

**CITY OF POSTVILLE**

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

**JUNE 30, 2011**

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City of Postville

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
<b>(Before January 2011)</b>		
Leigh Rekow	Mayor	Jan 2015
Ross Malcom	Mayor Pro term	Jan 2012
Jason Meyer	Council Member	Jan 2012
Larry Moore	Council Member	Jan 2012
Virginia Medberry	Council Member	Jan 2015
Darcy Radloff	Clerk	Indefinite
Kevin Cronk	Treasurer	Indefinite
Anne Loomis	Attorney	Indefinite
<b>(After January 2011)</b>		
Leigh Rekow	Mayor	Jan 2015
Ross Malcom	Mayor Pro term	Jan 2012
Jason Meyer	Council Member	Jan 2012
Larry Moore	Council Member	Jan 2012
Virginia Medberry*	Council Member	Jan 2015
Robert Fadness	Council Member	Jan 2015
Darcy Radloff	Clerk	Indefinite
Kevin Cronk	Treasurer	Indefinite
Anne Loomis	Attorney	Indefinite

\*Resigned in October 2011.

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Postville, Iowa, as of and for the year ended June 30, 2011, 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 Postville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The financial statements referred to above include only the primary government of the City of Postville, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, which U.S. generally accepted accounting principles require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the cash basis financial position of the reporting entity of the City of Postville as of June 30, 2011, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

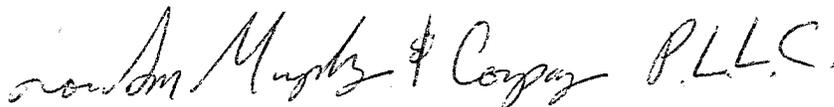
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the City of Postville as of June 30, 2011, and the respective changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

The City's General Fund deficit increased to \$562,862 at June 30, 2011, an increase of \$266,546 during the year ended June 30, 2011. The deficit is approximately 55% of the City's recurring General Fund receipts of \$1,027,306 during the year ended June 30, 2011. The City will continue to monitor and reduce disbursements as possible to return the fund to a positive account balance.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2011 on our consideration of the City of Postville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 and budgetary comparison information on pages 4 through 9 and 25 through 27 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 Postville's basic financial statements. The financial statements for the nine years ending June 30, 2010 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on financial statements from 2002-2010, which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, 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 primary government financial statements taken as a whole.



Lou Ann Murphy & Company, P.L.L.C.  
Certified Public Accountant  
Osage, Iowa  
December 13, 2011

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Postville provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2011 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 12.1%, or approximately \$228,000, from fiscal year 2010 to fiscal year 2011. Capital grants, contributions, and restricted interest increased approximately \$199,000 and property tax increased approximately \$45,000 due to collections on delinquent accounts and grant funds awarded.
- Disbursements of the City's governmental activities increased 30.9%, or approximately \$567,000 in fiscal year 2011 from fiscal year 2010. Public works increased approximately \$175,000 and Culture and Recreation increased approximately \$169,000.
- The City's total cash basis net assets decreased .2%, or approximately \$4,000 from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities decreased approximately \$313,000 and the assets of the business type activities increased approximately \$309,000.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds and the City's indebtedness.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

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

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

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

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

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Local Option Sales Tax, Tax Increment Financing and 2008 CDBG, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

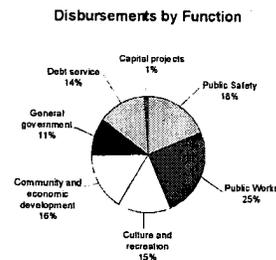
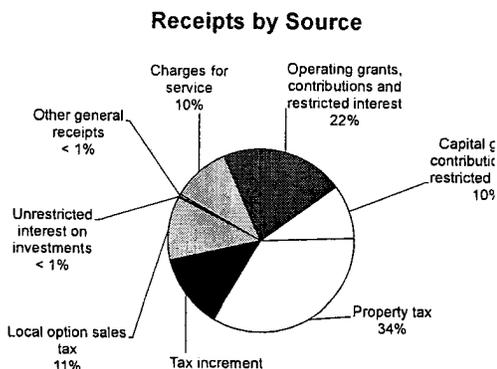
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for water, sewer, lagoon and storm water utility operations. The Water and Sewer Funds are considered to be major funds of the City.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$73,107 to \$(240,173). The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
<b>Receipts</b>		
Program receipts:		
Charges for service	\$ 212	\$ 217
Operating grants, contributions and restricted interest	448	576
Capital grants, contributions and restricted interest	199	-
General receipts:		
Property tax	707	662
Tax increment financing	274	177
Local option sales tax	237	199
Unrestricted interest on investments	5	7
Other general receipts	7	23
Total receipts	<u>2,089</u>	<u>1,861</u>
<b>Disbursements</b>		
Public safety	446	391
Public works	601	426
Culture and recreation	360	191
Community and economic development	387	269
General government	255	207
Debt service	326	326
Capital projects	27	25
Total disbursements	<u>2,402</u>	<u>1,835</u>
Changes in cash basis net assets	(313)	26
Cash basis net assets beginning of year	73	47
Cash basis net assets end of year	<u>\$ (240)</u>	<u>\$ 73</u>



The City's total receipts for governmental activities increased 12%, or approximately \$226,000. The total cost of all programs and services increased approximately \$567,000, or 31%. The significant increase in receipts and disbursements was primarily the result of the City receiving a first time homebuyer grant with receipts of \$198,969 in fiscal year 2011. The Community Swimming Pool Renovation Project increased receipts and disbursements in Culture and Recreational activities.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts		
Program receipts:		
Charges for service		
Water	\$ 597	\$ 547
Sewer	772	557
Lagoon	-	-
Storm water utility	35	35
Capital contributions	-	297
General receipts:		
Unrestricted interests in investments	13	17
Total receipts	<u>1,417</u>	<u>1,453</u>
Disbursements		
Water	499	514
Sewer	604	629
Storm water utility	5	-
Total disbursements	<u>1,108</u>	<u>1,143</u>
Changes in cash basis net assets	309	310
Cash basis net assets beginning of year	<u>2,000</u>	<u>1,690</u>
Cash basis net assets end of year	<u>\$ 2,309</u>	<u>\$ 2,000</u>

