sewer and water revenue sinking accounts for the purpose of making the principal and interest payments when due.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2009

**NOTE 3. BONDS AND NOTES PAYABLE (Continued)**

Revenue Bonds (Continued)

(c) The provisions of the Water Revenue Bond Series 2008D require that \$577,856 be set aside into the Water Reserve Fund and maintained until all water revenue bonds of the City have been fully redeemed.

The provisions of the Sewer Revenue Bond Series 2008C require that \$307,105 be set aside into the Sewer Reserve Fund and maintained until all sewer revenue bonds of the City have been fully redeemed.

(d) All funds remaining in the sewer rental and water utilities accounts after the payments of all maintenance and operating expenses and required transfers shall be placed in separate water and sewer revenue surplus accounts. These accounts are restricted for the purpose of paying any deficiency in the sinking funds. As long as the sinking funds have the full amount required to be deposited, any balance in the surplus funds may be made available to the City as the Council may from time to time direct.

(e) User rates shall be established at a level which produces and maintains defined net receipts at the following levels:

Water - equal to at least 120% of the average amount that will come due in any fiscal year during the life of the four water revenue bond issues.

Sewer - equal to at least 125% of the average amount that will come due in any fiscal year during the life of the six sewer revenue bond issues, and equal to at least 125% of the maximum amount that will come due in any fiscal year during the life of the six sewer revenue bonds.

**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 compensation and the City is required to contribute 6.35% of covered compensation. 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 \$210,407, \$178,033 and \$136,679, respectively, equal to the required contributions for each year.

**NOTE 5. COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon retirement, termination or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 21,867
Vacation	147,227
Total	<u>\$ 169,094</u>

**CITY OF NORTH LIBERTY**

Notes to Financial Statements

June 30, 2009

**NOTE 5. COMPENSATED ABSENCES (Continued)**

This liability has been computed based on rates of pay as of June 30, 2009.

Sick leave is payable when used. It is not paid upon termination, retirement or death. The approximate liability for unused sick leave at June 30, 2009, based on rates of pay as of June 30, 2009, is \$505,856.

**NOTE 6. SOLID WASTE DISPOSAL CONTRACT**

An agreement between the City and Johnson County Refuse for the period July 1, 2004 through June 30, 2009, provides the City and its citizens with solid waste collection and disposal services. The agreement providing for the services includes the following provisions:

- (a) The City shall pay the contractor a monthly charge of \$3.75 per month for each single and two-family dwelling unit. These fees are for recyclables.
- (b) The fees for non-recyclable wastes are based on the current Iowa City Landfill tipping fee schedule and are subject to change in the event landfill fees increase or decrease.

**NOTE 7. POLICE PROTECTION CONTRACT**

An agreement dated February 13, 1979, between the City and the Johnson County Sheriff's office, provides the City and its citizens with police protection services totaling approximately thirty hours per week and dispatch services. The agreement providing for these services includes the following provisions:

- (a) Effective July 1, 2008, the City will pay Johnson County at a rate of \$115,860 per year payable in monthly installments of \$9,655.
- (b) Agreement to become effective July 1, 1979, and continue until terminated.
- (c) Agreement shall be modified, on or before January of any given year, to adjust hourly rates should this be necessary.
- (d) This agreement gives the Johnson County Sheriff's office an exclusive policing right which may be terminated upon thirty days notice.

**NOTE 8. TRANSIT SERVICES CONTRACT**

An agreement for the period September 1, 2008 through August 31, 2010, between the City and the City of Coralville, provides the City and its citizens with limited transit services. The agreement providing for these services includes the following provisions:

- (a) The City shall pay the City of Coralville a monthly charge for the operating cost per hour for the number of hours of transit services provided each month.
- (b) The City shall pay the City of Coralville for the amount the City of Coralville pays to Johnson County SEATS for paratransit services provided to citizens of the City of North Liberty.
- (c) All fares collected shall be kept by the City of Coralville.

**CITY OF NORTH LIBERTY**

Notes to Financial Statements

June 30, 2009

**NOTE 9. CONSTRUCTION CONTRACTS**

The City has entered into various construction contracts totaling approximately \$10,960,000. The unpaid contract balances at June 30, 2009 totaled approximately \$703,000, which will be paid as work on the projects progresses.

**NOTE 10. RISK MANAGEMENT**

The City of North Liberty 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 11. LITIGATION**

The City is subject to pending litigation relating to a law enforcement matter. No estimate of any potential loss against the City is available at this time, but the City believes that in the event of a decision against the City, any claims will be covered by the City's insurance coverage.

**NOTE 12. DEFICIT BALANCES**

The following funds had deficit balances at June 30, 2009, because the project costs were incurred prior to availability of funds:

General Fund - Library Reserve	\$	7,640
General Fund - Park Development		131,555
Capital Projects - Community Center		67,903
Capital Projects - Trail Projects		12,535
Capital Projects - Penn St. Improvements		253,968
Capital Projects - Land and Facilities		40,503
Sewer Enterprise - Sewer Capital Projects		951,394

Deficit balances in these funds arose because project and construction costs were incurred prior to the availability of funds. These deficits will be eliminated with contributions from the general public, developer contributions, impact fees, grants, proceeds from sales of bonds and future tax increment financing collections.

**NOTE 13. SUBSEQUENT EVENTS**

The City was awarded the following grants after June 30, 2009:

- Housing Rehabilitation - \$214,234
- I-JOBS - \$69,999
- North Dubuque Street trail project - \$340,000

The City entered into three land purchase agreements after June 30, 2009. Two of the agreements are for parcels for sites where the City is planning on building new City buildings or to be used for other City purposes. The purchase prices of these two agreements totaled \$530,080. The other agreement is for the purchase of a parcel of land that is for a proposed City park. The agreement will be finalized as to the number of acres purchased, however, the number of acres will be between 36 and 41 acres. The purchase price per acre is \$19,900, and the purchase price of the land will range from approximately \$716,000 to approximately \$816,000.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2009

**NOTE 14. INTERFUND AND INTRAFUND TRANSFERS**

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources, move resources to facilitate the payment of principal and interest on bonds and notes payable, and move resources for the acquisition of major equipment purchases and capital projects.

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 Fund	Water Enterprise -	
	Water Operating	\$ 165,000
	Sewer Enterprise -	
	Sewer Operating	155,000
	Special Revenue -	
	Employee Benefits	569,833
	Special Revenue -	
	Emergency Levy	54,634
Capital Projects -	Front Street Reconstruction	14,196
	Capital Projects -	
	Cherry Street Reconstruction	2,407
		<u>\$ 961,070</u>
General Fund - Equipment Revolving	Special Revenue -	
	Road Use Tax	\$ 91,200
	Stormwater Management Enterprise	20,000
		<u>\$ 111,200</u>
Debt Service Fund - General Obligation Debt	Special Revenue -	
	Urban Renewal Tax Increment	\$ 2,319,176
	Special Revenue - Road Use Tax	50,000
		<u>\$ 2,369,176</u>
		<u>\$ 3,441,446</u>

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Recreation Equipment	General Fund	\$ 25,000
General Fund - Fire Equipment Reserve	General Fund	\$ 113,564
General Fund - Equipment Revolving	General Fund	\$ 83,000

**CITY OF NORTH LIBERTY**

Notes to Financial Statements

June 30, 2009

**NOTE 14. INTERFUND AND INTRAFUND TRANSFERS (Continued)**

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Liberty Centre Blues & BBQ	General Fund	\$ 5,000
Debt Service - Special Assessments	Debt Service - General Obligation Debt	\$ 10,841
Capital Projects - Hwy. 965 Improvements	Capital Projects - Liberty Centre	\$ 204,702
Water Enterprise - Water Utilities - Water Capital Projects	Water Enterprise - Water Operating	\$ 100,000
Water Enterprise - Water Revenue Sinking	Water Enterprise - Water Operating	\$ 527,835
Water Enterprise - Water Utilities - Capital Reserve	Water Enterprise - Water Operating	\$ 15,000
Sewer Enterprise - Sewer Revenue Sinking	Sewer Enterprise - Sewer Operating	\$ 1,027,374
Sewer Enterprise - Sewer Rental - Capital Reserve	Sewer Enterprise - Sewer Operating	\$ 57,000
		<u>\$ 2,169,316</u>

