

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

JUNE 30, 2010

CITY OF NORTH LIBERTY

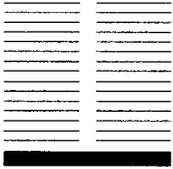
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CITY OF NORTH LIBERTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Mayor and Council</u>		
Before January 2010		
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
After December 2009		
Tom Salm	Mayor	January 2014
Gerald Kuhl	Mayor Pro Tem	January 2014
Chris Hoffman	Council Member	January 2012
Terry Donahue	Council Member	January 2012
Coleen Chipman	Council Member	January 2012
Brian Wayson	Council Member	January 2014
<u>City Staff</u>		
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.

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, 2010, 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, 2010, 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 February 17, 2011 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 17 and 18) 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 ten years ended June 30, 2009 (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 Crum, P.C.

February 17, 2011

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, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow this Management's Discussion and Analysis.

FY 2010 Financial Highlights

Revenues of the City's governmental activities decreased approximately \$327,204, or 3.21%, from FY 2009 to FY 2010. The City requested approximately 50% less Tax Increment Financing funds than the FY 2009 request. Major revenue increases in FY 2010 include:

	<u>Increase in FY 2010 from FY 2009</u>	
Property Taxes	\$1,050,798	(27.20%)
Charges for Service	\$197,595	(15.93%)
Miscellaneous	\$ 93,684	(45.49%)

Disbursements of the City's governmental activities increased approximately \$1,285,230, or 11.08%, from FY 2009 to FY 2010. Major disbursement increases by function include:

	<u>Increase in FY 2010 from FY 2009</u>	
Public Safety	\$121,910	(7.81%)
Community and Economic Development	\$241,661	(39.00%)
General Government	\$135,380	(18.30%)
Debt Service	\$226,487	(8.02%)
Capital Projects	\$833,487	(40.50%)

The City's total cash basis net assets decreased \$3,167,923, or approximately 40.08%, from June 30, 2009 to June 30, 2010. Of this amount, the net assets of the governmental activities decreased by approximately \$2,500,341 and the net assets of the business type activities decreased by approximately \$667,582. Several capital projects were funded with cash on hand with the intention of replenishment of the fund balance in FY 2011 with proceeds from bond sales.

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 opted to cash flow several large capital projects in FY 2010 from net assets with repayment from bond sales in FY 2011. The City's cash balance for governmental activities decreased approximately 48.36% from a year ago, from \$5,169,830 at June 30, 2009 to \$2,669,489 at June 30, 2010. The analysis that follows provides details on the changes in the City's cash balances.

Changes in Cash Basis Net Assets of Government Activities

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Receipts and Transfers</u>		
Program Receipts	\$2,247,440	\$2,068,863
Charges for service	964,557	873,384
Operating grants, contribution & restricted interest	21,392	281,190
General Receipts		
Property tax & tax increment financing	6,352,127	6,738,415
Grants & contributions, not restricted	-	4,705
Unrestricted investment earnings	48,715	72,211
Sale of capital assets	-	225
Other general receipts	<u>234,083</u>	<u>156,750</u>
Total Operating Receipts	\$9,868,314	\$10,195,743
Bond and Note Proceeds	-	2,401,962
Transfers, net	<u>515,916</u>	<u>340,000</u>
Total Receipts and Transfers	<u>\$10,384,230</u>	<u>\$12,937,705</u>
<u>Disbursements</u>		
Public Safety	\$1,682,165	\$1,560,255
Public Works	1,001,921	1,148,712
Health & Social Services	56,050	70,600
Culture & Recreation	2,466,178	2,578,532
Community & Economic Development	861,398	619,737
General Government	875,271	739,891
Debt Service	3,050,069	2,823,582

Capital Projects	<u>2,891,519</u>	<u>2,058,032</u>
Total Disbursements	<u>\$12,884,571</u>	<u>\$11,599,341</u>
Change in cash basis net assets	(\$2,500,341)	\$1,338,364
Cash basis net assets, beginning of year	<u>5,169,830</u>	<u>3,831,466</u>
Cash basis net assets, end of year	<u>\$2,669,489</u>	<u>\$5,169,830</u>

Because of the growth in taxable valuation in the City of North Liberty from \$335,149,577 in FY 2009 to \$451,758,007 in FY 2010, general property tax revenues increased by \$971,301 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 decreased to \$10.90993 in FY 2010 from the levy of \$11.33731 in FY 2009. The balance of the levy was made up of a \$0.97008 debt service levy, a \$0.12960 transit levy, a \$0.22136 liability levy and a \$1.48889 employee benefits levy.

Increases in the City's receipts from governmental activities in FY 2010 were as noted on page iv. Overall, total receipts from governmental activities decreased by \$2,553,475, which was directly attributable to a decrease in bond and note proceeds for the year and a reduction in Tax Increment Financing funds requested.

The cost of all governmental activities this year was \$ 12,884,571, compared to \$11,599,341 last year. General City operating expenses were fairly constant with more capital projects than the previous fiscal year.

Changes in Cash Basis Net Assets of Business Type Activities

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Receipts</u>		
Charges for Service and Miscellaneous		
Water	\$1,840,746	\$1,730,015
Sanitary Sewer	2,460,637	2,219,924
Storm Water	136,008	139,250
Utility Deposits	186,355	178,273
General Receipts		
Unrestricted interest on investments		
Water	4,092	5,378
Sanitary Sewer	4,165	6,371
Bond and note proceeds	<u>676,424</u>	<u>5,993,167</u>
Total Receipts	<u>\$5,308,427</u>	<u>\$10,272,378</u>
<u>Disbursements and Transfers</u>		
Operating Disbursements		
Water	\$2,575,609	\$2,226,649
Sanitary Sewer	1,081,705	2,105,812
Storm Water	73,720	53,902
Utility Deposits	114,440	99,004
Debt Service		
Water	576,518	472,844
Sanitary Sewer	1,038,101	881,466

Net Operating Transfers		
Water	252,616	165,000
Sanitary Sewer	167,100	155,000
Storm Water	<u>96,200</u>	<u>20,000</u>
Total Disbursements and Transfers	<u>\$5,976,009</u>	<u>\$6,179,677</u>
Increase/(decrease) in cash basis net assets	\$(667,582)	\$4,092,701
Cash basis net assets, beginning of year	<u>2,735,144</u>	<u>(1,357,557)</u>
Cash basis net assets, end of year	<u>\$2,067,562</u>	<u>\$2,735,144</u>

Total business type activities receipts for FY 2010 were \$5,308,427, compared to \$10,272,378 last year. The decrease was due to a decrease in bond and note proceeds due to fewer capital projects. The costs of the wastewater treatment plant project were paid primarily in FY 2009.

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 at the start of FY 2011 through the receipt of proceeds of sales of bonds and notes for capital project expenditures incurred and paid in FY 2010.

Individual Major Governmental Fund Analysis

At the end of FY 2010, the combined fund balance of the City of North Liberty's governmental funds was \$2,669,489, a decrease of \$2,500,341 over the previous year balance of \$5,169,830. Highlights of the changes in the major funds of the governmental type activities follow.

General Fund. General Fund property taxes increased from \$2,800,065 in FY2009 to \$3,771,366 in FY 2010. The increase resulted from an increase of approximately \$116,000,000 in taxable valuation. The General Fund levy remained at \$8.10 per \$1,000 of taxable valuation. Other General Fund revenue increases include impact fees, utility franchise fees, garbage and recycling fees, penalties, refunds and reimbursements, and hotel/motel tax. In FY 2010, additional officers were added to the police department and operating costs such as electricity and vehicle fuel increased. The General Fund fund balance increased by \$1,192,675.

Urban Renewal Tax Increment Fund. Collection of incremental taxes, in the urban renewal areas, decreased by \$1,433,129. The City requests enough increment each year to cover debt service needs of the City. In FY 2009, the City requested additional taxes for reimbursement of debt service needs paid in FY 2008.

Debt Service Fund. The Debt Service levy decreased from \$1.05585 per \$1,000 of taxable valuation in FY2009 to \$0.97008 in FY2010 because of the increase in the valuation available for repayment of general obligation debt.

Capital Projects – Street Capital Projects Fund. Several City street-related projects were under construction during FY 2010 such as the Forevergreen Road Project and Cherry Street signalization project as well as several street overlay projects.

Individual Major Business Type Fund Analysis

Water Enterprise. The Water Fund cash balance at the end of FY2010 decreased by \$1,559,905 due to capital project costs temporarily funded with cash on hand. The cash balance at the end of FY 2010 was \$3,272, which includes a debt service reserve of \$636,696. Water billing rates were increased on June 22, 2010.

Sewer Enterprise. The Sewer Fund cash balance increased by \$854,320 from the end of FY 2009 to the end of FY 2010. Total cash balance of \$1,363,804 includes a debt service reserve of \$501,491.

Utility Deposits. The Utility Deposits cash balance increased by \$71,915 from the end of FY 2009 to the end of FY 2010. The net number of new utility customers was more than 500 during the year.