Total business type activities receipts for fiscal year 2011 were approximately \$1,417,000 compared to approximately \$1,453,000 last year. This decrease was due primarily to the City collection on utility assessments from the prior year. The cash balance increased approximately \$309,000 from the prior year, primarily due to decreases in delinquent accounts with the City. Total disbursements for the fiscal year decreased approximately \$35,000 to a total of approximately \$1,108,000.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Postville completed the year, its governmental funds reported a combined fund balance of \$(240,173), a decrease of \$313,280 from last year's total of \$73,107. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$266,546 from the prior year to a deficit balance of \$562,862. Total receipts increased 8% and total disbursements increased 31%. Property tax receipts increased \$10,272 and miscellaneous receipts increased \$78,744. Culture and recreation disbursements increased \$168,766 and Community and economic development disbursements increased \$59,231.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$18,269 to \$110,901. The decrease was due primarily to an increase in public works disbursements.
- The Special Revenue, Local Option Sales Tax Fund cash balance decreased \$21,413 to \$183,543. The decrease was primarily due to increases in public safety and public works disbursements.
- The Special Revenue, Tax Increment Financing Fund cash balance increased \$43,883 to a deficit balance of \$59,714. The increase is primarily due to receipts exceeding transfers out.
- The Special Revenue, 2008 CDBG (Community Development Block Grant) Fund was established in fiscal year 2009 to account for CDBG funds. The fund had no receipts during fiscal year 2011 and disbursements of \$65,444, leaving an ending cash balance of \$0.
- The Debt Service Fund cash balance decreased \$20,319 during the fiscal year to \$997.
- The Capital Projects Fund cash balance increased \$50,597 to \$134,704.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund was established to accumulate funds to be used for water management and capital projects. During the fiscal year, the cash balance increased \$106,894 to \$1,025,236. The increase is primarily due to collection of delinquent utility charges.
- The Sewer Fund cash balance increased \$171,984 to \$1,120,749. The increase is primarily due to an increase in miscellaneous receipts.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment was approved on February 14, 2011, and resulted in an increase in disbursements of \$546,256 related primarily to public works, culture and recreation, and capital projects. Budgeted receipts increased, primarily due to an increase in miscellaneous receipts.

The City's receipts were \$481,739 less than budgeted. This was primarily due to charges for service for utilities and anticipated revenue for Pool Renovation Project being less than anticipated.

With the amendment, total disbursements were \$432,269 less than the amended budget, primarily due to business type activities.

## DEBT ADMINISTRATION

At June 30, 2011, the City had \$7,686,096 in bonds, notes and other long-term debt outstanding, compared to \$8,266,992 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2011	2010
General obligation refunding bonds	\$ 905,000	\$ 1,035,000
General obligation notes	700,000	800,000
Child care facility revenue notes	278,521	282,536
Water revenue notes	1,500,000	1,600,000
Sewer revenue notes	4,216,544	4,436,260
Street lighting lease purchase agreement	86,031	113,196
Total	\$7,686,096	\$ 8,266,992

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 property within the City's corporate limits. The City's outstanding general obligation debt of \$1,605,000 is below its constitutional debt limit of \$4,535,830.

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

The City of Postville's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various City services. One of these factors is the economy. The City has been successful in housing rehabilitation grant funding and several homes have successfully received new ownership. Unpaid property tax and vacant homes cause concern of cash flow. The City Council took this into consideration and projected minimal projects for fiscal year 2012. The City budget reflects minimum operations to be provided. Amounts appropriated in the operating budget are \$3,992,815.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darcy Radloff, City Clerk, 147 N. Lawler St., P.O. Box 242, Postville, Iowa 52162-0242.

City of Postville

Statement of Activities and Net Assets-Cash Basis

As of and for the year ended June 30, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Governmental activities:</b>				
Public safety	\$ 445,643	16,769	6,670	-
Public works	600,668	131,326	217,714	-
Culture and recreation	359,710	33,418	134,648	-
Community and economic development	386,886	-	-	198,970
General government	255,255	30,815	11,020	-
Debt service	326,297	-	-	-
Capital projects	27,354	-	77,975	-
<b>Total governmental activities</b>	<b>2,401,813</b>	<b>212,328</b>	<b>448,027</b>	<b>198,970</b>
<b>Business type activities:</b>				
Water	499,091	597,158	-	-
Sewer	603,869	771,751	-	-
Storm water utility	4,799	35,227	-	-
<b>Total business type activities</b>	<b>1,107,759</b>	<b>1,404,136</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 3,509,572</b>	<b>1,616,464</b>	<b>448,027</b>	<b>198,970</b>
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Expendable:				
Streets				
Safety				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements

**Exhibit A**

<u>Net (Disbursements) Receipts and</u> <u>Changes in Cash Basis Net Assets</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
(422,204)	-	\$ (422,204)
(251,628)	-	(251,628)
(191,644)	-	(191,644)
(187,916)	-	(187,916)
(213,420)	-	(213,420)
(326,297)	-	(326,297)
50,621	-	50,621
<u>(1,542,488)</u>	<u>-</u>	<u>(1,542,488)</u>
-	98,067	98,067
-	167,882	167,882
-	30,428	30,428
-	<u>296,377</u>	<u>296,377</u>
<u>(1,542,488)</u>	<u>296,377</u>	<u>\$ (1,246,111)</u>
\$ 631,002	-	\$ 631,002
75,978	-	75,978
273,883	-	273,883
236,815	-	236,815
4,952	12,929	17,881
6,578	-	6,578
<u>1,229,208</u>	<u>12,929</u>	<u>1,242,137</u>
(313,280)	309,306	(3,974)
<u>73,107</u>	<u>2,000,491</u>	<u>2,073,598</u>
<u>\$ (240,173)</u>	<u>2,309,797</u>	<u>\$ 2,069,624</u>
\$ 277,005	-	\$ 277,005
17,439	-	17,439
129,661	524,116	653,777
6,040	-	6,040
<u>(670,318)</u>	<u>1,785,681</u>	<u>1,115,363</u>
<u>\$ (240,173)</u>	<u>2,309,797</u>	<u>\$ 2,069,624</u>

City of Postville

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Government Funds

As of and for the year ended June 30, 2011

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
<b>Receipts:</b>				
Property tax	\$ 455,548	-	-	-
Tax increment financing	-	-	-	273,883
Local option sales tax	-	-	236,815	-
Other city tax	1,612	-	-	-
Licenses and permits	9,091	-	-	-
Use of money and property	8,891	-	-	-
Intergovernmental	202,853	217,714	-	-
Charges for service	192,012	-	-	-
Special assessments	-	-	3,034	-
Miscellaneous	157,299	-	-	-
<b>Total receipts</b>	<b>1,027,306</b>	<b>217,714</b>	<b>239,849</b>	<b>273,883</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	227,109	-	106,262	-
Public works	183,089	235,983	155,000	-
Culture and recreation	354,342	-	-	-
Community and economic development	321,442	-	-	-
General government	205,606	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
<b>Total disbursements</b>	<b>1,291,588</b>	<b>235,983</b>	<b>261,262</b>	<b>-</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>(264,282)</b>	<b>(18,269)</b>	<b>(21,413)</b>	<b>273,883</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	1,736	-	-	-
Operating transfers out	(4,000)	-	-	(230,000)
<b>Total other financing sources (uses)</b>	<b>(2,264)</b>	<b>-</b>	<b>-</b>	<b>(230,000)</b>
<b>Net change in cash balances</b>	<b>(266,546)</b>	<b>(18,269)</b>	<b>(21,413)</b>	<b>43,883</b>
<b>Cash balances beginning of year</b>	<b>(296,316)</b>	<b>129,170</b>	<b>204,956</b>	<b>(103,597)</b>
<b>Cash balances end of year</b>	<b>\$ (562,862)</b>	<b>110,901</b>	<b>183,543</b>	<b>(59,714)</b>
<b>Cash Basis Fund Balances</b>				
<b>Restricted for:</b>				
Streets	\$ -	110,901	166,104	-
Safety	-	-	17,439	-
Debt Service	-	-	-	-
Other Purposes	-	-	-	-
<b>Unassigned</b>	<b>(562,862)</b>	<b>-</b>	<b>-</b>	<b>(59,714)</b>
	<b>\$ (562,862)</b>	<b>110,901</b>	<b>183,543</b>	<b>(59,714)</b>

See notes to financial statements

**Exhibit B**

2008 CDBG	Debt Service	Capital Projects	Nonmajor	Total
-	75,978	-	173,842	\$ 705,368
-	-	-	-	\$ 273,883
-	-	-	-	\$ 236,815
-	-	-	-	\$ 1,612
-	-	-	-	\$ 9,091
-	-	-	1,987	\$ 10,878
-	-	4,219	-	\$ 424,786
-	-	-	-	\$ 192,012
-	-	-	-	\$ 3,034
-	-	73,755	-	\$ 231,054
-	75,978	77,974	175,829	2,088,533
-	-	-	112,272	445,643
-	-	-	26,596	600,668
-	-	-	5,368	359,710
65,444	-	-	-	386,886
-	-	-	49,649	255,255
-	326,297	-	-	326,297
-	-	27,354	-	27,354
65,444	326,297	27,354	193,885	2,401,813
(65,444)	(250,319)	50,620	(18,056)	(313,280)
-	230,000	-	4,000	235,736
(1,713)	-	(23)	-	(235,736)
(1,713)	230,000	(23)	4,000	-
(67,157)	(20,319)	50,597	(14,056)	(313,280)
67,157	21,316	84,107	(33,686)	73,107
-	997	134,704	(47,742)	\$ (240,173)
-	-	-	-	\$ 277,005
-	-	-	-	\$ 17,439
-	997	128,664	-	\$ 129,661
-	-	6,040	-	\$ 6,040
-	-	-	(47,742)	\$ (670,318)
-	997	134,704	(47,742)	\$ (240,173)

City of Postville

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

As of and for the year ended June 30, 2011

	Enterprise			Total
	Water	Sewer	Nonmajor	
Operating receipts:				
Charges for service	\$ 579,134	483,197	35,227	\$ 1,097,558
Miscellaneous	18,024	288,554	-	\$ 306,578
Total operating receipts	597,158	771,751	35,227	1,404,136
Operating disbursements:				
Business type activities	310,503	202,521	4,799	517,823
Excess of operating receipts over operating disbursements	286,655	569,230	30,428	886,313
Non-operating receipts (disbursements)				
Interest on investments	8,827	4,102	-	12,929
Debt Service	(188,588)	(401,348)	-	(589,936)
Total non-operating receipts (disbursements)	(179,761)	(397,246)	-	(577,007)
Net change in cash balances before capital contributions	106,894	171,984	30,428	309,306
Capital contributions	-	-	-	-
Net change in cash balances	106,894	171,984	30,428	309,306
Cash balances beginning of year	918,342	948,765	133,384	2,000,491
Cash balances end of year	\$ 1,025,236	\$ 1,120,749	\$ 163,812	\$ 2,309,797
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ 184,160	339,956	-	\$ 524,116
Unrestricted	841,076	780,793	163,812	1,785,681
Total cash basis fund balances	\$ 1,025,236	\$ 1,120,749	\$ 163,812	\$ 2,309,797

See notes to financial statements.