Total transfers during the year ended June 30, 2009 were as follows:

Interfund transfers	\$ 3,441,446
Intrafund transfers	<u>2,169,316</u>
	<u>\$ 5,610,762</u>

Reconciliation to the financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds (Exhibit B)	\$ 3,883,553	\$ 3,543,553
Proprietary funds (Exhibit C)	<u>1,727,209</u>	<u>2,067,209</u>
	<u>\$ 5,610,762</u>	<u>\$ 5,610,762</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTH LIBERTY**

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 Actual	Proprietary Funds Actual	Net
<b>Receipts:</b>			
Property tax	\$ 3,863,587	\$ -	\$ 3,863,587
Tax increment financing	2,822,497	-	2,822,497
Other city tax	267,057	-	267,057
Licenses and permits	517,615	-	517,615
Use of money and property	189,544	11,749	201,293
Intergovernmental	1,078,608	-	1,078,608
Charges for service	1,240,283	4,051,219	5,291,502
Special assessments	10,383	-	10,383
Miscellaneous	205,944	216,243	422,187
<b>Total receipts</b>	<b>\$ 10,195,518</b>	<b>\$ 4,279,211</b>	<b>\$ 14,474,729</b>
<b>Disbursements:</b>			
Public safety	\$ 1,560,255	\$ -	\$ 1,560,255
Public works	1,148,712	-	1,148,712
Health and social services	70,600	-	70,600
Culture and recreation	2,578,532	-	2,578,532
Community and economic development	619,737	-	619,737
General government	739,891	-	739,891
Debt service	2,823,582	-	2,823,582
Capital projects	2,058,032	-	2,058,032
Business type activities	-	5,839,677	5,839,677
<b>Total disbursements</b>	<b>\$ 11,599,341</b>	<b>\$ 5,839,677</b>	<b>\$ 17,439,018</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>\$ (1,403,823)</b>	<b>\$ (1,560,466)</b>	<b>\$ (2,964,289)</b>
<b>Other financing sources (uses), net</b>	<b>2,742,187</b>	<b>5,653,167</b>	<b>8,395,354</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>\$ 1,338,364</b>	<b>\$ 4,092,701</b>	<b>\$ 5,431,065</b>
<b>Balances, beginning of year</b>	<b>3,831,466</b>	<b>(1,357,557)</b>	<b>2,473,909</b>
<b>Balances, end of year</b>	<b>\$ 5,169,830</b>	<b>\$ 2,735,144</b>	<b>\$ 7,904,974</b>

There were no funds of the City not required to be budgeted during the year ended June 30, 2009.

See accompanying independent auditor's report and  
accompanying Notes to Required Supplementary Information.

Budgeted Amounts

<u>Original</u>	<u>Final</u>	<u>Final to Net Variance</u>
\$ 3,877,250	\$ 3,877,250	\$ (13,663)
2,945,694	2,945,694	(123,197)
65,269	95,269	171,788
584,800	599,800	(82,185)
91,765	91,841	109,452
767,416	1,063,940	14,668
5,259,690	5,577,850	(286,348)
-	9,000	1,383
129,100	284,125	138,062
<u>\$ 13,720,984</u>	<u>\$ 14,544,769</u>	<u>\$ (70,040)</u>
\$ 1,475,261	\$ 1,575,631	\$ 15,376
835,015	969,860	(178,852)
68,850	85,600	15,000
2,392,305	2,490,427	(88,105)
806,442	985,558	365,821
1,019,715	1,145,427	405,536
2,684,031	2,872,952	49,370
2,755,000	2,755,000	696,968
4,815,146	5,741,189	(98,488)
<u>\$ 16,851,765</u>	<u>\$ 18,621,644</u>	<u>\$ 1,182,626</u>
\$ (3,130,781)	\$ (4,076,875)	\$ 1,112,586
<u>6,856,000</u>	<u>8,393,075</u>	<u>2,279</u>
\$ 3,725,219	\$ 4,316,200	\$ 1,114,865
<u>11,381,813</u>	<u>2,473,906</u>	<u>3</u>
<u>\$ 15,107,032</u>	<u>\$ 6,790,106</u>	<u>\$ 1,114,868</u>

## CITY OF NORTH LIBERTY

### 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 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 or fund type. 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 are required to be budgeted for all 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 \$1,769,879. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements in the public works, cultural and recreation, and business type activities functions exceeded the amounts budgeted.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF NORTH LIBERTY**  
**Statement of Cash Receipts, Disbursements**  
**and Changes in Cash Balances -**  
**Governmental Funds - General Fund**  
 (Page 1 of 3)  
 Year Ended June 30, 2009

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ
<b>Receipts:</b>						
Property tax	\$ 2,800,065	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other city tax:</b>						
Mobile home tax	\$ 20,657	\$ -	\$ -	\$ -	\$ -	\$ -
Utility tax replacement excise tax	18,224	-	-	-	-	-
Hotel/motel tax	51,451	-	-	-	-	-
Utility franchise fees	142,497	-	-	-	20,778	-
	<u>\$ 232,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,778</u>	<u>\$ -</u>
<b>Licenses and permits:</b>						
Beer and liquor	\$ 8,324	\$ -	\$ -	\$ -	\$ -	\$ -
Cigarette	1,050	-	-	-	-	-
Business/building trades	2,780	-	-	-	-	-
Pet and other	983	-	-	-	-	-
Building	504,478	-	-	-	-	-
	<u>\$ 517,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Use of money and property:</b>						
Interest on cash investments	\$ 71,600	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	107,333	-	-	-	-	-
	<u>\$ 178,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Intergovernmental:</b>						
FEMA grants	\$ 25,686	\$ -	\$ -	\$ -	\$ -	\$ -
State disaster assistance	4,365	-	-	-	-	-
Township fire protection	120,832	-	-	-	-	-
County library contribution	29,617	-	-	-	-	-
Library grants and open access	14,204	-	-	-	-	-
	<u>\$ 194,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Charges for service:</b>						
Inspection fees	\$ 22,437	\$ -	\$ -	\$ -	\$ -	\$ -
Library fees	9,405	-	-	-	-	-
Police service fees	1,181	-	-	-	-	-
Zoning and subdivision	14,965	-	-	-	-	-
Garbage and recycling fees	369,540	-	-	-	-	-
Recreation charges	640,869	-	-	-	-	-
Cemetery plot location fees	120	-	-	-	-	-
Animal control	1,285	-	-	-	-	-
Maps and photocopy fees	3,202	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Administrative charges	32,940	-	-	-	-	-
Transit	360	-	-	-	-	-
	<u>\$ 1,096,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special assessments	\$ 9,078	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Miscellaneous:</b>						
Refunds and reimbursements	\$ 52,512	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	31,332	-	-	-	-	-
Donations/contributions	5,675	8,000	-	250	-	9,050
Miscellaneous	898	-	-	14,862	-	4,565
Penalties	60,146	-	-	-	-	-
	<u>\$ 150,563</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 15,112</u>	<u>\$ -</u>	<u>\$ 13,615</u>
<b>Total receipts</b>	<u>\$ 5,180,091</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 15,112</u>	<u>\$ 20,778</u>	<u>\$ 13,615</u>