Budgetary Highlights

The FY 2010 budget was amended on June 8, 2010. Additional revenues from salvage inspection fees, development impact fees, and utility charges for service were used to offset increased costs of worker’s compensation insurance, fuel, police overtime, police car replacement, City Hall relocation and rent, costs incurred in accidents, and additional utility deposit refunds. Over \$3,000,000 of funds were expended in FY 2010 that were not reimbursed with bond and other debt proceeds until FY 2011.

Debt Administration

At June 30, 2010, the City had \$34,254,000 in bonds and long-term debt compared to \$37,734,000 last year, as shown below.

Outstanding Debt at Year-End		
	<u>FY 2010</u>	<u>FY 2009</u>
General Obligation Bonds and Notes	\$15,664,000	\$18,016,000
Special Assessment Notes	-	11,000
Revenue Bonds	<u>18,590,000</u>	<u>19,707,000</u>
Total	<u>\$34,254,000</u>	<u>\$37,734,000</u>

Debt decreased as a result of no new bonds being issued in FY 2010.

The City of North Liberty carries a Moody's bond rating of Aa3 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 \$15,664,000 at June 30, 2010 is below its constitutional debt limit of \$42,936,362.

Economic Factors and Next Year's Budget and Rates

The total tax levy for the FY 2011 budget for the City of North Liberty increased to \$11.20264, approximately \$0.29 more per \$1,000 from FY 2010. The rollback for residential property changed from

44.08% in FY2010 to 45.59% in FY2011. The total property taxes expected to be received by the City in FY 2011 will increase by approximately \$350,000 due to increased valuations.

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, 3 Quail Creek Circle, 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, 2010

Functions/Programs:	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 1,682,165	\$ 57,028	\$ 143,744	\$ 21,392
Public works	1,001,921	697,417	673,095	-
Health and social services	56,050	-	-	-
Culture and recreation	2,466,178	729,835	86,729	-
Community and economic development	861,398	-	57,665	-
General government	875,271	763,160	3,324	-
Debt service	3,050,069	-	-	-
Capital projects	2,891,519	-	-	-
Total governmental activities	<u>\$ 12,884,571</u>	<u>\$ 2,247,440</u>	<u>\$ 964,557</u>	<u>\$ 21,392</u>
Business type activities:				
Water	\$ 3,152,127	\$ 1,840,746	\$ -	\$ -
Sewer	2,119,806	2,460,637	-	-
Utility deposits	114,440	186,355	-	-
Stormwater management	73,720	136,008	-	-
Total business type activities	<u>\$ 5,460,093</u>	<u>\$ 4,623,746</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 18,344,664</u>	<u>\$ 6,871,186</u>	<u>\$ 964,557</u>	<u>\$ 21,392</u>

General Receipts:

- Property tax levied for:
 - General purposes
 - Tax increment financing
 - Debt service
 - Other purposes
- Unrestricted interest on investments
- Bond and note proceeds
- Miscellaneous

Transfers

Total general receipts and transfers

Exhibit A

Governmental Activities	Business Type Activities	Total
\$ (1,460,001)	\$ -	\$ (1,460,001)
368,591	-	368,591
(56,050)	-	(56,050)
(1,649,614)	-	(1,649,614)
(803,733)	-	(803,733)
(108,787)	-	(108,787)
(3,050,069)	-	(3,050,069)
(2,891,519)	-	(2,891,519)
<hr/>		
\$ (9,651,182)	\$ -	\$ (9,651,182)
<hr/>		
\$ -	\$ (1,311,381)	\$ (1,311,381)
-	340,831	340,831
-	71,915	71,915
-	62,288	62,288
<hr/>		
\$ -	\$ (836,347)	\$ (836,347)
<hr/>		
\$ (9,651,182)	\$ (836,347)	\$ (10,487,529)
<hr/>		
\$ 3,808,811	\$ -	\$ 3,808,811
1,389,368	-	1,389,368
482,582	-	482,582
671,366	-	671,366
48,715	8,257	56,972
-	676,424	676,424
234,083	-	234,083
515,916	(515,916)	-
<hr/>		
\$ 7,150,841	\$ 168,765	\$ 7,319,606

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2010

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

Expendable:

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
\$ (2,500,341)	\$ (667,582)	\$ (3,167,923)
5,169,830	2,735,144	7,904,974
<u>\$ 2,669,489</u>	<u>\$ 2,067,562</u>	<u>\$ 4,737,051</u>
(Exhibit B)	(Exhibit C)	
\$ 98,076	\$ -	\$ 98,076
140,999	-	140,999
50,142	-	50,142
3,944	1,138,187	1,142,131
2,376,328	929,375	3,305,703
<u>\$ 2,669,489</u>	<u>\$ 2,067,562</u>	<u>\$ 4,737,051</u>

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2010

	General Fund	Special Revenue - Urban Renewal Tax Increment	Debt Service - General Obligation Debt
Receipts:			
Property tax	\$ 3,771,366	\$ -	\$ 478,277
Tax increment financing	-	1,389,368	-
Other city tax	258,915	-	4,305
Licenses and permits	501,169	-	-
Use of money and property	160,186	-	-
Intergovernmental	209,995	-	-
Charges for service	1,437,878	-	-
Special assessments	6,574	-	-
Miscellaneous	279,926	-	-
Total receipts	\$ 6,626,009	\$ 1,389,368	\$ 482,582
Disbursements:			
Public safety	\$ 1,682,165	\$ -	\$ -
Public works	454,875	-	-
Health and social services	56,050	-	-
Culture and recreation	2,466,178	-	-
Community and economic development	532,402	328,996	-
General government	875,271	-	-
Debt service	-	-	3,038,500
Capital projects	439,531	-	-
Total disbursements	\$ 6,506,472	\$ 328,996	\$ 3,038,500
Excess (deficiency) of receipts over (under) disbursements	\$ 119,537	\$ 1,060,372	\$ (2,555,918)
Other financing sources (uses):			
Operating transfers in	\$ 1,399,667	\$ -	\$ 2,568,385
Operating transfers (out)	(326,529)	(2,423,869)	(8,523)
Total other financing sources (uses)	\$ 1,073,138	\$ (2,423,869)	\$ 2,559,862
Net change in cash balances	\$ 1,192,675	\$ (1,363,497)	\$ 3,944
Cash and cash investments, beginning of year	2,290,775	1,504,496	-
Cash and cash investments, end of year	\$ 3,483,450	\$ 140,999	\$ 3,944
Cash basis fund balances:			
Reserved -			
Debt service funds	\$ -	\$ -	\$ 3,944
Unreserved -			
Special revenue funds	-	140,999	-
Capital projects funds	-	-	-
General fund	3,483,450	-	-
Total cash basis fund balances	\$ 3,483,450	\$ 140,999	\$ 3,944

See accompanying notes to financial statements.

Exhibit B

Capital Projects - Street Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ 664,742	\$ 4,914,385
-	-	1,389,368
-	6,624	269,844
-	-	501,169
-	2,675	162,861
-	673,566	883,561
-	-	1,437,878
-	3,046	9,620
2,520	17,182	299,628
<u>\$ 2,520</u>	<u>\$ 1,367,835</u>	<u>\$ 9,868,314</u>
\$ -	\$ -	\$ 1,682,165
-	547,046	1,001,921
-	-	56,050
-	-	2,466,178
-	-	861,398
-	-	875,271
-	11,569	3,050,069
141,815	2,310,173	2,891,519
<u>\$ 141,815</u>	<u>\$ 2,868,788</u>	<u>\$ 12,884,571</u>
<u>\$ (139,295)</u>	<u>\$ (1,500,953)</u>	<u>\$ (3,016,257)</u>
\$ 35,750	\$ 17,023	\$ 4,020,825
-	(745,988)	(3,504,909)
<u>\$ 35,750</u>	<u>\$ (728,965)</u>	<u>\$ 515,916</u>
\$ (103,545)	\$ (2,229,918)	\$ (2,500,341)
688,974	685,585	5,169,830
<u>\$ 585,429</u>	<u>\$ (1,544,333)</u>	<u>\$ 2,669,489</u>
	(Exhibit A)	
\$ -	\$ -	\$ 3,944
-	151,094	292,093
585,429	(1,695,427)	(1,109,998)
-	-	3,483,450
<u>\$ 585,429</u>	<u>\$ (1,544,333)</u>	<u>\$ 2,669,489</u>