City of Postville

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

The City of Postville is a political subdivision of the State of Iowa located in Allamakee and Clayton Counties. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Postville has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Postville (the primary government) and exclude the City's component unit. The component unit discussed below is not included in the City's reporting entity.

**Excluded Component Unit**

The Postville Volunteer Fire Department, Inc. has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504C of the Code of Iowa, for the purpose of aiding in extinguishing fires and performing such other duties as set forth by the Postville Fire Department. The Postville Volunteer Fire Department, Inc. meets the definition of a component unit which should be blended, but has declined to make its financial data available to the City. As a result, the component unit which should be blended has been excluded from the financial statements.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint representatives to the following boards and commissions: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission and Allamakee County E911 Joint Service 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 these statements. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

*Nonexpendable* restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

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

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds 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 and proprietary funds are aggregated and reported as nonmajor governmental or proprietary 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 not paid from other funds.

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for local option sales tax received and its uses.

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

The 2008 CDBG (Community Development Block Grant) Fund is used for the receipt and disbursement of CDBG contract 08-OT-001.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

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

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

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursements toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the community and economic development function.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds, general obligation notes and child care facility, water and sewer revenue notes are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 135,000	\$ 42,205	105,000	42,067	354,038	235,928	\$ 594,038	\$ 320,200
2013	140,000	36,265	115,000	36,798	349,653	234,263	604,653	307,326
2014	145,000	29,965	115,000	30,900	357,658	220,083	617,658	280,948
2015	155,000	23,295	45,000	24,965	370,984	205,457	570,984	253,717
2016	160,000	16,010	45,000	21,950	384,643	190,160	589,643	228,120
2017-2021	170,000	8,330	275,000	59,165	1,990,763	699,190	2,435,763	766,685
2022-2026	-	-	-	-	1,994,781	292,244	1,994,781	292,244
2027-2031	-	-	-	-	43,127	36,613	43,127	36,613
2032-2036	-	-	-	-	53,305	26,435	53,305	26,435
2037-2041	-	-	-	-	65,889	13,851	65,889	13,851
2042-2043	-	-	-	-	30,224	1,672	30,224	1,672
<b>Total</b>	<b>\$ 905,000</b>	<b>\$ 156,070</b>	<b>700,000</b>	<b>215,845</b>	<b>5,995,065</b>	<b>2,155,896</b>	<b>\$ 7,600,065</b>	<b>\$ 2,527,811</b>

USDA Child Care Facility Revenue Capital Loan Notes – The City previously issued \$300,000 of Child Care Facility Revenue Capital Loan Notes, Series 2003 (Notes) approved by City resolution number 841 dated April 14, 2003. Certain provisions of the Notes were amended by City resolution number 848 dated July 14, 2003. The Notes were issued to provide financing for construction of a Child Care Facility (Facility).

Pursuant to the amended resolution, the Notes are payable to the U.S. Department of Agriculture (USDA) in monthly installments of \$1,329, including interest at 4.25% per annum. During the year ended June 30, 2011, principal payments to the USDA totaled \$4,015, leaving a principal balance at June 30, 2011 of \$278,521.

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

- (a) The notes will only be redeemed from the future earnings of the Facility and the note holders hold a lien on the future earnings of the Facility.
- (b) Sufficient monthly transfers shall be made to a Child Care Facility Revenue Note and Interest Sinking Fund (Sinking Fund) for the purpose of making the note principal and interest payments when due.
- (c) A Child Care Facility Revenue Debt Service Reserve shall be established. The City has funded the reserve by setting aside \$17,100 in the Capital Projects Fund. This account is restricted for the purpose of paying principal and interest on the notes.
- (d) A Child Care Facility Improvement Fund shall be established for the purpose of paying principal and interest when there is insufficient money in the sinking and reserve funds and extraordinary maintenance and repairs, as needed.

In conjunction with the issuance of the Notes, the City entered into a Joint Agreement Regarding Child Care Center (28E agreement) with the Postville Community School District (District) whereby the District provided the land for the City to construct the Facility. The City also entered into a Management Agreement with Postville Child Care Services, Incorporated (PCCS) for management of the Facility. According to the Management Agreement with the City and PCCS, which operates the Facility, PCCS is responsible for the pledged receipts and maintaining sufficient receipts to pay disbursements and principal and interest. However, according to an amendment to the management agreement, due to economic conditions in the community, the City is willing to make contributions to PCCS if it is determined there is a shortfall in receipts to pay disbursements for principal and interest and the City Administrator determines it is necessary based on conditions noted in the amendment.

Water Revenue Notes – The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,700,000 of water revenue notes issued in May 2005. Proceeds from the notes provided financing for the construction of improvements to the municipal water utility. The notes are payable solely from water customer net receipts and are payable through 2025. The total principal and interest remaining to be paid on the notes is \$2,066,815. Annual principal and interest payments on the water revenue notes are expected to require 84 percent of net receipts. For the current year, principal and interest paid and total customer net receipts were \$173,843 and \$286,655, respectively.

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a water revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (c) A separate water revenue note reserve account shall be established. The City has funded the reserve at \$170,000. The account is to be used solely for the purpose of paying principal and interest on the notes.

#### Sewer Revenue Refunding Notes

On February 1, 2007, the City issued \$640,000 of sewer revenue refunding notes. The City entered into an escrow agreement with Bankers Trust Company, N.A. and deposited a portion of the proceeds from the refunding notes. The proceeds were used to advance refund \$600,000 of the 1999 sewer revenue bonds on the call date of June 1, 2008.