Tree Program	Library			Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Impact Fees		Total
	Library Building/Endowment	TAG Group	Library Reserve				Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,800,065
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,657
-	-	-	-	-	-	-	-	-	18,224
-	-	-	-	-	-	-	-	-	51,451
-	-	-	-	-	-	-	-	-	163,275
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,607
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,324
-	-	-	-	-	-	-	-	-	1,050
-	-	-	-	-	-	-	-	-	2,780
-	-	-	-	-	-	-	-	-	983
-	-	-	-	-	-	-	-	-	504,478
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,615
\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	71,603
-	-	-	-	-	-	-	-	-	107,333
\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,936
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25,686
-	-	-	-	-	-	-	-	-	4,365
-	-	-	-	-	-	-	-	-	120,832
-	-	-	-	-	-	-	-	-	29,617
-	-	-	-	-	-	-	-	-	14,204
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,704
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22,437
-	-	-	-	-	-	-	-	-	9,405
-	-	-	-	-	-	-	16,020	-	17,201
-	-	-	-	-	-	-	-	-	14,965
-	-	-	-	-	-	-	-	-	369,540
-	-	-	-	-	-	-	-	-	640,869
-	-	-	-	-	-	-	-	-	120
-	-	-	-	-	-	-	-	-	1,285
-	-	-	-	-	-	-	-	-	3,202
-	-	-	-	-	-	-	-	127,959	127,959
-	-	-	-	-	-	-	-	-	32,940
-	-	-	-	-	-	-	-	-	360
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,020	\$ 127,959	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,078
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,952	\$ -	\$ -	\$ 64,464
-	-	-	-	-	-	-	-	-	31,332
-	-	1,083	4,882	-	-	-	280	-	29,220
(90)	-	547	-	-	-	-	-	-	20,782
-	-	-	-	-	-	-	-	-	60,146
\$ (90)	\$ -	\$ 1,630	\$ 4,882	\$ -	\$ 11,952	\$ 280	\$ -	\$ -	\$ 205,944
\$ (90)	\$ -	\$ 1,633	\$ 4,882	\$ -	\$ 11,952	\$ 16,300	\$ 127,959	\$ -	\$ 5,400,232

**CITY OF NORTH LIBERTY**  
**Statement of Cash Receipts, Disbursements**  
**and Changes in Cash Balances -**  
**Governmental Funds - General Fund**  
 (Page 2 of 3)  
 Year Ended June 30, 2009

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ
<b>Disbursements:</b>						
<b>Public Safety:</b>						
Police	\$ 924,113	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency management	38,148	-	-	-	-	-
Fire	236,659	-	-	-	-	-
Building inspections/safety	314,666	-	-	-	-	-
Animal control	1,454	-	-	-	-	-
<b>Total public safety</b>	<b>\$ 1,515,040</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Public Works:</b>						
Roads, bridges and sidewalks	\$ 19,845	\$ -	\$ -	\$ -	\$ -	\$ -
Traffic control and safety	17,984	-	-	-	-	-
Sanitation	341,238	-	-	-	-	-
Transit	84,924	-	-	-	-	-
<b>Total public works</b>	<b>\$ 463,991</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Health and social services:</b>						
Social services	\$ 70,600	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Culture and recreation:</b>						
Library	\$ 481,094	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	440,106	-	-	-	-	19,382
Recreation center	838,836	240,002	-	11,437	-	-
Aquatic center	490,649	-	-	-	-	-
Cemetery	8,588	-	-	-	-	-
<b>Total culture and recreation</b>	<b>\$ 2,259,273</b>	<b>\$ 240,002</b>	<b>\$ -</b>	<b>\$ 11,437</b>	<b>\$ -</b>	<b>\$ 19,382</b>
<b>Community and economic development:</b>						
Community beautification	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	22,000	-	-	-	-	-
Tourism promotion	15,606	-	-	-	-	-
Planning and zoning	291,537	-	-	-	-	-
Telecommunications	195,110	-	-	-	2,700	-
<b>Total community and economic development</b>	<b>\$ 524,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,700</b>	<b>\$ -</b>
<b>General government:</b>						
Mayor and council	\$ 16,443	\$ -	\$ -	\$ -	\$ -	\$ -
City administration	598,723	-	-	-	-	-
Legal services	109,804	-	-	-	-	-
Other general government	14,921	-	-	-	-	-
<b>Total general government</b>	<b>\$ 739,891</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total disbursements</b>	<b>\$ 5,573,048</b>	<b>\$ 240,002</b>	<b>\$ -</b>	<b>\$ 11,437</b>	<b>\$ 2,700</b>	<b>\$ 19,382</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>\$ (392,957)</b>	<b>\$ (232,002)</b>	<b>\$ -</b>	<b>\$ 3,675</b>	<b>\$ 18,078</b>	<b>\$ (5,767)</b>

Tree Program	Library			Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Impact Fees		Total
	Library Building/Endowment	TAG Group	Library Reserve				Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,177	\$ 14,873	\$ -	\$ -	\$ 966,163
-	-	-	-	-	-	-	-	-	38,148
-	-	-	-	3,165	-	-	-	-	239,824
-	-	-	-	-	-	-	-	-	314,666
-	-	-	-	-	-	-	-	-	1,454
\$ -	\$ -	\$ -	\$ -	\$ 3,165	\$ 27,177	\$ 14,873	\$ -	\$ -	\$ 1,560,255
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,863	\$ -	\$ -	\$ -	\$ 163,708
-	-	-	-	-	-	-	-	-	17,984
-	-	-	-	-	-	-	-	-	341,238
-	-	-	-	-	-	-	-	-	84,924
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,863	\$ -	\$ -	\$ -	\$ 607,854
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,600
\$ -	\$ -	\$ 2,235	\$ 11,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,822
-	-	-	-	-	34,710	-	-	-	494,198
-	-	-	-	-	-	-	-	-	1,090,275
-	-	-	-	-	-	-	-	-	490,649
-	-	-	-	-	-	-	-	-	8,588
\$ -	\$ -	\$ 2,235	\$ 11,493	\$ -	\$ 34,710	\$ -	\$ -	\$ -	\$ 2,578,532
\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350
-	-	-	-	-	-	-	-	-	22,000
-	-	-	-	-	-	-	-	-	15,606
-	-	-	-	-	-	-	-	-	291,537
-	-	-	-	-	-	-	-	-	197,810
\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,303
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,443
-	-	-	-	-	-	-	-	-	598,723
-	-	-	-	-	-	-	-	-	109,804
-	-	-	-	-	-	-	-	-	14,921
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 739,891
\$ 350	\$ -	\$ 2,235	\$ 11,493	\$ 3,165	\$ 205,750	\$ 14,873	\$ -	\$ -	\$ 6,084,435
\$ (440)	\$ -	\$ (602)	\$ (6,611)	\$ (3,165)	\$ (193,798)	\$ 1,427	\$ 127,959	\$ -	\$ (684,203)

**CITY OF NORTH LIBERTY**  
**Statement of Cash Receipts, Disbursements**  
**and Changes in Cash Balances -**  
**Governmental Funds - General Fund**  
 (Page 3 of 3)  
 Year Ended June 30, 2009

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ
Other financing sources (uses):						
Sale of capital assets	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	961,070	25,000	-	-	-	5,000
Operating transfers (out)	(226,564)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 734,581</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>
<b>Net change in cash balances</b>	<b>\$ 341,624</b>	<b>\$ (207,002)</b>	<b>\$ -</b>	<b>\$ 3,675</b>	<b>\$ 18,078</b>	<b>\$ (767)</b>
Cash and cash investments, beginning of year	407,040	319,581	(131,555)	39,388	15,239	2,758
Cash and cash investments, end of year	<b>\$ 748,664</b>	<b>\$ 112,579</b>	<b>\$ (131,555)</b>	<b>\$ 43,063</b>	<b>\$ 33,317</b>	<b>\$ 1,991</b>
Cash basis fund balances: Unreserved - General fund	<b>\$ 748,664</b>	<b>\$ 112,579</b>	<b>\$ (131,555)</b>	<b>\$ 43,063</b>	<b>\$ 33,317</b>	<b>\$ 1,991</b>

See accompanying independent auditor's report.