CITY OF NORTH LIBERTY

Exhibit C

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

Year Ended June 30, 2010

	Water Enterprise	Sewer Enterprise	Utility Deposits	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 1,804,774	\$ 2,439,074	\$ -	\$ 134,657	\$ 4,378,505
Miscellaneous	35,972	21,563	186,355	1,351	245,241
Total operating receipts	\$ 1,840,746	\$ 2,460,637	\$ 186,355	\$ 136,008	\$ 4,623,746
Operating disbursements:					
Business type activities	2,575,609	1,081,705	114,440	73,720	3,845,474
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ (734,863)	\$ 1,378,932	\$ 71,915	\$ 62,288	\$ 778,272
Non-operating receipts and (disbursements):					
Interest on cash investments	\$ 4,092	\$ 4,165	\$ -	\$ -	\$ 8,257
Proceeds from State Revolving Fund note draws	-	676,424	-	-	676,424
Debt service	(576,518)	(1,038,101)	-	-	(1,614,619)
Total non-operating receipts and (disbursements)	\$ (572,426)	\$ (357,512)	\$ -	\$ -	\$ (929,938)
Excess (deficiency) of receipts over (under) disbursements	\$ (1,307,289)	\$ 1,021,420	\$ 71,915	\$ 62,288	\$ (151,666)
Operating transfers:					
Operating transfers in	\$ 830,000	\$ 1,241,000	\$ -	\$ -	\$ 2,071,000
Operating transfers (out)	(1,082,616)	(1,408,100)	-	(96,200)	(2,586,916)
Net operating transfers	\$ (252,616)	\$ (167,100)	\$ -	\$ (96,200)	\$ (515,916)
Net change in cash balances	\$ (1,559,905)	\$ 854,320	\$ 71,915	\$ (33,912)	\$ (667,582)
Cash and cash investments, beginning of year	1,563,177	509,484	396,603	265,880	2,735,144
Cash and cash investments, end of year	\$ 3,272	\$ 1,363,804	\$ 468,518	\$ 231,968	\$ 2,067,562
					(Exhibit A)
Cash basis fund balances:					
Reserved - debt service	\$ 636,696	\$ 501,491	\$ -	\$ -	\$ 1,138,187
Unreserved:					
Capital projects	(864,733)	(361,196)	-	-	(1,225,929)
Unreserved	231,309	1,223,509	468,518	231,968	2,155,304
Total cash basis fund balances	\$ 3,272	\$ 1,363,804	\$ 468,518	\$ 231,968	\$ 2,067,562

See accompanying notes to financial statements.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

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 the following categories/components:

Expendable 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, 2010

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 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, 2010

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, 2010, disbursements exceeded the amounts budgeted in the public works function.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions at June 30, 2010 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, 2010

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, 2010. 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 bonds and enterprise fund revenue bonds at June 30, 2010 are as follows:

Year Ending June 30,	General Obligation Bonds		Enterprise Fund Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 2,209,000	\$ 576,804	\$ 928,000	\$ 667,671
2012	2,091,000	499,809	962,000	635,525
2013	1,778,000	427,264	996,000	601,875
2014	1,800,000	365,022	1,026,000	566,321
2015	1,678,000	301,262	1,066,000	529,130
2016-2020	4,243,000	805,453	5,986,000	2,019,833
2021-2025	1,865,000	177,115	5,587,000	870,846
2026-2030	-	-	2,039,000	101,049
Total	\$ 15,664,000	\$ 3,152,729	\$ 18,590,000	\$ 5,992,250

Year Ending June 30,	Total	
	Principal	Interest
2011	\$ 3,137,000	\$ 1,244,475
2012	3,053,000	1,135,334
2013	2,774,000	1,029,139
2014	2,826,000	931,343
2015	2,744,000	830,392
2016-2020	10,229,000	2,825,286
2021-2025	7,452,000	1,047,961
2026-2030	2,039,000	101,049
Total	\$ 34,254,000	\$ 9,144,979

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

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, 2010, the outstanding balances on these bonds totaled \$7,258,175, which are payable through June 1, 2018. During the year, principal and interest paid on these bonds totaled \$1,857,605 and \$331,919, respectively. Tax increment financing receipts during the year were \$1,389,368.

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 70 percent of defined net receipts. At June 30, 2010, total principal and interest remaining to be paid on the bonds was \$7,429,458. During the year, principal and interest paid on the bonds totaled \$320,000 and \$254,518, respectively. Total defined net receipts during the year were \$813,957.

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 70 percent of defined net receipts. At June 30, 2010, total principal and interest remaining to be paid on the bonds was \$17,152,793. During the year, principal and interest paid on the bonds totaled \$591,000 and \$423,789, respectively. Total defined net receipts during the year were \$1,527,829.

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, 2010

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 4.30% of their annual covered compensation and the City is required to contribute 6.65% 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, 2010, 2009 and 2008 were \$238,282, \$210,407 and \$178,033, 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, 2010, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 25,319
Vacation	163,993
Total	<u>\$ 189,312</u>

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 5. COMPENSATED ABSENCES (Continued)

This liability has been computed based on rates of pay as of June 30, 2010.

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, 2010, based on rates of pay as of June 30, 2010, is \$566,986.

NOTE 6. SOLID WASTE DISPOSAL CONTRACT

An agreement between the City and Johnson County Refuse for the period July 1, 2009 through June 30, 2014, 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 \$4.25 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, 2009, 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, 2010

NOTE 9. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$4,740,000. The unpaid contract balances at June 30, 2010 totaled approximately \$4,133,000, 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.

The City is subject to pending litigation relating to a property acquisition matter that arose after June 30, 2010. Plaintiffs have filed a lawsuit against the City contesting the legality of an agreement for the acquisition and resale of land for a commercial development. A temporary injunction was granted on November 10, 2010, enjoining the City from completing the land transaction. On February 11, 2011, the District Court dismissed the temporary injunction. It is not known at this time how this matter will progress or what the cost of this matter may be. The City is also working on an alternative agreement for the land transaction. In the event that no transaction can be agreed on, the City likely will not be able to recover its earnest money deposit of \$100,000.

NOTE 12. DEFICIT BALANCES

The following funds had deficit balances at June 30, 2010, because the project costs were incurred prior to availability of funds:

General Fund - Park Development	\$	271,834
Capital Projects - Hwy. 965 Improvements		104,467
Capital Projects - Library Expansion		790
Capital Projects - TIF Projects		198,748
Capital Projects - Community Center		67,903
Capital Projects - Trail Projects		12,535
Capital Projects - Penn St. Improvements		330,664
Capital Projects - I-JOBS Street Projects		204,729
Capital Projects - Land and Facilities		924,867
Water Enterprise - Water Capital Projects		864,733
Sewer Enterprise - Sewer Capital Projects		361,196

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, future tax increment financing collections and other general City funds.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 12. DEFICIT BALANCES (Continued)

The General Fund - Liberty Centre Blues & BBQ fund had a deficit balance of \$2,051 at June 30, 2010 because the budgeted transfer amount and contributions and other receipts as of June 30, 2010 did not cover the event costs. This deficit will be covered by additional receipts and general City funds.

NOTE 13. LEASE COMMITMENTS

The City entered into a lease agreement dated December 22, 2009 to lease commercial space for the City administrative offices for a three year period from January 1, 2010 to December 31, 2012. The lease agreement provides for the option to exercise up to four additional extensions of six months each at a rate not to exceed the previous year's rate plus three percent increase per annum.

Lease payments are due in six month intervals and range from \$25,000 to \$33,440. The first payment was due and paid January 13, 2010 in the amount of \$25,000. The final lease payment for the three year lease is due July 11, 2012 in the amount of \$33,440. Lease expense for the year ended June 30, 2010 was \$25,000.

Future commitments under this lease as of June 30, 2010 are as follows:

Year ending June 30, 2011	\$ 55,000
2012	63,440
2013	33,440
	<hr/>
	\$ 151,880

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City allows employees and their qualified beneficiaries the opportunity to continue health insurance coverage under the City's health insurance plan under COBRA rules established by law. Employees are eligible to continue coverage when a "qualifying event" would normally result in the loss of eligibility. "Qualifying events" are defined in the City's employee manual. Employees and their beneficiaries are required to pay the full cost for the continuing coverage. Continuing coverage is available until the employees and their beneficiaries attain age 65. The cost of the continuing coverage is the same as the cost for active employees.

The City finances the health insurance plan through a fully-insured plan with Wellmark on a pay-as-you-go basis. The most recent monthly premium costs are \$241.30 for single coverage and \$740.56 for family coverage. There are 58 active employees and one retired member participating in the plan. During the year ended June 30, 2010, the City contributed \$284,478 and plan members contributed \$55,969 to the plan. The implicit cost to the City for the coverage provided to the retired member was approximately \$6,800 during the year.