The resolution providing for the issuance of the sewer revenue refunding notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (b) A separate sewer revenue note reserve account shall be established. The City has funded the reserve at \$69,100. The account is to be used solely for the purpose of paying principal and interest on the notes.

USDA Rural Development Sewer Revenue Note – The City issued a sewer revenue note totaling \$4,520,000 on February 8, 2007 to defray a portion of the cost of constructing a sewer treatment plant. The note is payable to the U.S. Department of Agriculture (USDA) in semi-annual installments of \$167,060, including interest at 4.125% per annum, due on June 1 and December 1 of each year. During the year ended June 30, 2011, the City paid principal of \$174,716 to the USDA, leaving a balance due at June 30, 2011 of \$3,751,544.

The resolution providing for the issuance of the sewer revenue note includes the following provisions:

- (a) The note will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (d) Sufficient monthly transfers shall be made to a sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (c) A sewer reserve account shall be established. Annually, there shall be deposited in the sewer reserve account an amount equal to 25 percent of the sewer reserve account requirement. This account is restricted for the purpose of paying principal and interest when funds in the sinking account are inadequate.
- (d) An improvement account shall be established for the purpose of paying principal and interest when there is insufficient money in the sinking and reserve accounts and extraordinary maintenance and repairs, as needed.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the \$640,000 of sewer revenue refunding notes and the \$4,520,000 sewer revenue note. The notes are payable solely from sewer customer net receipts and are payable through 2027. The total principal and interest remaining to be paid on the notes is \$5,573,810. Annual principal and interest payments on the sewer revenue notes are expected to require more than 100 percent of net receipts. For the current year, principal and interest paid and total customer net receipts were \$400,898 and \$569,230, respectively.

The balance in the sewer reserve account is not in compliance with the requirement of the note resolution.

Lease Purchase Agreement

On December 20, 2002, the City entered into a lease purchase agreement with interest at 9.75% per annum for street lighting and improvements. Annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 29,861	7,750	\$ 37,611
2013	32,825	4,783	37,608
2014	23,345	3,172	26,517
Total	\$ 86,031	15,705	\$ 101,736

**(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 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$40,355, \$38,657 and \$34,997, respectively, equal to the required contributions for each year.

**(5) Other Post Employment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 11 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$595 for single coverage, \$1,127 for employee/dependent coverage, \$1,219 for employee/spouse coverage and \$1,827 for family coverage. For the year ended June 30, 2011, the City contributed 100% of the plan membership cost of \$138,070.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, personal leave and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, personal leave and sick leave payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 16,104
Sick leave	147,305
Total	<u>\$ 163,409</u>

This liability has been computed based on rates of pay in effect at June 30, 2011.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 1,736
Special Revenue: Health Care	General	4,000
Debt Service	TIF	<u>230,000</u>
Total		<u>\$ 235,736</u>

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

**(8) Risk Management**

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2011 were \$52,539.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$12,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

**(9) Lease Purchase Agreement Receivable**

On May 1, 2002, the City entered into a lease purchase agreement with Agriprocessors, Inc. for exclusive use of the City's lagoons. The lease was for \$500,000 that will amortize over a fifteen year period, at which the time the lease commences, the City will convey all rights, titles and interests of the Lagoon System to Agriprocessors. Annual receivables to the City are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 33,226	17,405	\$ 50,631
2013	35,276	15,355	50,631
2014	37,452	13,180	50,632
2015	39,761	10,870	50,631
2016	42,214	8,418	50,632
2017	44,817	5,814	50,631
2018	47,582	3,049	50,631
2019	24,720	437	25,157
Total	\$ 305,048	74,528	\$ 379,576

**(10) Community Economic Betterment Account (CEBA)**

The City entered into a forgivable loan agreement dated October 19, 2006 with the Iowa Department of Economic Development for \$70,000. The proceeds were received during the year ended June 30, 2007 and loaned to a local business to assist with economic development. The local business agreed to a \$20,000 loan with monthly payments of \$333 beginning September 1, 2007 payable to the Iowa Department of Economic Development. The term of the loan is 5 years with no interest. Also, the local business agreed to create at least 4 full time positions and retain 14 full time positions. The forgivable loan is for \$50,000 at no interest unless an event of default occurs.

The local business agreed, in the event the total job creation/retention requirement is not met by October 31, 2009 and maintained through October 31, 2011, funds will be returned in the same ratio as the job shortfall is to the total job requirement. As of June 30, 2011, the local business is in compliance with the job creation/retention requirement.

**(11) Deficit Balances**

The General Fund and Special Revenue, Tax Increment Financing, Employee Benefits, Emergency and Health Care/Ambulance Funds had deficit balances of, \$562,862, \$59,714, \$31,854, \$13,543 and \$2,345, respectively, at June 30, 2011. The City will continue to monitor and reduce disbursements as possible to return the funds to a positive account balance.

**(12) Litigation**

The City was involved in two lawsuits as of June 30, 2011. The effect on the City's financials was \$2,000 insurance deductible to cover the lawsuit in August of 2011. There is another pending lawsuit as of June 30, 2011, however, the probability of loss, if any, is undeterminable.

**(13) Waste Management**

During the year ended June 30, 2011, the City of Postville paid Waste Management \$132,976. The sanitation company is then responsible for paying all landfill fees.