Tree Program	Library			Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Impact Fees		Total
	Library Building/ Endowment	TAG Group	Library Reserve				Trans- portation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 225
-	-	-	-	113,564	194,200	-	-	-	1,298,834
-	-	-	-	-	-	-	-	-	(226,564)
\$ -	\$ -	\$ -	\$ -	\$ 113,564	\$ 194,350	\$ -	\$ -	\$ -	\$ 1,072,495
\$ (440)	\$ -	\$ (602)	\$ (6,611)	\$ 110,399	\$ 552	\$ 1,427	\$ 127,959	\$ -	\$ 388,292
15,519	13,500	5,549	(1,029)	193,831	58,551	2,156	942,717	19,238	1,902,483
\$ 15,079	\$ 13,500	\$ 4,947	\$ (7,640)	\$ 304,230	\$ 59,103	\$ 3,583	\$ 1,070,676	\$ 19,238	\$ 2,290,775
\$ 15,079	\$ 13,500	\$ 4,947	\$ (7,640)	\$ 304,230	\$ 59,103	\$ 3,583	\$ 1,070,676	\$ 19,238	\$ 2,290,775

**CITY OF NORTH LIBERTY**

Statements of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Nonmajor Governmental Funds

Year Ended June 30, 2009

	Special Revenue			
	Emergency Levy	Road Use Tax	Employee Benefits	Drug Task Force
Receipts:				
Property tax	\$ 53,899	\$ -	\$ 561,986	\$ -
Other city tax	735	-	7,847	-
Use of money and property	-	-	-	509
Intergovernmental	-	599,789	-	1,455
Special assessments	-	-	-	-
<b>Total receipts</b>	<b>\$ 54,634</b>	<b>\$ 599,789</b>	<b>\$ 569,833</b>	<b>\$ 1,964</b>
Disbursements:				
Public works	\$ -	\$ 540,858	\$ -	\$ -
Debt service	-	-	-	-
Capital projects	-	-	-	-
<b>Total disbursements</b>	<b>\$ -</b>	<b>\$ 540,858</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>\$ 54,634</b>	<b>\$ 58,931</b>	<b>\$ 569,833</b>	<b>\$ 1,964</b>
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers (out)	(54,634)	(141,200)	(569,833)	-
<b>Total other financing sources (uses)</b>	<b>\$ (54,634)</b>	<b>\$ (141,200)</b>	<b>\$ (569,833)</b>	<b>\$ -</b>
<b>Net change in cash balances</b>	<b>\$ -</b>	<b>\$ (82,269)</b>	<b>\$ -</b>	<b>\$ 1,964</b>
Cash and cash investments, beginning of year	-	161,190	4,698	45,187
<b>Cash and cash investments, end of year</b>	<b>\$ -</b>	<b>\$ 78,921</b>	<b>\$ 4,698</b>	<b>\$ 47,151</b>
Cash basis fund balances:				
Reserved -				
Debt service fund	\$ -	\$ -	\$ -	\$ -
Unreserved -				
Special revenue funds	-	78,921	4,698	47,151
Capital projects funds	-	-	-	-
<b>Total cash basis fund balances</b>	<b>\$ -</b>	<b>\$ 78,921</b>	<b>\$ 4,698</b>	<b>\$ 47,151</b>

See accompanying independent auditor's report.

**Schedule 2**

Debt Service -			
Special	Capital		
Assessments	Projects		Total
\$ -	\$ -	\$	615,885
-	-		8,582
-	10,099		10,608
-	10,862		612,106
1,305	-		1,305
<hr/>			
\$ 1,305	\$ 20,961	\$	1,248,486
<hr/>			
\$ -	\$ -	\$	540,858
12,146	-		12,146
-	180,141		180,141
<hr/>			
\$ 12,146	\$ 180,141	\$	733,145
<hr/>			
\$ (10,841)	\$ (159,180)	\$	515,341
<hr/>			
\$ -	\$ 289,462	\$	289,462
10,841	-		10,841
-	(221,305)		(986,972)
<hr/>			
\$ 10,841	\$ 68,157	\$	(686,669)
<hr/>			
\$ -	\$ (91,023)	\$	(171,328)
<hr/>			
-	14,625		225,700
<hr/>			
\$ -	\$ (76,398)	\$	54,372
<hr/>			
\$ -	\$ -	\$	-
<hr/>			
-	-		130,770
-	(76,398)		(76,398)
<hr/>			
\$ -	\$ (76,398)	\$	54,372
<hr/>			

**CITY OF NORTH LIBERTY**

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Nonmajor Governmental Funds -  
Capital Projects Funds

Year Ended June 30, 2009

	Ranshaw House Project	Front Street Reconstruction	Cherry Street Reconstruction	TIF Projects	Community Center
<b>Receipts:</b>					
Use of money and property:					
Interest on cash investments	\$ 99	\$ -	\$ -	\$ -	\$ -
Rent	-	-	-	-	-
Intergovernmental:					
Iowa Department of Economic Development	-	-	-	-	-
Iowa Department of Transportation	-	-	-	-	-
<b>Total receipts</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Disbursements:</b>					
Capital projects	-	-	-	12,822	764
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,822)</b>	<b>\$ (764)</b>
<b>Other financing sources (uses):</b>					
Proceeds from sale of general obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	(14,196)	(2,407)	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (14,196)</b>	<b>\$ (2,407)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in cash balances</b>	<b>\$ 99</b>	<b>\$ (14,196)</b>	<b>\$ (2,407)</b>	<b>\$ (12,822)</b>	<b>\$ (764)</b>
Cash and cash investments, beginning of year	8,094	14,196	2,407	157,615	(67,139)
Cash and cash investments, end of year	\$ 8,193	\$ -	\$ -	\$ 144,793	\$ (67,903)
Cash basis fund balances:					
Unreserved - capital projects funds	\$ 8,193	\$ -	\$ -	\$ 144,793	\$ (67,903)

See accompanying independent auditor's report.

**Schedule 3**

Trail Projects	Penn Street Improvements	Entryway Development	Economic Development Projects	Liberty Centre	Land and Facilities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99
-	-	-	-	-	10,000	10,000
-	-	-	1,470	-	-	1,470
9,392	-	-	-	-	-	9,392
\$ 9,392	\$ -	\$ -	\$ 1,470	\$ -	\$ 10,000	\$ 20,961
-	4,752	-	1,666	-	160,137	180,141
\$ 9,392	\$ (4,752)	\$ -	\$ (196)	\$ -	\$ (150,137)	\$ (159,180)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,462	\$ 289,462
-	-	-	-	-	-	-
-	-	-	-	(204,702)	-	(221,305)
\$ -	\$ -	\$ -	\$ -	\$ (204,702)	\$ 289,462	\$ 68,157
\$ 9,392	\$ (4,752)	\$ -	\$ (196)	\$ (204,702)	\$ 139,325	\$ (91,023)
(21,927)	(249,216)	10,993	134,728	204,702	(179,828)	14,625
\$ (12,535)	\$ (253,968)	\$ 10,993	\$ 134,532	\$ -	\$ (40,503)	\$ (76,398)
\$ (12,535)	\$ (253,968)	\$ 10,993	\$ 134,532	\$ -	\$ (40,503)	\$ (76,398)

CITY OF NORTH LIBERTY

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Proprietary Funds -  
Water Enterprise, Sewer Enterprise and Utility Deposits Funds