NOTE 15. 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.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 15. INTERFUND AND INTRAFUND TRANSFERS (Continued)

The detail of interfund transfers for the year ended June 30, 2010 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	165,000
	Stormwater Management Enterprise	20,000
	Special Revenue - Employee Benefits	672,616
	Special Revenue - Emergency Levy	572
		<u>\$ 1,023,188</u>
General Fund - Equipment Revolving	Special Revenue - Road Use Tax	\$ 9,500
General Fund - Park Development	Stormwater Management Enterprise	\$ 75,000
Capital Projects - Street Capital Projects	Water Enterprise - Water Operating	\$ 6,400
	Sewer Enterprise - Sewer Operating	2,100
	Stormwater Management Enterprise	1,200
	General Fund	26,050
		<u>\$ 35,750</u>
Capital Projects - Library Expansion	General Fund - Library Building/Endowment	\$ 8,500
Debt Service Fund - General Obligation Debt	Special Revenue - Urban Renewal Tax Increment	\$ 2,423,869
	Special Revenue - Road Use Tax	63,300
	Water Enterprise - Water Revenue Sinking	81,216
		<u>\$ 2,568,385</u>
		<u>\$ 3,720,323</u>

The detail of intrafund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Recreation Equipment	General Fund	\$ 7,500

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 15. INTERFUND AND INTRAFUND TRANSFERS (Continued)

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Fire Equipment Reserve	General Fund	<u>\$ 151,629</u>
General Fund - Equipment Revolving	General Fund	<u>\$ 100,000</u>
General Fund - Telecommunications Equipment	General Fund	<u>\$ 24,850</u>
General Fund - Liberty Centre Blues & BBQ	General Fund	<u>\$ 8,000</u>
Debt Service - Special Assessments	Debt Service - General Obligation Debt	<u>\$ 8,523</u>
Water Enterprise - Water Revenue Sinking	Water Enterprise - Water Operating	<u>\$ 660,000</u>
Water Enterprise - Water Utilities - Capital Reserve	Water Enterprise - Water Operating	<u>\$ 170,000</u>
Sewer Enterprise - Sewer Revenue Sinking	Sewer Enterprise - Sewer Operating	<u>\$ 1,032,000</u>
Sewer Enterprise - Sewer Rental - Capital Reserve	Sewer Enterprise - Sewer Operating	<u>\$ 209,000</u>
		<u><u>\$ 2,371,502</u></u>

Total transfers during the year ended June 30, 2010 were as follows:

Interfund transfers	\$ 3,720,323
Intrafund transfers	<u>2,371,502</u>
	<u><u>\$ 6,091,825</u></u>

Reconciliation to the financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds (Exhibit B)	\$ 4,020,825	\$ 3,504,909
Proprietary funds (Exhibit C)	<u>2,071,000</u>	<u>2,586,916</u>
	<u><u>\$ 6,091,825</u></u>	<u><u>\$ 6,091,825</u></u>

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2010

NOTE 16. SUBSEQUENT EVENTS

The City was awarded the following grant after June 30, 2010:

Iowa Great Places - \$8,000

The City entered into two land purchase agreements after June 30, 2010 to purchase parcels for the site where the City is planning on building new a new City administration building. The purchase prices of these two agreements totaled \$368,750.

The City sold the following general obligation bond issues after June 30, 2010:

Series 2010A - \$1,730,000

Series 2010B - \$6,765,000

On November 9, 2010, the following Midwestern Disaster Area Revenue Bonds were approved for the following local business entities:

Penn Street Group II, LLC - \$900,000

NL Partners, LLC - \$1,132,000

The City became subject to pending litigation after June 30, 2010 relating to a property acquisition matter as discussed in Note 11.

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, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 4,914,385	\$ -	\$ 4,914,385
Tax increment financing	1,389,368	-	1,389,368
Other city tax	269,844	-	269,844
Licenses and permits	501,169	-	501,169
Use of money and property	162,861	8,257	171,118
Intergovernmental	883,561	-	883,561
Charges for service	1,437,878	4,378,505	5,816,383
Special assessments	9,620	-	9,620
Miscellaneous	299,628	245,241	544,869
	<hr/>	<hr/>	<hr/>
Total receipts	\$ 9,868,314	\$ 4,632,003	\$ 14,500,317
	<hr/>	<hr/>	<hr/>
Disbursements:			
Public safety	\$ 1,682,165	\$ -	\$ 1,682,165
Public works	1,001,921	-	1,001,921
Health and social services	56,050	-	56,050
Culture and recreation	2,466,178	-	2,466,178
Community and economic development	861,398	-	861,398
General government	875,271	-	875,271
Debt service	3,050,069	-	3,050,069
Capital projects	2,891,519	-	2,891,519
Business type activities	-	5,460,093	5,460,093
	<hr/>	<hr/>	<hr/>
Total disbursements	\$ 12,884,571	\$ 5,460,093	\$ 18,344,664
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over (under) disbursements	\$ (3,016,257)	\$ (828,090)	\$ (3,844,347)
Other financing sources (uses), net	515,916	160,508	676,424
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ (2,500,341)	\$ (667,582)	\$ (3,167,923)
Balances, beginning of year	5,169,830	2,735,144	7,904,974
	<hr/>	<hr/>	<hr/>
Balances, end of year	\$ 2,669,489	\$ 2,067,562	\$ 4,737,051
	<hr/>	<hr/>	<hr/>

There were no funds of the City not required to be budgeted during the year ended June 30, 2010.

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>
\$ 4,951,964	\$ 4,951,964	\$ (37,579)
1,000,012	1,000,012	389,356
84,536	84,536	185,308
522,950	525,950	(24,781)
118,960	118,960	52,158
2,334,602	2,419,820	(1,536,259)
5,467,784	5,629,784	186,599
-	5,674	3,946
227,481	695,499	(150,630)
<u>\$ 14,708,289</u>	<u>\$ 15,432,199</u>	<u>\$ (931,882)</u>
\$ 1,992,974	\$ 2,069,549	\$ 387,384
807,228	876,453	(125,468)
71,850	71,850	15,800
2,522,612	2,581,684	115,506
1,203,428	1,293,428	432,030
792,108	910,058	34,787
2,876,868	3,075,309	25,240
7,981,394	8,643,238	5,751,719
3,864,797	5,883,604	423,511
<u>\$ 22,113,259</u>	<u>\$ 25,405,173</u>	<u>\$ 7,060,509</u>
\$ (7,404,970)	\$ (9,972,974)	\$ 6,128,627
<u>6,167,000</u>	<u>6,167,000</u>	<u>(5,490,576)</u>
\$ (1,237,970)	\$ (3,805,974)	\$ 638,051
<u>2,245,995</u>	<u>7,904,973</u>	<u>1</u>
<u>\$ 1,008,025</u>	<u>\$ 4,098,999</u>	<u>\$ 638,052</u>

CITY OF NORTH LIBERTY

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2010

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 \$3,291,914. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements in the public works function exceeded the amount 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, 2010

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Receipts:							
Property tax	\$ 3,771,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax:							
Mobile home tax	\$ 19,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility tax replacement excise tax	18,339	-	-	-	-	-	-
Hotel/motel tax	53,615	-	-	-	-	-	-
Utility franchise fees	164,052	-	-	-	3,803	-	-
	<u>\$ 255,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,803</u>	<u>\$ -</u>	<u>\$ -</u>
Licenses and permits:							
Beer and liquor	\$ 9,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cigarette	525	-	-	-	-	-	-
Business/building trades	1,766	-	-	-	-	-	-
Pet and other	979	-	-	-	-	-	-
Building	488,744	-	-	-	-	-	-
	<u>\$ 501,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Use of money and property:							
Interest on cash investments	\$ 48,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	111,671	-	-	-	-	-	-
	<u>\$ 160,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intergovernmental:							
FEMA grants	\$ 1,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State disaster assistance	1,463	-	-	-	-	-	-
Police grants	21,240	-	-	-	-	-	-
Township fire protection	119,513	-	-	-	-	-	-
County library contribution	33,627	-	-	-	-	-	-
Library grants and open access	11,376	-	-	-	-	-	-
	<u>\$ 188,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charges for service:							
Inspection fees	\$ 37,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library fees	6,943	-	-	-	-	-	-
Police service fees	980	-	-	-	-	-	-
Zoning and subdivision	16,141	-	-	-	-	-	-
Garbage and recycling fees	377,233	-	-	-	-	-	-
Recreation charges	632,106	-	-	-	-	-	-
Cemetery plot location fees	160	-	-	-	-	-	-
Animal control	787	-	-	-	-	-	-
Maps and photocopy fees	2,685	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-
Administrative charges	34,860	-	-	-	-	-	-
Transit	525	-	-	-	-	-	-
	<u>\$ 1,110,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special assessments	\$ 6,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous:							
Refunds and reimbursements	\$ 54,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	31,068	-	-	-	-	-	-
Donations/contributions	4,361	2,228	-	-	2,050	8,500	2,000
Miscellaneous	3,183	-	-	13,376	-	3,396	-
Penalties	79,822	-	-	-	-	-	-
	<u>\$ 172,801</u>	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ 13,376</u>	<u>\$ 2,050</u>	<u>\$ 11,896</u>	<u>\$ 2,000</u>
Total receipts	\$ 6,165,951	\$ 2,228	\$ -	\$ 13,376	\$ 5,853	\$ 11,896	\$ 2,000