**(14) Commitments**

As of June 30, 2011, the City had the following commitment with respect to the following project:

	<u>Remaining</u>	<u>Expected Date</u>
	<u>Commitments</u>	<u>of Completion</u>
Pool Renovation	\$ 11,762	August 2011

**(15) Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 13, 2011.

City of Postville  
 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, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total
<b>Receipts:</b>			
Property tax	\$ 705,368	-	\$ 705,368
Tax increment financing	273,883	-	273,883
Other city tax	238,427	-	238,427
Licenses and permits	9,091	-	9,091
Use of money and property	10,878	12,929	23,807
Intergovernmental	424,786	-	424,786
Charges for service	192,012	1,097,558	1,289,570
Special assessments	3,034	-	3,034
Miscellaneous	231,054	306,578	537,632
Total receipts	<u>2,088,533</u>	<u>1,417,065</u>	<u>3,505,598</u>
<b>Disbursements:</b>			
Public safety	445,643	-	445,643
Public works	600,668	-	600,668
Culture and recreation	359,710	-	359,710
Community and economic development	386,886	-	386,886
General government	255,255	-	255,255
Debt service	326,297	-	326,297
Capital projects	27,354	-	27,354
Business type activities	-	1,107,759	1,107,759
Total disbursements	<u>2,401,813</u>	<u>1,107,759</u>	<u>3,509,572</u>
Excess (deficiency) of receipts over (under) disbursements	(313,280)	309,306	(3,974)
Balances beginning of year	<u>73,107</u>	<u>2,000,491</u>	<u>2,073,598</u>
Balances end of year	<u>\$ (240,173)</u>	<u>\$ 2,309,797</u>	<u>\$ 2,069,624</u>

See accompanying independent auditors' report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 695,909	695,909	\$ 9,459
355,000	355,000	(81,117)
192,176	199,226	39,201
7,550	10,050	(959)
12,250	25,250	(1,443)
528,602	528,102	(103,316)
1,697,900	1,385,150	(95,580)
8,000	7,000	(3,966)
142,850	781,650	(244,018)
<u>3,640,237</u>	<u>3,987,337</u>	<u>(481,739)</u>
429,970	459,970	14,327
539,200	608,300	7,632
141,135	467,170	107,460
325,300	325,300	(61,586)
271,910	293,950	38,695
327,429	327,429	1,132
10,000	101,944	74,590
<u>1,352,378</u>	<u>1,357,778</u>	<u>250,019</u>
<u>3,397,322</u>	<u>3,941,841</u>	<u>432,269</u>
242,915	45,496	(49,470)
<u>1,702,514</u>	<u>1,702,514</u>	<u>371,084</u>
<u>\$ 1,945,429</u>	<u>1,748,010</u>	<u>\$ 321,614</u>

City of Postville

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$347,100 and disbursements by \$544,519. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the community and economic development function.

**Schedule 1**

## City of Postville

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

As of and for the year ended June 30, 2011

	Special Revenue			Total
	Employee Benefits	Emergency	Health Care/ Ambulance	
Receipts:				
Property tax	\$ 160,384	13,458	-	\$ 173,842
Use of money and property	-	12	1,975	\$ 1,987
Total receipts	160,384	13,470	1,975	175,829
Disbursements:				
Operating:				
Public safety	84,727	19,745	7,800	112,272
Public works	26,596	-	-	26,596
Culture and recreation	5,368	-	-	5,368
General government	49,649	-	-	49,649
Total disbursements	166,340	19,745	7,800	193,885
Deficiency of receipts under disbursements	(5,956)	(6,275)	(5,825)	(18,056)
Other financing sources:				
Operating transfers in	-	-	4,000	4,000
Net change in cash balances	(5,956)	(6,275)	(1,825)	(14,056)
Cash balances beginning of year	(25,898)	(7,268)	(520)	(33,686)
Cash balances end of year	\$ (31,854)	\$ (13,543)	\$ (2,345)	\$ (47,742)
<b>Cash Basis Fund Balances</b>				
Unassigned	\$ (31,854)	(13,543)	(2,345)	\$ (47,742)
	\$ (31,854)	(13,543)	(2,345)	\$ (47,742)

See accompanying independent auditor's report.

**Schedule 2**

City of Postville

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2011

	<u>Enterprise</u>		
	<u>Storm Water</u>		
	<u>Lagoon</u>	<u>Utility</u>	<u>Total</u>
Operating receipts:			
Charges for Service	\$ -	35,227	\$ 35,227
Operating disbursements:			
Business type activities	-	4,799	4,799
Excess of operating receipts over Operating disbursements	-	30,428	30,428
Cash balances beginning of year	49,930	83,454	133,384
Cash balances end of year	\$ 49,930	113,882	\$ 163,812
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 49,930	113,882	\$ 163,812
	49,930	113,882	163,812

See accompanying independent auditor's report.

City of Postville  
Schedule Of Indebtedness  
Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Refunding	Jun 1, 2002	3.90-4.90%	\$ 1,700,000
General obligation notes:			
Refunding	Dec 1, 1998	4.20-4.50%	\$ 900,000
Capital loan	Aug 1, 2006	6.10-6.95	610,000
Total			
Revenue notes:			
Child care facility	Apr 14, 2003	4.25%	\$ 300,000
Water	May 1, 2005	3.70-5.10	1,700,000
Sewer refunding	Feb 1, 2007	3.90-4.45	640,000
Sewer	Feb 8, 2007	4.125	4,520,000
Total			
Lease purchase agreement:			
Street lighting	Dec 20, 2002	9.75%	\$ 242,000

See accompanying independent auditor's report

**Schedule 3**

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
1,035,000	130,000	\$ 905,000	\$ 47,730
285,000	65,000	220,000	12,653
515,000	35,000	480,000	34,565
800,000	100,000	\$ 700,000	\$ 47,218
282,536	4,015	278,521	\$ 11,933
1,600,000	100,000	1,500,000	73,843
510,000	45,000	465,000	21,770
3,926,260	174,716	3,751,544	159,412
6,318,796	323,731	\$ 5,995,065	\$ 266,958
113,196	27,165	\$ 86,031	\$ 10,446