Year Ended June 30, 2009

	Water Enterprise					Total
	Water Operating	Water Revenue Sinking	Water Reserve	Water Utilities- Capital Reserve	Water Capital Projects	
Operating receipts:						
Charges for service	\$ 1,694,319	\$ -	\$ -	\$ -	\$ -	\$ 1,694,319
Miscellaneous	35,696	-	-	-	-	35,696
Total operating receipts	\$ 1,730,015	\$ -	\$ -	\$ -	\$ -	\$ 1,730,015
Operating disbursements:						
Business type activities	1,068,934	-	-	5,496	1,152,219	2,226,649
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ 661,081	\$ -	\$ -	\$ (5,496)	\$ (1,152,219)	\$ (496,634)
Non-operating receipts and (disbursements):						
Interest on cash investments	\$ 5,378	\$ -	\$ -	\$ -	\$ -	\$ 5,378
Proceeds from sales of revenue bonds	-	506	223,943	-	2,107,257	2,331,706
Proceeds from State Revolving Fund note draws	-	-	-	-	-	-
Debt service	-	(472,844)	-	-	-	(472,844)
Total non-operating receipts and (disbursements)	\$ 5,378	\$ (472,338)	\$ 223,943	\$ -	\$ 2,107,257	\$ 1,864,240
Excess (deficiency) of receipts over (under) disbursements	\$ 666,459	\$ (472,338)	\$ 223,943	\$ (5,496)	\$ 955,038	\$ 1,367,606
Operating transfers:						
Operating transfers in	\$ -	\$ 527,835	\$ -	\$ 15,000	\$ 100,000	\$ 642,835
Operating transfers (out)	(807,835)	-	-	-	-	(807,835)
Net operating transfers	\$ (807,835)	\$ 527,835	\$ -	\$ 15,000	\$ 100,000	\$ (165,000)
Net change in cash balances	\$ (141,376)	\$ 55,497	\$ 223,943	\$ 9,504	\$ 1,055,038	\$ 1,202,606
Cash and cash investments, beginning of year	350,838	1,077	353,913	1,220	(346,477)	360,571
Cash and cash investments, end of year	\$ 209,462	\$ 56,574	\$ 577,856	\$ 10,724	\$ 708,561	\$ 1,563,177
Cash basis fund balances:						
Reserved - debt service	\$ -	\$ 56,574	\$ 577,856	\$ -	\$ -	\$ 634,430
Unreserved:						
Capital projects	-	-	-	-	708,561	708,561
Unreserved	209,462	-	-	10,724	-	220,186
	\$ 209,462	\$ 56,574	\$ 577,856	\$ 10,724	\$ 708,561	\$ 1,563,177

See accompanying independent auditor's report.

Schedule 4

Sewer Enterprise							
Sewer Operating	Sewer Revenue Sinking	Sewer Reserve	Sewer Rental - Capital Reserve	Sewer Capital Projects	Total	Utility Deposits	
\$ 2,185,786	\$ -	\$ -	\$ 31,864	\$ -	\$ 2,217,650	\$ -	
2,274	-	-	-	-	2,274	178,273	
\$ 2,188,060	\$ -	\$ -	\$ 31,864	\$ -	\$ 2,219,924	\$ 178,273	
827,189	-	-	33,604	1,245,019	2,105,812	99,004	
\$ 1,360,871	\$ -	\$ -	\$ (1,740)	\$ (1,245,019)	\$ 114,112	\$ 79,269	
\$ 6,371	\$ -	\$ -	\$ -	\$ -	\$ 6,371	\$ -	
-	331	155,507	-	1,382,093	1,537,931	-	
-	-	-	-	2,123,530	2,123,530	-	
-	(881,466)	-	-	-	(881,466)	-	
\$ 6,371	\$ (881,135)	\$ 155,507	\$ -	\$ 3,505,623	\$ 2,786,366	\$ -	
\$ 1,367,242	\$ (881,135)	\$ 155,507	\$ (1,740)	\$ 2,260,604	\$ 2,900,478	\$ 79,269	
\$ -	\$ 1,027,374	\$ -	\$ 57,000	\$ -	\$ 1,084,374	\$ -	
(1,239,374)	-	-	-	-	(1,239,374)	-	
\$ (1,239,374)	\$ 1,027,374	\$ -	\$ 57,000	\$ -	\$ (155,000)	\$ -	
\$ 127,868	\$ 146,239	\$ 155,507	\$ 55,260	\$ 2,260,604	\$ 2,745,478	\$ 79,269	
652,450	54,248	151,598	117,708	(3,211,998)	(2,235,994)	317,334	
\$ 780,318	\$ 200,487	\$ 307,105	\$ 172,968	\$ (951,394)	\$ 509,484	\$ 396,603	
\$ -	\$ 200,487	\$ 307,105	\$ -	\$ -	\$ 507,592	\$ -	
-	-	-	-	(951,394)	(951,394)	-	
780,318	-	-	172,968	-	953,286	396,603	
\$ 780,318	\$ 200,487	\$ 307,105	\$ 172,968	\$ (951,394)	\$ 509,484	\$ 396,603	

**CITY OF NORTH LIBERTY**

**Schedule 5**

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balances - Nonmajor Proprietary Fund -  
Stormwater Management Fund

Year Ended June 30, 2009

Operating receipts:	
Charges for service	\$ 139,250
Operating disbursements:	
Business type activities	<u>53,902</u>
Excess of operating receipts over operating disbursements	\$ 85,348
Operating transfers:	
Operating transfers (out)	<u>(20,000)</u>
Net change in cash balances	\$ 65,348
Cash and cash investments, beginning of year	<u>200,532</u>
Cash and cash investments, end of year	<u>\$ 265,880</u>
Cash basis fund balances:	
Unreserved - unreserved	<u>\$ 265,880</u>

See accompanying independent auditor's report.

**CITY OF NORTH LIBERTY**

Statement of Indebtedness

Year Ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Notes:			
Equipment Acquisition Note	5/19/06	3.45 %	\$ 225,000
General Obligation Bonds:			
General Obligation Community Center	4/1/96	4.00-5.00	600,000
General Obligation Sewer Improvement	1/1/98	3.00	1,000,000
Corporate Purpose	6/1/00	5.25-5.50	3,065,000
Urban Renewal Corporate Purpose	5/1/01	3.30-4.35	1,600,000
Urban Renewal Corporate Purpose	8/15/02	2.25-3.60	2,700,000
Corporate Purpose	9/1/03	3.40-4.50	4,200,000
Urban Renewal Corporate Purpose	8/15/04	2.10-3.60	1,560,000
Urban Renewal Corporate Purpose	11/9/05	3.45	3,500,000
Corporate Purpose	11/15/06	3.6-3.85	570,000
Urban Renewal Corporate Purpose	8/1/07	4.00	3,515,000
General Obligation Water Improvement	12/15/07	3.45-4.10	855,000
Corporate Purpose	6/30/08	2.50-3.95	1,940,000
Corporate Purpose	5/27/09	1.50-4.15	2,425,000
Total			
Special Assessment Notes:			
Street Improvement	8/17/00	5.15	110,000
Revenue Notes:			
Sewer Revenue SRF Interim Loan	10/20/06	-	550,000
Revenue Bonds:			
Sewer Revenue Bond Series 1998A	3/23/98	3.00	323,957
Sewer Revenue Bond Series 1998B	3/23/98	3.00	3,769,043
Water Revenue Bond Series 2001	9/1/01	3.00-5.30	2,000,000
Water Revenue Refunding Series 2003	9/1/03	1.30-3.50	600,000
Sewer Revenue Bond Series 2006A	4/15/06	4.05-4.55	1,860,000
Water Revenue Bond Series 2006B	11/15/06	4.375	1,670,000
Sewer Revenue Bond Series 2007	8/23/07	3.00	5,271,000
Sewer Revenue Bond Series 2008A	7/30/08	3.00	3,250,000
Sewer Revenue Bond Series 2008C	9/15/08	2.75-4.40	1,550,000
Water Revenue Bond Series 2008D	9/15/08	2.75-4.40	2,350,000
Total			

See accompanying independent auditor's report.