Library		Impact Fees							Total
Library Building/Endowment	TAG Group	Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,771,366
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	19,106
-	-	-	-	-	-	-	-	-	18,339
-	-	-	-	-	-	-	-	-	53,615
-	-	-	-	-	-	-	-	-	167,855
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	258,915
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,155
-	-	-	-	-	-	-	-	-	525
-	-	-	-	-	-	-	-	-	1,766
-	-	-	-	-	-	-	-	-	979
-	-	-	-	-	-	-	-	-	488,744
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	501,169
\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	48,515
-	-	-	-	-	-	-	-	-	111,671
\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	160,186
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,384
-	-	-	-	-	-	-	-	-	1,463
-	-	-	-	-	21,392	-	-	-	42,632
-	-	-	-	-	-	-	-	-	119,513
-	-	-	-	-	-	-	-	-	33,627
-	-	-	-	-	-	-	-	-	11,376
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,392	\$ -	\$ -	\$ -	209,995
\$ -	\$ 158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	37,722
-	-	-	-	-	-	-	-	-	7,101
-	-	-	-	-	17,539	-	-	-	18,519
-	-	-	-	-	-	-	-	-	16,141
-	-	-	-	-	-	-	-	-	377,233
-	-	-	-	-	-	-	-	-	632,106
-	-	-	-	-	-	-	-	-	160
-	-	-	-	-	-	-	-	-	787
-	-	-	-	-	-	-	-	-	2,685
-	-	-	-	-	-	-	273,616	36,423	310,039
-	-	-	-	-	-	-	-	-	34,860
-	-	-	-	-	-	-	-	-	525
\$ -	\$ 158	\$ -	\$ -	\$ -	\$ 17,539	\$ -	\$ 273,616	\$ 36,423	\$ 1,437,878
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,574
\$ -	\$ -	\$ -	\$ -	\$ 63,924	\$ -	\$ -	\$ -	\$ -	118,291
-	-	-	-	-	-	-	-	-	31,068
-	-	9,932	-	-	-	-	-	-	29,071
-	-	-	-	-	-	1,719	-	-	21,674
-	-	-	-	-	-	-	-	-	79,822
\$ -	\$ -	\$ 9,932	\$ -	\$ 63,924	\$ -	\$ 1,719	\$ -	\$ -	279,926
\$ -	\$ 160	\$ 9,932	\$ -	\$ 63,924	\$ 38,931	\$ 1,719	\$ 273,616	\$ 36,423	\$ 6,626,009

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, 2010

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Disbursements:							
Public Safety:							
Police	\$ 1,110,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency management	8,962	-	-	-	-	-	-
Fire	240,840	-	-	-	-	-	-
Building inspections/safety	313,591	-	-	-	-	-	-
Animal control	2,345	-	-	-	-	-	-
Total public safety	\$ 1,676,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works:							
Roads, bridges and sidewalks	\$ 1,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Traffic control and safety	18,501	-	-	-	-	-	-
Sanitation	360,222	-	-	-	-	-	-
Transit	74,246	-	-	-	-	-	-
Total public works	\$ 454,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and social services:							
Social services	\$ 56,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation:							
Library	\$ 521,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	416,846	-	-	-	-	23,938	-
Recreation center	972,555	1,576	-	12,123	-	-	-
Aquatic center	504,113	-	-	-	-	-	-
Cemetery	8,576	-	-	-	-	-	-
Total culture and recreation	\$ 2,423,434	\$ 1,576	\$ -	\$ 12,123	\$ -	\$ 23,938	\$ -
Community and economic development:							
Community beautification	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,530
Economic development	22,075	-	-	-	-	-	-
Housing rehabilitation	3,100	-	-	-	-	-	-
Tourism promotion	17,534	-	-	-	-	-	-
Planning and zoning	293,996	-	-	-	-	-	-
Telecommunications	190,167	-	-	-	-	-	-
Total community and economic development	\$ 526,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,530
General government:							
Mayor and council	\$ 16,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City administration	698,710	-	-	-	-	-	-
Elections	3,756	-	-	-	-	-	-
Legal services	147,632	-	-	-	-	-	-
Other general government	8,479	-	-	-	-	-	-
Total general government	\$ 875,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects:							
Capital projects	\$ -	\$ 34,808	\$ 215,279	\$ -	\$ 22,840	\$ -	\$ -
Total disbursements	\$ 6,012,957	\$ 36,384	\$ 215,279	\$ 12,123	\$ 22,840	\$ 23,938	\$ 5,530
Excess (deficiency) of receipts over (under) disbursements	\$ 152,994	\$ (34,156)	\$ (215,279)	\$ 1,253	\$ (16,987)	\$ (12,042)	\$ (3,530)

Library								Impact Fees		
Library Building/Endowment	TAG Group	Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Transportation	Storm Water	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,710	\$ -	\$ -	\$ -	\$ 1,116,427	
-	-	-	-	-	-	-	-	-	8,962	
-	-	-	-	-	-	-	-	-	240,840	
-	-	-	-	-	-	-	-	-	313,591	
-	-	-	-	-	-	-	-	-	2,345	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,710	\$ -	\$ -	\$ -	\$ 1,682,165	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,906	
-	-	-	-	-	-	-	-	-	18,501	
-	-	-	-	-	-	-	-	-	360,222	
-	-	-	-	-	-	-	-	-	74,246	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454,875	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,050	
\$ -	\$ 5,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 526,451	
-	-	-	-	-	-	-	-	-	440,784	
-	-	-	-	-	-	-	-	-	986,254	
-	-	-	-	-	-	-	-	-	504,113	
-	-	-	-	-	-	-	-	-	8,576	
\$ -	\$ 5,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,466,178	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,530	
-	-	-	-	-	-	-	-	-	22,075	
-	-	-	-	-	-	-	-	-	3,100	
-	-	-	-	-	-	-	-	-	17,534	
-	-	-	-	-	-	-	-	-	293,996	
-	-	-	-	-	-	-	-	-	190,167	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532,402	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,694	
-	-	-	-	-	-	-	-	-	698,710	
-	-	-	-	-	-	-	-	-	3,756	
-	-	-	-	-	-	-	-	-	147,632	
-	-	-	-	-	-	-	-	-	8,479	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,271	
\$ -	\$ -	\$ -	\$ -	\$ 150,404	\$ 16,200	\$ -	\$ -	\$ -	\$ 439,531	
\$ -	\$ 5,107	\$ -	\$ -	\$ 150,404	\$ 21,910	\$ -	\$ -	\$ -	\$ 6,506,472	
\$ -	\$ (4,947)	\$ 9,932	\$ -	\$ (86,480)	\$ 17,021	\$ 1,719	\$ 273,616	\$ 36,423	\$ 119,537	

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, 2010

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Other financing sources (uses):							
Operating transfers in	\$ 1,023,188	\$ 7,500	\$ 75,000	\$ -	\$ 24,850	\$ 8,000	\$ -
Operating transfers (out)	(318,029)	-	-	-	-	-	-
Total other financing sources (uses)	\$ 705,159	\$ 7,500	\$ 75,000	\$ -	\$ 24,850	\$ 8,000	\$ -
Net change in cash balances	\$ 858,153	\$ (26,656)	\$ (140,279)	\$ 1,253	\$ 7,863	\$ (4,042)	\$ (3,530)
Cash and cash investments, beginning of year	748,664	112,579	(131,555)	43,063	33,317	1,991	15,079
Cash and cash investments, end of year	\$ 1,606,817	\$ 85,923	\$ (271,834)	\$ 44,316	\$ 41,180	\$ (2,051)	\$ 11,549
Cash basis fund balances: Unreserved - General fund	\$ 1,606,817	\$ 85,923	\$ (271,834)	\$ 44,316	\$ 41,180	\$ (2,051)	\$ 11,549

See accompanying independent auditor's report.

Library			Impact Fees							Total
Library Building/ Endowment	TAG Group	Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Transportation	Storm Water		
\$ - (8,500)	\$ - -	\$ - -	\$ 151,629	\$ 109,500	\$ - -	\$ - -	\$ - -	\$ - -	\$ 1,399,667 (326,529)	
\$ (8,500)	\$ -	\$ -	\$ 151,629	\$ 109,500	\$ -	\$ -	\$ -	\$ -	\$ 1,073,138	
\$ (8,500)	\$ (4,947)	\$ 9,932	\$ 151,629	\$ 23,020	\$ 17,021	\$ 1,719	\$ 273,616	\$ 36,423	\$ 1,192,675	
13,500	4,947	(7,640)	304,230	59,103	3,583	-	1,070,676	19,238	2,290,775	
\$ 5,000	\$ -	\$ 2,292	\$ 455,859	\$ 82,123	\$ 20,604	\$ 1,719	\$ 1,344,292	\$ 55,661	\$ 3,483,450	
\$ 5,000	\$ -	\$ 2,292	\$ 455,859	\$ 82,123	\$ 20,604	\$ 1,719	\$ 1,344,292	\$ 55,661	\$ 3,483,450	

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2010

	Special Revenue			
	Emergency Levy	Road Use Tax	Employee Benefits	Drug Task Force
Receipts:				
Property tax	\$ 560	\$ -	\$ 664,182	\$ -
Other city tax	12	-	6,612	-
Use of money and property	-	-	-	-
Intergovernmental	-	639,001	-	2,991
Special assessments	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	\$ 572	\$ 639,001	\$ 670,794	\$ 2,991
Disbursements:				
Public works	\$ -	\$ 547,046	\$ -	\$ -
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	\$ -	\$ 547,046	\$ -	\$ -
Excess (deficiency) of receipts over (under) disbursements	\$ 572	\$ 91,955	\$ 670,794	\$ 2,991
Other financing sources (uses):				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers (out)	(572)	(72,800)	(672,616)	-
Total other financing sources (uses)	\$ (572)	\$ (72,800)	\$ (672,616)	\$ -
Net change in cash balances	\$ -	\$ 19,155	\$ (1,822)	\$ 2,991
Cash and cash investments, beginning of year	-	78,921	4,698	47,151
Cash and cash investments, end of year	\$ -	\$ 98,076	\$ 2,876	\$ 50,142
Cash basis fund balances:				
Reserved -				
Debt service fund	\$ -	\$ -	\$ -	\$ -
Unreserved -				
Special revenue funds	-	98,076	2,876	50,142
Capital projects funds	-	-	-	-
Total cash basis fund balances	\$ -	\$ 98,076	\$ 2,876	\$ 50,142

See accompanying independent auditor's report.