City of Postville  
Bond and Note Maturities  
June 30, 2011

Year Ending June 30,	General Obligation Bonds		General Obligation Notes				Total
	Refunding		Refunding		Capital Loan		
	Issued Jun 1, 2002		Issued Dec 1, 1998		Issued Aug 1, 2006		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2012	4.40%	\$ 135,000	4.40%	70,000	6.40%	35,000	\$ 105,000
2013	4.50	140,000	4.45	75,000	6.40	40,000	115,000
2014	4.60	145,000	4.50	75,000	6.40	40,000	115,000
2015	4.70	155,000	-	-	6.70	45,000	45,000
2016	4.80	160,000	-	-	6.70	45,000	45,000
2017	4.90	170,000	-	-	6.70	50,000	50,000
2018	-	-	-	-	6.90	50,000	50,000
2019	-	-	-	-	6.90	55,000	55,000
2020	-	-	-	-	6.90	60,000	60,000
2021	-	-	-	-	6.95	60,000	60,000
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-
Total		<u>\$ 905,000</u>		<u>220,000</u>		<u>480,000</u>	<u>\$ 700,000</u>

See accompanying independent auditor's report.

**Schedule 4**

Revenue Notes								
Child Care Facility		Water		Sewer Refunding		Sewer		Total
Issued Apr 14, 2003		Issued May 1, 2005		Issued Feb 1, 2007		Issued Feb 8, 2007		
Interest		Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
4.25%	\$ 4,191	4.00%	100,000	4.10%	50,000	4.125%	199,847	\$ 354,038
4.25	4,372	4.10	100,000	4.15	50,000	4.125%	195,281	349,653
4.25	4,561	4.20	100,000	4.20	50,000	4.125%	203,096	357,657
4.25	4,759	4.30	100,000	4.25	55,000	4.125%	211,225	370,984
4.25	4,964	4.50	100,000	4.30	60,000	4.125%	219,679	384,643
4.25	5,179	4.60	100,000	4.35	60,000	4.125%	228,471	393,650
4.25	5,403	4.70	100,000	4.40	70,000	4.125%	237,615	413,018
4.25	5,636	4.75	105,000	4.45	70,000	4.125%	247,125	427,761
4.25	5,881	4.80	110,000	-	-	4.125%	257,015	372,896
4.25	6,135	4.90	110,000	-	-	4.125%	267,302	383,437
4.25	6,401	4.95	110,000	-	-	4.125%	278,000	394,401
4.25	6,677	5.00	115,000	-	-	4.125%	289,126	410,803
4.25	6,966	5.05	120,000	-	-	4.125%	300,698	427,664
4.25	7,268	5.10	130,000	-	-	4.125%	312,734	450,002
4.25	7,582	-	-	-	-	4.125%	304,330	311,912
4.25	7,910	-	-	-	-	-	-	7,910
4.25	8,253	-	-	-	-	-	-	8,253
4.25	8,610	-	-	-	-	-	-	8,610
4.25	8,983	-	-	-	-	-	-	8,983
4.25	9,372	-	-	-	-	-	-	9,372
4.25	9,777	-	-	-	-	-	-	9,777
4.25	10,200	-	-	-	-	-	-	10,200
4.25	10,642	-	-	-	-	-	-	10,642
4.25	11,103	-	-	-	-	-	-	11,103
4.25	11,584	-	-	-	-	-	-	11,584
4.25	12,085	-	-	-	-	-	-	12,085
4.25	12,608	-	-	-	-	-	-	12,608
4.25	13,154	-	-	-	-	-	-	13,154
4.25	13,723	-	-	-	-	-	-	13,723
4.25	14,318	-	-	-	-	-	-	14,318
4.25	14,938	-	-	-	-	-	-	14,938
4.25	15,286	-	-	-	-	-	-	15,286
	<u>\$ 278,521</u>		<u>1,500,000</u>		<u>465,000</u>		<u>3,751,544</u>	<u>\$ 5,995,065</u>

City of Postville

Schedule of Receipts by Source and Disbursement by Function

All Governmental Funds

For the Last Ten Years

	2011	2010	2009	2008
<b>Receipts:</b>				
Property tax	\$ 705,368	\$ 660,250	\$ 494,150	\$ 640,224
Local option sales tax	273,883	199,031	182,194	162,448
Tax increment financing	236,815	177,075	110,338	260,799
Other city tax	1,612	1,691	1,476	1,545
Licenses and permits	9,091	10,230	5,375	6,868
Use of money and property	10,878	10,294	12,909	22,953
Intergovernmental	424,786	440,793	1,021,131	201,426
Charges for service	192,012	191,402	162,911	170,731
Special assessments	3,034	6,036	3,250	12,278
Miscellaneous	231,054	164,383	74,159	188,508
<b>Total</b>	<b>\$ 2,088,533</b>	<b>\$ 1,861,185</b>	<b>\$ 2,067,893</b>	<b>\$ 1,667,780</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 445,643	\$ 391,235	\$ 412,223	\$ 396,159
Public works	600,668	426,324	411,805	392,742
Culture and recreation	359,710	191,113	155,681	160,046
Community and economic development	386,886	269,140	631,627	9,493
General government	255,255	206,772	235,478	262,795
Debt service	326,297	325,830	320,115	328,905
Capital projects	27,354	24,622	92,064	223,704
<b>Total</b>	<b>\$ 2,401,813</b>	<b>\$ 1,835,036</b>	<b>\$ 2,258,993</b>	<b>\$ 1,773,844</b>

See accompanying independent auditor's report.