**Schedule 6**

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 75,000	\$ -	\$ 75,000	\$ -	\$ 2,551	\$ -
\$ 295,000	\$ -	\$ 35,000	\$ 260,000	\$ 14,443	\$ -
596,000	-	50,000	546,000	17,130	-
740,000	-	360,000	380,000	40,520	-
555,000	-	175,000	380,000	23,787	-
1,520,000	-	355,000	1,165,000	52,160	-
3,535,000	-	185,000	3,350,000	145,605	-
985,000	-	150,000	835,000	32,020	-
2,900,000	-	370,000	2,530,000	100,280	-
525,000	-	50,000	475,000	19,470	-
3,225,000	-	305,000	2,920,000	129,000	-
855,000	-	45,000	810,000	32,369	-
1,940,000	-	-	1,940,000	59,196	-
-	2,425,000	-	2,425,000	-	-
\$ 17,671,000	\$ 2,425,000	\$ 2,080,000	\$ 18,016,000	\$ 665,980	\$ -
\$ 22,000	\$ -	\$ 11,000	\$ 11,000	\$ 1,146	\$ -
\$ 211,547	\$ -	\$ 211,547	\$ -	\$ -	\$ -
\$ 213,000	\$ -	\$ 15,000	\$ 198,000	\$ 6,165	\$ -
2,399,000	-	179,000	2,220,000	69,285	-
1,865,000	-	25,000	1,840,000	93,175	-
190,000	-	90,000	100,000	6,470	-
1,740,000	-	70,000	1,670,000	75,455	-
1,610,000	-	60,000	1,550,000	70,437	-
5,188,000	-	89,000	5,099,000	155,640	-
-	3,250,000	120,000	3,130,000	52,885	-
-	1,550,000	-	1,550,000	42,400	-
-	2,350,000	-	2,350,000	64,777	-
\$ 13,205,000	\$ 7,150,000	\$ 648,000	\$ 19,707,000	\$ 636,689	\$ -

**CITY OF NORTH LIBERTY**

Bond and Note Maturities

(Page 1 of 2)

Year Ended June 30, 2009

Year Ending June 30	General Obligation Bonds					
	Corporate Purpose Issued June 1, 2000		Corporate Purpose Issued Sept. 1, 2003		Corporate Purpose Issued May 27, 2009	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	5.50 %	\$ 380,000	3.50 %	\$ 200,000	- %	\$ -
2011			3.90	205,000	1.50	145,000
2012			3.90	220,000	1.75	150,000
2013			3.90	235,000	2.00	150,000
2014			3.90	210,000	2.25	155,000
2015			4.00	215,000	2.50	160,000
2016			4.10	220,000	2.75	160,000
2017			4.15	225,000	3.00	165,000
2018			4.25	230,000	3.25	170,000
2019			4.35	240,000	3.50	175,000
2020			4.40	250,000	3.75	185,000
2021			4.45	275,000	4.00	190,000
2022			4.45	300,000	4.05	200,000
2023			4.50	325,000	4.10	205,000
2024					4.15	215,000
Total		<u>\$ 380,000</u>		<u>\$ 3,350,000</u>		<u>\$ 2,425,000</u>

Year Ending June 30,	General Obligation Bonds					
	Sewer Improvement Issued Jan. 6, 1998		Corporate Purpose Issued May 1, 2001		Corporate Purpose Issued Aug. 15, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	3.00 %	\$ 52,000	4.30 %	\$ 185,000	3.00 %	\$ 155,000
2011	3.00	54,000	4.35	195,000	3.25	160,000
2012	3.00	56,000			3.35	165,000
2013	3.00	58,000			3.45	175,000
2014	3.00	60,000			3.60	180,000
2015	3.00	63,000				
2016	3.00	65,000				
2017	3.00	68,000				
2018	3.00	70,000				
2019						
2020						
2021						
2022						
2023						
2024						
Total		<u>\$ 546,000</u>		<u>\$ 380,000</u>		<u>\$ 835,000</u>



**CITY OF NORTH LIBERTY**

Bond and Note Maturities

(Page 2 of 2)

Year Ended June 30, 2009

Year Ending June 30,	Water Revenue Series 2006B		Water Revenue Refunding		Enterprise Fund Water Revenue Series 2001	
	Issued Nov. 15, 2006		Issued Sept. 1, 2003		Issued Sept. 1, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.375 %	\$ 65,000	3.50 %	\$ 100,000	4.40 %	\$ 25,000
2011	4.375	65,000			4.50	130,000
2012	4.375	70,000			4.65	135,000
2013	4.375	75,000			4.75	140,000
2014	4.375	75,000			4.85	145,000
2015	4.375	80,000			4.95	155,000
2016	4.375	80,000			5.05	160,000
2017	4.375	85,000			5.10	170,000
2018	4.375	90,000			5.15	180,000
2019	4.375	95,000			5.20	190,000
2020	4.375	95,000			5.25	200,000
2021	4.375	100,000			5.30	210,000
2022	4.375	105,000				
2023	4.375	110,000				
2024	4.375	115,000				
2025	4.375	120,000				
2026	4.375	125,000				
2027						
2028						
<b>Total</b>		<b>\$ 1,550,000</b>		<b>\$ 100,000</b>		<b>\$ 1,840,000</b>

Year Ending June 30,	Sewer Revenue Series 2007		Sewer Revenue Series 2008A		Enterprise Fund Sewer Revenue Series 2008C	
	Issued Aug. 23, 2007		Issued July 30, 2008		Issued Sept. 15, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	3.00 %	\$ 89,000	3.00 %	\$ 125,000	2.75 %	\$ 100,000
2011	3.00	96,000	3.00	126,000	3.00	100,000
2012	3.00	98,000	3.00	130,000	3.20	100,000
2013	3.00	100,000	3.00	134,000	3.40	100,000
2014	3.00	106,000	3.00	138,000	3.60	100,000
2015	3.00	108,000	3.00	143,000	3.75	100,000
2016	3.00	111,000	3.00	147,000	3.90	105,000
2017	3.00	114,000	3.00	152,000	4.00	105,000
2018	3.00	117,000	3.00	157,000	4.10	110,000
2019	3.00	121,000	3.00	162,000	4.20	115,000
2020	3.00	416,000	3.00	167,000	4.25	120,000
2021	3.00	430,000	3.00	173,000	4.30	125,000
2022	3.00	444,000	3.00	178,000	4.35	130,000
2023	3.00	459,000	3.00	184,000	4.40	140,000
2024	3.00	475,000	3.00	190,000		
2025	3.00	486,000	3.00	196,000		
2026	3.00	654,000	3.00	203,000		
2027	3.00	675,000	3.00	209,000		
2028			3.00	216,000		
<b>Total</b>		<b>\$ 5,099,000</b>		<b>\$ 3,130,000</b>		<b>\$ 1,550,000</b>

See accompanying independent auditor's report.



**CITY OF NORTH LIBERTY**

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

Last Ten Years

	Years Ended June 30,			
	2009	2008	2007	2006
<b>Receipts:</b>				
Property tax	\$ 3,866,171	\$ 3,093,326	\$ 2,430,379	\$ 1,905,108
Tax increment financing	2,822,497	2,660,586	2,470,154	1,360,008
Other city tax	264,473	196,571	161,686	135,396
Licenses and permits	517,615	482,903	617,217	625,439
Use of money and property	189,544	180,001	190,964	204,647
Intergovernmental	1,078,608	800,564	1,460,925	1,294,642
Charges for service	1,240,283	1,228,972	982,868	1,147,998
Special assessments	10,383	24,347	26,182	34,617
Miscellaneous	205,943	313,332	141,640	392,867
<b>Total</b>	<b>\$ 10,195,517</b>	<b>\$ 8,980,602</b>	<b>\$ 8,482,015</b>	<b>\$ 7,100,722</b>
<b>Disbursements:</b>				
Public safety	\$ 1,560,255	\$ 1,424,463	\$ 1,806,083	\$ 881,885
Public works	1,148,712	1,143,600	967,256	1,025,863
Health and social services	70,600	35,020	36,500	34,500
Culture and recreation	2,578,532	2,281,120	2,445,972	1,680,594
Community and economic development	619,737	576,163	520,060	325,306
General government	739,891	842,771	739,627	541,943
Debt service	2,823,582	4,219,859	2,074,465	2,877,794
Capital projects	2,058,032	2,797,451	2,470,613	4,510,561
<b>Total</b>	<b>\$ 11,599,341</b>	<b>\$ 13,320,447</b>	<b>\$ 11,060,576</b>	<b>\$ 11,878,446</b>

See accompanying independent auditor's report.