Schedule 2

Debt Service -		Capital	Total
Special	Projects		
Assessments			
\$ -	\$ -	\$ -	664,742
-	-	-	6,624
-	2,675	-	2,675
-	31,574	-	673,566
3,046	-	-	3,046
-	17,182	-	17,182
<u>\$ 3,046</u>	<u>\$ 51,431</u>	<u>\$ -</u>	<u>\$ 1,367,835</u>
\$ -	\$ -	\$ -	547,046
11,569	-	-	11,569
-	2,310,173	-	2,310,173
<u>\$ 11,569</u>	<u>\$ 2,310,173</u>	<u>\$ -</u>	<u>\$ 2,868,788</u>
<u>\$ (8,523)</u>	<u>\$ (2,258,742)</u>	<u>\$ -</u>	<u>\$ (1,500,953)</u>
\$ 8,523	\$ 8,500	\$ -	17,023
-	-	-	(745,988)
<u>\$ 8,523</u>	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ (728,965)</u>
\$ -	\$ (2,250,242)	\$ -	(2,229,918)
-	554,815	-	685,585
<u>\$ -</u>	<u>\$ (1,695,427)</u>	<u>\$ -</u>	<u>\$ (1,544,333)</u>
\$ -	\$ -	\$ -	-
-	-	-	151,094
-	(1,695,427)	-	(1,695,427)
<u>\$ -</u>	<u>\$ (1,695,427)</u>	<u>\$ -</u>	<u>\$ (1,544,333)</u>

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2010

	Ranshaw House Project	Hwy. 965 Improvements	Library Expansion	TIF Projects	Community Center
Receipts:					
Use of money and property:					
Interest on cash investments	\$ 200	\$ -	\$ -	\$ -	\$ -
Rent	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous:					
Donations/contributions	-	-	16,705	-	-
Miscellaneous	-	-	-	-	-
Total receipts	\$ 200	\$ -	\$ 16,705	\$ -	\$ -
Disbursements:					
Capital projects	2,975	735,680	25,995	343,541	-
(Deficiency) of receipts (under) disbursements	\$ (2,775)	\$ (735,680)	\$ (9,290)	\$ (343,541)	\$ -
Other financing sources (uses):					
Operating transfers in	\$ -	\$ -	\$ 8,500	\$ -	\$ -
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ 8,500	\$ -	\$ -
Net change in cash balances	\$ (2,775)	\$ (735,680)	\$ (790)	\$ (343,541)	\$ -
Cash and cash investments, beginning of year	8,193	631,213	-	144,793	(67,903)
Cash and cash investments, end of year	\$ 5,418	\$ (104,467)	\$ (790)	\$ (198,748)	\$ (67,903)
Cash basis fund balances:					
Unreserved - capital projects funds	\$ 5,418	\$ (104,467)	\$ (790)	\$ (198,748)	\$ (67,903)

See accompanying independent auditor's report.

Schedule 3

Trail Projects	Penn Street Improvements	I-JOBS Street Projects	Entryway Development	Economic Development Projects	Land and Facilities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
-	-	-	-	-	2,475	2,475
-	-	31,574	-	-	-	31,574
-	-	-	-	-	-	16,705
-	-	-	-	-	477	477
\$ -	\$ -	\$ 31,574	\$ -	\$ -	\$ 2,952	\$ 51,431
-	76,696	236,303	-	1,667	887,316	2,310,173
\$ -	\$ (76,696)	\$ (204,729)	\$ -	\$ (1,667)	\$ (884,364)	\$ (2,258,742)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500
\$ -	\$ (76,696)	\$ (204,729)	\$ -	\$ (1,667)	\$ (884,364)	\$ (2,250,242)
(12,535)	(253,968)	-	10,993	134,532	(40,503)	554,815
\$ (12,535)	\$ (330,664)	\$ (204,729)	\$ 10,993	\$ 132,865	\$ (924,867)	\$ (1,695,427)
\$ (12,535)	\$ (330,664)	\$ (204,729)	\$ 10,993	\$ 132,865	\$ (924,867)	\$ (1,695,427)

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, 2010

	Water Enterprise					Total
	Water Operating	Water Revenue Sinking	Water Reserve	Water Utilities- Capital Reserve	Water Capital Projects	
Operating receipts:						
Charges for service	\$ 1,780,300	\$ -	\$ -	\$ 24,474	\$ -	\$ 1,804,774
Miscellaneous	35,972	-	-	-	-	35,972
Total operating receipts	\$ 1,816,272	\$ -	\$ -	\$ 24,474	\$ -	\$ 1,840,746
Operating disbursements:						
Business type activities	1,002,315	-	-	-	1,573,294	2,575,609
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ 813,957	\$ -	\$ -	\$ 24,474	\$ (1,573,294)	\$ (734,863)
Non-operating receipts and (disbursements):						
Interest on cash investments	\$ 4,092	\$ -	\$ -	\$ -	\$ -	\$ 4,092
Proceeds from State Revolving Fund note draws	-	-	-	-	-	-
Debt service	-	(576,518)	-	-	-	(576,518)
Total non-operating receipts and (disbursements)	\$ 4,092	\$ (576,518)	\$ -	\$ -	\$ -	\$ (572,426)
Excess (deficiency) of receipts over (under) disbursements	\$ 818,049	\$ (576,518)	\$ -	\$ 24,474	\$ (1,573,294)	\$ (1,307,289)
Operating transfers:						
Operating transfers in	\$ -	\$ 660,000	\$ -	\$ 170,000	\$ -	\$ 830,000
Operating transfers (out)	(1,001,400)	(81,216)	-	-	-	(1,082,616)
Net operating transfers	\$ (1,001,400)	\$ 578,784	\$ -	\$ 170,000	\$ -	\$ (252,616)
Net change in cash balances	\$ (183,351)	\$ 2,266	\$ -	\$ 194,474	\$ (1,573,294)	\$ (1,559,905)
Cash and cash investments, beginning of year	209,462	56,574	577,856	10,724	708,561	1,563,177
Cash and cash investments, end of year	\$ 26,111	\$ 58,840	\$ 577,856	\$ 205,198	\$ (864,733)	\$ 3,272
Cash basis fund balances:						
Reserved - debt service	\$ -	\$ 58,840	\$ 577,856	\$ -	\$ -	\$ 636,696
Unreserved:						
Capital projects	-	-	-	-	(864,733)	(864,733)
Unreserved	26,111	-	-	205,198	-	231,309
Total	\$ 26,111	\$ 58,840	\$ 577,856	\$ 205,198	\$ (864,733)	\$ 3,272

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	
\$ 2,340,556	\$ -	\$ -	\$ 98,518	\$ -	\$ 2,439,074	\$ -	
21,563	-	-	-	-	21,563	186,355	
\$ 2,362,119	\$ -	\$ -	\$ 98,518	\$ -	\$ 2,460,637	\$ 186,355	
834,290	-	-	161,189	86,226	1,081,705	114,440	
\$ 1,527,829	\$ -	\$ -	\$ (62,671)	\$ (86,226)	\$ 1,378,932	\$ 71,915	
\$ 4,165	\$ -	\$ -	\$ -	\$ -	\$ 4,165	\$ -	
-	-	-	-	676,424	676,424	-	
-	(1,038,101)	-	-	-	(1,038,101)	-	
\$ 4,165	\$ (1,038,101)	\$ -	\$ -	\$ 676,424	\$ (357,512)	\$ -	
\$ 1,531,994	\$ (1,038,101)	\$ -	\$ (62,671)	\$ 590,198	\$ 1,021,420	\$ 71,915	
\$ -	\$ 1,032,000	\$ -	\$ 209,000	\$ -	\$ 1,241,000	\$ -	
(1,408,100)	-	-	-	-	(1,408,100)	-	
\$ (1,408,100)	\$ 1,032,000	\$ -	\$ 209,000	\$ -	\$ (167,100)	\$ -	
\$ 123,894	\$ (6,101)	\$ -	\$ 146,329	\$ 590,198	\$ 854,320	\$ 71,915	
780,318	200,487	307,105	172,968	(951,394)	509,484	396,603	
\$ 904,212	\$ 194,386	\$ 307,105	\$ 319,297	\$ (361,196)	\$ 1,363,804	\$ 468,518	
\$ -	\$ 194,386	\$ 307,105	\$ -	\$ -	\$ 501,491	\$ -	
-	-	-	-	(361,196)	(361,196)	-	
904,212	-	-	319,297	-	1,223,509	468,518	
\$ 904,212	\$ 194,386	\$ 307,105	\$ 319,297	\$ (361,196)	\$ 1,363,804	\$ 468,518	