**Schedule 5**

2007	2006	2005	2004	2003	2002
\$ 622,672	\$ 596,806	\$ 601,959	\$ 591,367	\$ 503,421	\$ 513,060
180,431	154,350	152,472	136,362	127,006	119,984
253,785	136,429	140,963	38,406	69,220	12,201
1,553	2,074	2,095	1,921	16,180	15,660
10,960	7,607	6,190	7,117	10,130	6,396
16,179	29,827	33,549	42,937	34,417	36,567
392,657	2,122,705	4,313,858	618,058	679,959	290,484
145,263	139,560	143,301	130,927	109,517	104,557
6,175	7,293	73,973	15,702	8,440	7,611
103,163	386,255	253,278	154,350	187,864	519,968
<b>\$ 1,732,838</b>	<b>\$ 3,582,906</b>	<b>\$ 5,721,638</b>	<b>\$ 1,737,147</b>	<b>\$ 1,746,154</b>	<b>\$ 1,626,488</b>
\$ 356,384	\$ 350,573	\$ 343,843	\$ 311,710	\$ 292,179	\$ 280,242
400,510	352,049	367,570	388,450	352,294	428,369
201,829	132,571	134,690	127,302	137,258	146,965
86,651	4,943	176,964	183,221	57,486	106,388
263,622	677,853	383,205	371,080	200,384	196,662
288,444	256,132	251,572	153,698	150,698	83,651
4,904,965	4,055,279	8,854,246	976,055	2,377,674	1,209,380
<b>\$ 6,502,405</b>	<b>\$ 5,829,400</b>	<b>\$ 10,512,090</b>	<b>\$ 2,511,516</b>	<b>\$ 3,567,973</b>	<b>\$ 2,451,657</b>

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:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the City of Postville, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 13, 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 a material misstatement of City of Postville's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items II-A-11, II-B-11 and II-C-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies we considered to be significant deficiencies.

#### Compliance and Other Matters

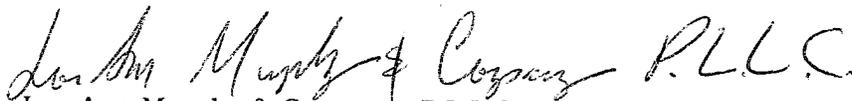
As part of obtaining reasonable assurance about whether the City of Postville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Postville'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 of Postville's responses and, accordingly, we express no opinion on them.

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

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



Lou Ann Murphy & Company, P.L.L.C.

Certified Public Accountant

Osage, Iowa

December 13, 2011

City of Postville

Schedule of Findings

Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Postville

Schedule of Findings

Year ended June 30, 2011

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

III-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, all incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Response – The City will continue to monitor office staff so duties are segregated amongst the small staff.

Conclusion – Response accepted.

III-B-11 Annual Financial Report – The City’s annual financial report was prepared and filed timely for the year ended June 30, 2011. However, the report contained material errors and amounts which were not reported in the correct funds.

Recommendation – The annual financial report should be amended to correct material errors.

Response – The City Clerk will amend and resubmit the annual financial report.

Conclusion – Response accepted.

III-C-11 Petty Cash – The City has two petty cash drawers that were not recorded on the books. Petty cash is used for making change when customers pay their bills in cash and for the payment of minor supplies such as postage.

Recommendation – The City should maintain a designated balance in petty cash and record that on the books.

Response – We will do so.

Conclusion – Response accepted.

III-D-11 Invoices – Invoices were not properly cancelled to prevent use.

Recommendation – Checks should be prepared only from invoices. The invoices should then be marked “paid” to prevent making duplicate payments.

Response – We will do so in the future.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Postville

Schedule of Findings

Year ended June 30, 2011

**Part III: Other Findings Related to Required Statutory Reporting:**

- III-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in community and economic development function at year end. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”
- Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response - The City will amend the budget prior to exceeding disbursements.
- Conclusion – Response accepted.
- III-B-11 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- III-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-11 Business Transactions – No business transactions between the City and City officials or employees were noted.
- III-E-11 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 the coverage is adequate for current operations.
- III-F-11 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. The City’s minutes were published in accordance with Chapter 372.13(6) of the Code of Iowa, however, the minutes kept for the Library and Pool do not show approval of expenditures, and therefore were not published in accordance with the Code of Iowa.
- Recommendation – The City should maintain a list of expenditures for the Library and Pool in the minutes, as well as publishing the expenditures as required by the Code of Iowa.
- Response – The City will maintain and publish the required information for the Library and Pool along with the City’s posted minutes.
- Conclusion – Response accepted.
- III-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Postville

Schedule of Findings

Year ended June 30, 2011

- III-H-11 Revenue Notes – The sewer reserve balance and sinking funds are not in compliance with the minimum balance requirement of the sewer revenue note resolution.
- Recommendation – The City should make sufficient transfers to the sewer reserve account to maintain the minimum balance requirements of the note resolution.
- Response – The City will make sure adequate reserve balances are in compliance with the note resolution.
- Conclusion – Response accepted.
- III-I-11 Financial Condition – At June 30, 2011, The General Fund and Special Revenue, Tax Increment Financing, Employee Benefits, Emergency and Health Care/Ambulance Funds had deficit balances of \$564,929, \$59,713, \$31,854, \$13,543 and \$2,344, respectively.
- Recommendation – The City should investigate alternatives to eliminate these deficits and return these funds to a sound financial position.
- Response – The deficit balances reflected are due to unpaid property tax owed to the City. The Council will continue to monitor and reduce disbursements as possible to return the funds to a positive account balance.
- Conclusion – Response accepted.
- III-J-11 Bank Statements – There is no image on the bank statement for the backs of the checks for the Library. This makes it difficult to test if checks were endorsed properly. Also, the bank is sending statements as of June 28, 2011 instead of June 30, 2011. Although the reconciliations prove accurate, it would be more accurate if the bank could send the confirming year end bank statement as of June 30, 2011.
- Recommendation – The City should check with the bank to see if there is a solution to this issue.
- Response – We will contact the bank.
- Conclusion – Response accepted.
- III-K-11 1099's – The City did not issue all required 1099's.
- Recommendation – The City should issue 1099's.
- Response – We will do so in the future.
- Conclusion – Response accepted.