**Schedule 8**

2005	2004	2003	2002	2001	2000
\$ 1,582,974	\$ 1,355,034	\$ 1,050,948	\$ 908,944	\$ 793,953	\$ 733,828
1,116,247	1,290,281	1,001,279	991,905	981,613	961,357
130,557	126,764	117,007	105,903	94,589	63,475
656,054	579,106	363,961	190,821	187,063	146,040
129,302	108,371	91,744	89,371	89,130	41,762
1,551,835	1,290,726	690,750	1,153,918	1,565,118	680,234
995,289	872,863	482,897	481,950	530,404	269,542
31,421	67,770	38,107	197,675	30,006	68,488
364,586	407,370	240,577	193,885	105,190	286,630
<u>\$ 6,558,265</u>	<u>\$ 6,098,285</u>	<u>\$ 4,077,270</u>	<u>\$ 4,314,372</u>	<u>\$ 4,377,066</u>	<u>\$ 3,251,356</u>
\$ 752,220	\$ 902,800	\$ 962,346	\$ 501,835	\$ 466,707	\$ 419,683
636,329	593,601	545,818	520,998	502,813	357,466
21,000	21,000	21,000	24,867	15,000	12,000
1,650,909	990,473	872,066	816,995	727,423	595,855
249,352	200,518	125,461	202,433	373,621	328,546
452,215	447,623	436,888	369,773	320,223	309,783
1,636,989	2,455,627	1,388,454	1,128,794	928,380	610,310
2,669,922	5,773,910	1,871,426	1,773,501	3,279,625	2,703,217
<u>\$ 8,068,936</u>	<u>\$ 11,385,552</u>	<u>\$ 6,223,459</u>	<u>\$ 5,339,196</u>	<u>\$ 6,613,792</u>	<u>\$ 5,336,860</u>



**Greenwood and Crim, P.C.**  
Certified Public Accountants

*Linda Crim Hopkins, C.P.A.*  
*Steven J. Kuhl, C.P.A.*

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

To the Honorable Mayor and  
Members of the City Council  
City of North Liberty  
North Liberty, Iowa

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 North Liberty 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 January 18, 2010. 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 of North Liberty'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 an opinion on the effectiveness of the City of North Liberty's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of North Liberty's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 the basis of accounting utilized by the City, such that there is more than a remote likelihood that 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.

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

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City of North Liberty's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures during our audit of the financial statements of the City of North Liberty. Since our audit was based on tests and samples, not all transactions that might have 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.

The City of North Liberty's responses to findings identified in our audit are described in the accompanying Schedule of Findings. 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.

We noted certain other matters that we reported to the management of the City of North Liberty in a separate letter dated January 18, 2010.

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 North Liberty and other parties to whom the City of North Liberty 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.

*Greenwood and Cruij, P.C.*

January 18, 2010

## CITY OF NORTH LIBERTY

### Schedule of Findings

Year Ended June 30, 2009

#### Part I. Findings Related to the Financial Statements

##### INTERNAL CONTROL

There were no material weaknesses noted which were required to be reported in accordance with *Government Auditing Standards*.

##### COMPLIANCE

There were no matters which were required to be reported in accordance with *Government Auditing Standards*.

#### Part II. Other Findings Related to Required Statutory Reporting

##### 09-II-A Certified Budget

**Comment** - Disbursements during the year ended June 30, 2009, exceeded the final amounts budgeted in the public works, culture and recreation 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 an annual or continuing appropriation.

**Recommendation** - The budget should have been amended in sufficient amounts in accordance with Chapter 384.20 of the Code of Iowa.

**Response** - We will make every attempt to ensure that the amendments are sufficient. The business type activities function overexpenditure was due to a classification error arising from the repayment of \$171,199 of CAT grant funds to the Iowa Department of Economic Development. Overexpenditures in the other two functions were due to a mix up in the function classifications of certain expenses in the amended budget amounts. We are reviewing our budget calculation worksheets to make sure that all expenditures are classified to the proper functions.

**Conclusion** - Response accepted. We also have discussed the CAT grant repayment matter in our management letter to you.

09-II-B **Questionable Disbursements** - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

09-II-C **Travel Expenses** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

09-II-D **Business Transactions with City Officials and Employees** - We noted no transactions between the City and City officials or employees during the year ended June 30, 2009.

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

09-II-F **Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not. Publications of Council meeting minutes tested by us were published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

## CITY OF NORTH LIBERTY

### Schedule of Findings

Year Ended June 30, 2009

#### Part II. Other Findings Related to Required Statutory Reporting (Continued)

##### 09-II-G Deposits and Investments

- a) **Comment** - The City authorized the investment of \$5,000 in the Community Foundation of Johnson County (Foundation) during the year ended June 30, 2005 to establish an endowment fund for the North Liberty Community Library, as described in Note 2. The investment is pooled in the Foundation's investment portfolio and is covered by a pool of U.S. government bonds, which appears to comply with the City's investment policy. However, the value of the City's investment is still subject to the Foundation's overall investment performance, and the Foundation has investments in several mutual funds that do not comply with the City's investment policy. Accordingly, the City's value of its investment is subject to the market value change of all of the Foundation's investments.

**Recommendation** - We recommend that the City continue to work with the Foundation to determine if the investment can be invested in a security which complies with the City's investment policy and will not be subject to valuation changes based on the Foundation's investment valuation policy.

**Response** - We are continuing to review investment options with the Foundation to determine if the City's investment can be invested in a security which complies with the City's investment policy and which does not subject the City to the overall market value risk for valuation. The City may also have to consider withdrawing those funds from the Foundation and invest them in an investment that meets the City's investment policy. We anticipate that this matter will be resolved during the year ending June 30, 2010.

**Conclusion** - Response accepted.

- b) **Comment** - We noted that the authorized signers of a new checking account that was opened during the year for the Library TAG group are not covered by the current City resolution which states the authorized signers for the City's bank accounts.

**Recommendation** - The City should review the authorized signers for this account and consider a new resolution stating the authorized depositories and the authorized signers of the accounts at each depository. The City's attorney should also be consulted on this matter.

**Response** - We will review this matter and consider a resolution that covers all authorized depositories and authorized signers of the accounts at each depository. We will also consult with the City's attorney to see if there are other possibilities in resolving this matter.

**Conclusion** - Response accepted.

##### 09-II-H Revenue Bonds

**Comment** - The June 2009 interest payment of \$33,300 on the Series 1998B Sewer Revenue Bond was erroneously coded to the Debt Service Fund instead of the Sewer Revenue Sinking Fund.

**Recommendation** - The City should transfer \$33,300 from the Sewer Revenue Sinking Fund to the Debt Service Fund to reimburse for this coding error.

**Response** - We agree with the recommendation and will make the corrective transfer. We will make sure that utility revenue bond interest and/or principal payments are charged against the sinking fund.

**Conclusion** - Response accepted.

CITY OF NORTH LIBERTY

Schedule of Findings

Year Ended June 30, 2009

Part II. Other Findings Related to Required Statutory Reporting (Continued)

09-II-I General Obligation Bonds

- a) **Comment** - The December 2008 principal and interest payments on the 1998 General Obligation Sewer Improvement Bond were paid from the Debt Service Fund but there was no transfer from the Sewer Revenue Sinking Fund to cover these payments. In addition, the June 2009 interest payment on this bond was coded to the Sewer Revenue Sinking Fund. The City has chosen to pay the principal and interest of this bond issue from net income of the Sewer Operating Fund that has been escrowed in the Sewer Revenue Sinking Fund instead of levying property taxes to make the payments. Because this bond issue does not require sewer revenues to pay the principal and interest as it comes due, the payments must be made from the Debt Service Fund. The City should transfer funds from the Sewer Revenue Sinking Fund to the Debt Service Fund to make the principal and interest payments as they come due.