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, 2010

Operating receipts:	
Charges for service	\$ 134,657
Miscellaneous	<u>1,351</u>
Total operating receipts	\$ 136,008
Operating disbursements:	
Business type activities	<u>73,720</u>
Excess of operating receipts over operating disbursements	\$ 62,288
Operating transfers:	
Operating transfers (out)	<u>(96,200)</u>
Net change in cash balances	\$ (33,912)
Cash and cash investments, beginning of year	<u>265,880</u>
Cash and cash investments, end of year	<u><u>\$ 231,968</u></u>
Cash basis fund balances:	
Unreserved - unreserved	<u><u>\$ 231,968</u></u>

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY

Statement of Indebtedness

Year Ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
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 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			

* - The beginning balance has been restated because \$206,000 of bonds were not needed to be sold to finance the balance of the costs of the project these bonds relate to.

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
\$ 260,000	\$ -	\$ 40,000	\$ 220,000	\$ 12,763	\$ -
546,000	-	52,000	494,000	15,600	-
380,000	-	380,000	-	20,900	-
380,000	-	185,000	195,000	16,437	-
1,165,000	-	375,000	790,000	40,800	-
3,350,000	-	200,000	3,150,000	139,315	-
835,000	-	155,000	680,000	27,895	-
2,530,000	-	385,000	2,145,000	87,515	-
475,000	-	50,000	425,000	17,670	-
2,920,000	-	315,000	2,605,000	116,800	-
810,000	-	50,000	760,000	30,816	-
1,940,000	-	165,000	1,775,000	64,383	-
2,425,000	-	-	2,425,000	77,100	-
<u>\$ 18,016,000</u>	<u>\$ -</u>	<u>\$ 2,352,000</u>	<u>\$ 15,664,000</u>	<u>\$ 667,994</u>	<u>\$ -</u>
<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 569</u>	<u>\$ -</u>
\$ 198,000	\$ -	\$ 16,000	\$ 182,000	\$ 5,700	\$ -
2,220,000	-	186,000	2,034,000	63,810	-
1,840,000	-	25,000	1,815,000	92,113	-
100,000	-	100,000	-	3,500	-
1,670,000	-	75,000	1,595,000	72,480	-
1,550,000	-	65,000	1,485,000	67,813	-
5,099,000	-	89,000	5,010,000	152,970	-
* 2,924,000	-	125,000	2,799,000	69,204	-
1,550,000	-	100,000	1,450,000	59,625	-
2,350,000	-	130,000	2,220,000	91,092	-
<u>\$ 19,501,000</u>	<u>\$ -</u>	<u>\$ 911,000</u>	<u>\$ 18,590,000</u>	<u>\$ 678,307</u>	<u>\$ -</u>

CITY OF NORTH LIBERTY

Bond and Note Maturities
(Page 1 of 2)
Year Ended June 30, 2010

Year Ending June 30	Community Center		Sewer Improvement		General Obligation Corporate Purpose	
	Issued April 1, 1996		Issued Jan. 6, 1998		Issued May 1, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	4.85 %	\$ 40,000	3.00 %	\$ 54,000	4.35 %	\$ 195,000
2012	4.875	40,000	3.00	56,000		
2013	4.90	45,000	3.00	58,000		
2014	4.95	45,000	3.00	60,000		
2015	5.00	50,000	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>\$ 220,000</u>		<u>\$ 494,000</u>		<u>\$ 195,000</u>

Year Ending June 30,	Corporate Purpose		Corporate Purpose		General Obligation Water Improvement	
	Issued Nov. 15, 2006		Issued Aug. 1, 2007		Issued Dec. 15, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.65 %	\$ 55,000	4.00 %	\$ 325,000	3.55 %	\$ 50,000
2012	3.65	55,000	4.00	345,000	3.60	50,000
2013	3.70	60,000	4.00	360,000	3.625	55,000
2014	3.70	60,000	4.00	370,000	3.65	55,000
2015	3.75	60,000	4.00	385,000	3.70	60,000
2016	3.80	65,000	4.00	400,000	3.75	60,000
2017	3.85	70,000	4.00	420,000	3.80	65,000
2018					3.85	65,000
2019					3.90	70,000
2020					4.00	75,000
2021					4.05	75,000
2022					4.10	80,000
2023						
2024						
Total		<u>\$ 425,000</u>		<u>\$ 2,605,000</u>		<u>\$ 760,000</u>

CITY OF NORTH LIBERTY

Bond and Note Maturities
 (Page 2 of 2)
 Year Ended June 30, 2010

Year Ending June 30,	Enterprise Fund					
	Sewer Revenue Series 1998A Issued March 23, 1998		Sewer Revenue Series 1998B Issued March 23, 1998		Water Revenue Series 2001 Issued Sept. 1, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.00 %	\$ 17,000	3.00 %	\$ 193,000	4.50 %	\$ 130,000
2012	3.00	18,000	3.00	200,000	4.65	135,000
2013	3.00	18,000	3.00	208,000	4.75	140,000
2014	3.00	19,000	3.00	217,000	4.85	145,000
2015	3.00	20,000	3.00	225,000	4.95	155,000
2016	3.00	21,000	3.00	234,000	5.05	160,000
2017	3.00	22,000	3.00	243,000	5.10	170,000
2018	3.00	23,000	3.00	252,000	5.15	180,000
2019	3.00	24,000	3.00	262,000	5.20	190,000
2020					5.25	200,000
2021					5.30	210,000
2022						
2023						
2024						
2025						
2026						
2027						
2028						
Total		<u>\$ 182,000</u>		<u>\$ 2,034,000</u>		<u>\$ 1,815,000</u>

Year Ending June 30,	Enterprise Fund					
	Sewer Revenue Series 2008A Issued July 30, 2008		Sewer Revenue Series 2008C Issued Sept. 15, 2008		Water Revenue Series 2008D Issued Sept. 15, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.00 %	\$ 117,000	3.00 %	\$ 100,000	3.00 %	\$ 135,000
2012	3.00	121,000	3.20	100,000	3.20	140,000
2013	3.00	125,000	3.40	100,000	3.40	145,000
2014	3.00	129,000	3.60	100,000	3.60	150,000
2015	3.00	133,000	3.75	100,000	3.75	155,000
2016	3.00	137,000	3.90	105,000	3.90	160,000
2017	3.00	141,000	4.00	105,000	4.00	165,000
2018	3.00	146,000	4.10	110,000	4.10	175,000
2019	3.00	151,000	4.20	115,000	4.20	180,000
2020	3.00	156,000	4.25	120,000	4.25	190,000
2021	3.00	161,000	4.30	125,000	4.30	200,000
2022	3.00	166,000	4.35	130,000	4.35	210,000
2023	3.00	171,000	4.40	140,000	4.40	215,000
2024	3.00	177,000				
2025	3.00	183,000				
2026	3.00	189,000				
2027	3.00	195,000				
2028	3.00	201,000				
Total		<u>\$ 2,799,000</u>		<u>\$ 1,450,000</u>		<u>\$ 2,220,000</u>

See accompanying independent auditor's report.

Revenue Bonds		Revenue Bonds		Revenue Bonds	
Sewer Revenue Series 2006A		Water Revenue Series 2006B		Sewer Revenue Series 2007	
Issued April 15, 2006		Issued Nov. 15, 2006		Issued Aug. 23, 2007	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
4.25 %	\$ 75,000	4.375 %	\$ 65,000	3.00 %	\$ 96,000
4.25	80,000	4.375	70,000	3.00	98,000
4.25	85,000	4.375	75,000	3.00	100,000
4.25	85,000	4.375	75,000	3.00	106,000
4.25	90,000	4.375	80,000	3.00	108,000
4.25	95,000	4.375	80,000	3.00	111,000
4.25	100,000	4.375	85,000	3.00	114,000
4.30	105,000	4.375	90,000	3.00	117,000
4.30	110,000	4.375	95,000	3.00	121,000
4.30	115,000	4.375	95,000	3.00	416,000
4.35	120,000	4.375	100,000	3.00	430,000
4.40	125,000	4.375	105,000	3.00	444,000
4.45	130,000	4.375	110,000	3.00	459,000
4.50	135,000	4.375	115,000	3.00	475,000
4.55	145,000	4.375	120,000	3.00	486,000
		4.375	125,000	3.00	654,000
				3.00	675,000
	<u>\$ 1,595,000</u>		<u>\$ 1,485,000</u>		<u>\$ 5,010,000</u>

Revenue Bonds

Total
\$ 928,000
962,000
996,000
1,026,000
1,066,000
1,103,000
1,145,000
1,198,000
1,248,000
1,292,000
1,346,000
1,180,000
1,225,000
902,000
934,000
968,000
870,000
201,000
<u>\$ 18,590,000</u>

CITY OF NORTH LIBERTY

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

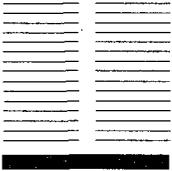
Last Ten Years

	2010	2009	2008	2007
Receipts:				
Property tax	\$ 4,914,385	\$ 3,863,587	\$ 3,093,326	\$ 2,430,379
Tax increment financing	1,389,368	2,822,497	2,660,586	2,470,154
Other city tax	269,844	267,057	196,571	161,686
Licenses and permits	501,169	517,615	482,903	617,217
Use of money and property	162,861	189,544	180,001	190,964
Intergovernmental	883,561	1,078,608	800,564	1,460,925
Charges for service	1,437,878	1,240,283	1,228,972	982,868
Special assessments	9,620	10,383	24,347	26,182
Miscellaneous	299,628	205,944	313,332	141,640
Total	\$ 9,868,314	\$ 10,195,518	\$ 8,980,602	\$ 8,482,015
Disbursements:				
Public safety	\$ 1,796,788	\$ 1,560,255	\$ 1,424,463	\$ 1,806,083
Public works	1,022,894	1,148,712	1,143,600	967,256
Health and social services	56,050	70,600	35,020	36,500
Culture and recreation	2,747,273	2,578,532	2,281,120	2,445,972
Community and economic development	884,238	619,737	576,163	520,060
General government	875,271	739,891	842,771	739,627
Debt service	3,050,069	2,823,582	4,219,859	2,074,465
Capital projects	2,451,988	2,058,032	2,797,451	2,470,613
Total	\$ 12,884,571	\$ 11,599,341	\$ 13,320,447	\$ 11,060,576

See accompanying independent auditor's report.

Schedule 8

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 1,905,108	\$ 1,582,974	\$ 1,355,034	\$ 1,050,948	\$ 908,944	\$ 793,953
1,360,008	1,116,247	1,290,281	1,001,279	991,905	981,613
135,396	130,557	126,764	117,007	105,903	94,589
625,439	656,054	579,106	363,961	190,821	187,063
204,647	129,302	108,371	91,744	89,371	89,130
1,294,642	1,551,835	1,290,726	690,750	1,153,918	1,565,118
1,147,998	995,289	872,863	482,897	481,950	530,404
34,617	31,421	67,770	38,107	197,675	30,006
392,867	364,586	407,370	240,577	193,885	105,190
<u>\$ 7,100,722</u>	<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>
\$ 881,885	\$ 752,220	\$ 902,800	\$ 962,346	\$ 501,835	\$ 466,707
1,025,863	636,329	593,601	545,818	520,998	502,813
34,500	21,000	21,000	21,000	24,867	15,000
1,680,594	1,650,909	990,473	872,066	816,995	727,423
325,306	249,352	200,518	125,461	202,433	373,621
541,943	452,215	447,623	436,888	369,773	320,223
2,877,794	1,636,989	2,455,627	1,388,454	1,128,794	928,380
4,510,561	2,669,922	5,773,910	1,871,426	1,773,501	3,279,625
<u>\$ 11,878,446</u>	<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>



Greenwood and Crim, P.C.
Certified Public Accountants

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

**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, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 17, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, 2010 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 a certain matter that we have reported to the management of the City of North Liberty in a separate letter dated February 17, 2011.

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 Cunniff, P.C.

February 17, 2011

CITY OF NORTH LIBERTY

Schedule of Findings

Year Ended June 30, 2010

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

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

INSTANCES OF 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

10-II-A **Certified Budget**

Comment - Disbursements during the year ended June 30, 2010 exceeded the final amount budgeted in the public works function. 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 a sufficient amount in accordance with Chapter 384.20 of the Code of Iowa.

Response - We have reviewed our budget calculation worksheets and found that transit expenditures are included in the general government function. We have corrected our worksheets by moving the transit expenditures to the public works function. In addition, the final actual amount of expenditures for sanitation exceeded the final budgeted amount. We will monitor all expenditures for all functions to ensure that budgeted amounts are sufficient to cover all actual expenditures.

Conclusion - Response accepted.

10-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.

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

10-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, 2010.

10-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.

10-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, 2010

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

10-II-G Deposits and Investments

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, or request that the funds be withdrawn and returned to the City for investment in an account that complies with the City's investment policy.

Response - We continued to address this issue with the Foundation throughout the year and after June 30, 2010. In December 2010, the Foundation closed out this fund and returned over \$8,000 to the City. The returned funds were placed in the City's main checking account.

Conclusion - Response accepted.

10-II-H **Revenue Bonds** - No instances of noncompliance with the revenue bond resolutions were noted.

10-II-I **Financial Condition** - As disclosed in Note 12 to the financial statements, at June 30, 2010, the City had deficit balances in eleven project funds that arose because project and construction costs were incurred prior to the availability of funds. In addition, the General Fund - Liberty Centre Blues & BBQ fund had a deficit balance of \$2,051 at June 30, 2010.

Recommendation - In most situations common to governmental entities, the costs of construction projects and activities 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. The City should also monitor the annual results of the Liberty Centre Blues & BBQ event to ensure that contributions and other event receipts and budgeted City transfers are adequate to cover the costs of the event and to maintain a positive fund balance by June 30 in future years.

Response - We monitor the capital projects and construction activities on a regular basis to ensure that there are adequate resources to pay for the costs. The deficit in the Liberty Centre Blues & BBQ fund was eliminated after June 30, 2010 with additional receipts from the event.

Conclusion - Response accepted.

CITY OF NORTH LIBERTY

Schedule of Findings

Year Ended June 30, 2010

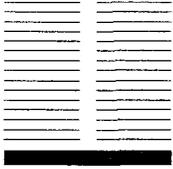
Part II. Other Findings Related to Required Statutory Reporting (Continued)

10-II-J **Hotel/Motel Tax** - Chapter 423A.7 of the Code of Iowa requires the levying entity to spend at least fifty percent of the hotel/motel tax receipts on certain types of expenditures specifically described in the Chapter. As of June 30, 2010, the City has not spent at least fifty percent of the hotel/motel taxes received since July 1, 2008 as required by Chapter 423A.7.

Recommendation - We recommend the City identify additional costs that will qualify as required by Chapter 423A.7 of the Code of Iowa. These additional costs may be for new endeavors or increased costs for activities the City already engages in. Although Chapter 423A.7 does not specify that the fifty percent requirement be met on an annual basis, we recommend this requirement be met on a cumulative basis. As of June 30, 2010, cumulative tax receipts since the tax has been levied beginning July 1, 2008 totaled \$105,067 and cumulative expenditures as required by Chapter 423A.7 totaled \$46,140.

Response - We are aware of this situation. The City has budgeted for projects during the year ending June 30, 2011 that will bring the City in compliance with Chapter 423A.7. By June 30, 2011, total expenditures from current and cumulative hotel/motel tax receipts will exceed fifty percent as required by Chapter 423A.7.

Conclusion - Response accepted.



Greenwood and Crim, P.C.
Certified Public Accountants

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

February 17, 2011

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, 2010, 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 a matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the City of North Liberty's internal control in our report dated February 17, 2011. This letter does not affect our report dated February 17, 2011 on the financial statements of the City of North Liberty.

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

Approval of City Administrator's Expense Reimbursement Requests

During our testing of selected disbursements for expense, travel and mileage reimbursement requests, one disbursement was selected that was for reimbursement of expenses paid by the City Administrator. We noted that the expense reimbursement request did not indicate approval by another person for payment. Upon further inquiry and inspection of the vendor file for payments to the City Administrator, we noted there were four more reimbursement requests, three of which did not indicate approval for payment. None of the reimbursement requests were for a significant amount. We were also informed that there has been no designated person to review these reimbursement requests and the assumption has been that approval, and any review of such reimbursement requests, would be at the direction of the Council. It should be noted that the amounts of the requests are not in question because the accounts payable clerk checks the reimbursement requests for mathematical accuracy. We also checked the mathematical accuracy of the reimbursement requests and found no errors.

We recommend that the City Administrator's expense reimbursement requests be reviewed and approved for payment by the City Treasurer/Human Resources Director. Council members may also request information about the requests. Due to the general small dollar amount of the reimbursement requests and because the number of requests submitted by the City Administrator usually amounts to less than ten during a year, we believe that our recommendation would provide the City with adequate review and approval of such requests. We have also been informed that our recommendation has been implemented.

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 Crim, P.C.

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