**Recommendation** - The City should transfer \$58,940 from the Sewer Revenue Sinking Fund to the Debt Service Fund to cover the December 2008 principal and interest payments. In the future, the City should transfer the appropriate amount from the Sewer Revenue Sinking Fund to the Debt Service Fund to cover the principal and/or interest payments as they come due.

**Response** - We will make the corrective transfer of \$58,940. We will make sure that funds are transferred from the Sewer Revenue Sinking Fund to the Debt Service Fund as interest and principal amounts come due, and that those payments are coded to the Debt Service Fund.

**Conclusion** - Response accepted.

- b) **Comment** - The December 2008 interest payment on the 2007B General Obligation Water Improvement Bond was paid from the Debt Service Fund but there was no transfer from the Water Revenue Sinking Fund to cover this payment. In addition, the June 2009 principal and interest payments on this bond were coded to the Water Revenue Sinking Fund. The City has chosen to pay the principal and interest of this bond issue from net income of the Water Operating Fund that has been escrowed in the Water Revenue Sinking Fund instead of levying property taxes to make the payments. Because this bond issue does not require water revenues to pay the principal and interest as it comes due, the payments must be made from the Debt Service Fund. The City should transfer funds from the Water Revenue Sinking Fund to the Debt Service Fund to make the principal and interest payments as they come due.

**Recommendation** - The City should transfer \$16,184 from the Water Revenue Sinking Fund to the Debt Service Fund to cover the December 2008 interest payment. In the future, the City should transfer the appropriate amount from the Water Revenue Sinking Fund to the Debt Service Fund to cover the principal and/or interest payments as they come due.

**Response** - We will make the corrective transfer of \$16,184. We will make sure that funds are transferred from the Water Revenue Sinking Fund to the Debt Service Fund as interest and principal amounts come due, and that those payments are coded to the Debt Service Fund.

**Conclusion** - Response accepted.

**CITY OF NORTH LIBERTY**

Schedule of Findings

Year Ended June 30, 2009

**Part II. Other Findings Related to Required Statutory Reporting (Continued)**

09-II-J **Financial Condition** - As disclosed in Note 12 to the financial statements, at June 30, 2009, the City had deficit balances in seven project funds that arose because project and construction costs were incurred prior to the availability of funds.

**Recommendation** - In most situations common to governmental entities, the costs of these types of projects must be expended prior to the availability of certain funds. The City should make sure that there are adequate revenues, proceeds from sales of bonds and available City funds to cover the costs of these projects and construction activities.

**Response** - We monitor these projects and activities on a regular basis to ensure that there are adequate resources to pay for the costs.

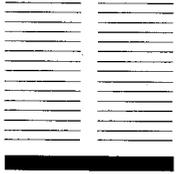
**Conclusion** - Response accepted.

09-II-K **Special Assessments** - We noted that \$2,996 of Zeller Street special assessments received during the year were deposited to the General Fund instead of the Debt Service Fund - Special Assessments Fund. The Zeller Street special assessments must be deposited to the debt service fund to pay the annual principal and interest on the special assessment bonds until such bonds are paid in full.

**Recommendation** - The City should transfer \$2,996 from the General Fund to the Debt Service Fund - Special Assessments Fund.

**Response** - We will make this corrective transfer during the year ending June 30, 2010.

**Conclusion** - Response accepted.



**Greenwood and Crim, P.C.**  
Certified Public Accountants

*Linda Crim Hopkins, C.P.A.*  
*Steven J. Kuhl, C.P.A.*

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January 18, 2010

To the Honorable Mayor,  
Council Members and Management  
City of North Liberty  
North Liberty, Iowa

In planning and performing our audit of the financial statements of the City of North Liberty as of and for the year ended June 30, 2009, we considered the City of North Liberty's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the City of North Liberty's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the City of North Liberty's internal control in our report dated January 18, 2010. This letter does not affect our report dated January 18, 2010 on the financial statements of the City of North Liberty.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

#### **Outstanding Obligations Disclosure Statement**

We noted that two general obligation bond issues with outstanding balances at June 30, 2009 were not included in the statement, namely the Series 2000 General Obligation Bond and the Series 2009A General Obligation Bond. The 2000 bond was included in the statement for the year ended June 30, 2008 but appears to have been erroneously deleted from the statement for the year ended June 30, 2009. The 2009A bond was sold during the year and it appears this bond issue was erroneously overlooked and omitted when preparing the statement for the year ended June 30, 2009. Because it appears that a corrected statement cannot be filed, the correct balance of the 2009A bond issue should be reported in the report that will be filed for the outstanding balances at June 30, 2010. The 2000 bond issue will be paid off during the year ending June 30, 2010 and will not need to be reported next year.

We also noted that the 2006 SRF Interim Loan was included in the statement for the year ended June 30, 2009, although it was paid off with proceeds from the sale of the Series 2008A Sewer Revenue Bond, which was sold on August 6, 2008. This obligation should not be included in the statement for next year.

#### **Annual Financial Report**

We noted the following two items in the publication of the Annual Financial Report for the year ended June 30, 2009:

The budgeted amounts for other financing sources and uses were netted and the net amount is reported on the line for other financing uses. The net amount is correct, however, separate amounts for the sources and uses should be reported in future years.

The Series 2008A Sewer Revenue Bonds were not included in the total amount of revenue debt in the section for reporting indebtedness at June 30, 2009.

We recommend that these matters be discussed with legal counsel and the State Auditor's Office to determine if a corrected report should be prepared and published. Overall, the report appears to be materially correct and these two matters do not result in the report being significantly incorrect.

### **Repayment of CAT Grant**

As noted in your response to the finding (item 09-II-A) reported in the Schedule of Findings, the business type activities function budget amount for the year was exceeded due to the repayment of \$171,199 of CAT grant funds to the Iowa Department of Economic Development. The disbursement was recorded as a disbursement from the Water Operating Fund. The correct way the transaction should have been recorded was to make a transfer from the Water Operating Fund to the Liberty Centre Capital Projects Fund and the repayment should have been paid from the capital projects fund. Because the disbursement was recorded in the Water Operating Fund, the budget classification was business type activities. If it had been paid from the capital projects fund, the budget classification would have been capital projects.

### **City's Investments in the Community Foundation of Johnson County**

As noted in our comment on the finding (item 09-II-G, comment a) relating to the City's investment in the Community Foundation of Johnson County (the Foundation"), we have recommended that this matter be resolved. This issue has been repeated in previous audits and should be resolved as soon as practical. In addition, we have provided management with a copy of a memorandum from the Attorney General's Office dated April 22, 2008, which discusses various issues that may be related to this matter. The City and its legal counsel should meet with representatives of the Foundation to resolve this matter in a timely fashion and which does not violate the provisions of the City's investment policy, the Attorney General's memorandum and the Code of Iowa.

In addition, the City and its legal counsel should revisit the issues in connection with the City's outright contribution of \$5,000 during the year ended June 30, 2007 which established the North Liberty Endowment Fund. Matters to be considered should include, but not be limited to, investment of the money in compliance with the City's investment policy, control over the fund and expenditures from the fund, concurrence with the Foundation on proposed expenditures from the fund, and return of the funds to the City. We also recommend that the content of the memorandum issued by the Attorney General's Office dated April 22, 2008 be followed in determining what action the City should pursue.

We wish to thank all City staff for their support and assistance during our audit.

This report, a public record by law, is intended solely for the information and use of the Mayor, Council Members and management of the City of North Liberty and is not intended to be and should not be used by anyone other than these specified parties.

*Greenwood and Armitage, P.C.*