

CITY OF ELDORA, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Table of Contents

		<u>Page</u>
Officials		1-4
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	15-17
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	18-19
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	20-21
Notes to Financial Statements		22-35
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		36-37
Notes to Other Information – Budgetary Reporting		38
Supplementary Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	39-42
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Proprietary Funds	2	43
Schedule of Indebtedness	3	44-45
Bond and Note Maturities	4	46-49
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	5	50-51

Table of Contents (continued)

	<u>Page</u>
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 <u>Government Auditing Standards</u>	52-54
Schedule of Findings	55-59

City of Eldora, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2012)		
James Brown	Mayor	Jan 2012
Myron Kosanke	Council Member	Jan 2012
Daryl Albertson	Council Member	Jan 2012
Trista Nelson	Council Member	Jan 2014
Peter Harrison	Council Member	Jan 2014
Melody Hoy	Council Member	Jan 2014
Patrick Ian Rigg	City Administrator/Clerk	Appointed
Ben Cutler	Attorney	Jan 2012
<u>Library Board</u>		
Mary Swartz	Member	Jul 2010
Dean Stickrod	Member	Jul 2010
Jan Dunn	Member	Jul 2010
Don Wilson	Member	Jul 2012
Lou Schafer	Member	Jul 2012
Kristin Gehrke	Member	Jul 2014
Jill Stanish	Member	Jul 2015
<u>Board of Adjustment</u>		
Glen Gaede	Member	May 2011
David McCall	Member	May 2012
Brent Ewoldt	Member	May 2013
Roger Hanson	Member	May 2014
Ben Speck	Member	May 2015

City of Eldora, Iowa

Officials (continued)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Planning and Zoning Commission</u>		
Dan Dye	Member	Jun 2010
Mary Rubow	Member	Jun 2012
Bill Dagit	Member	Jun 2013
Steve Priske	Member	Jun 2013
Bruce Harvey	Member	Jun 2014
Larry Luiken	Member	Jun 2014
Frank Valde	Member	Jun 2015
<u>Theater Board</u>		
Dave Rubow	Member	Dec 2011
Judith Andrews	Member	Dec 2011
Trista Nelson	Member	Dec 2011
Marsha Pettigrew	Member	Dec 2013
Ted Paxton	Member	Dec 2013

City of Eldora, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(After January 2012)		
James Brown	Mayor	Jan 2014
Trista Nelson	Council Member	Jan 2014
Peter Harrison	Council Member	Jan 2014
Melody Hoy	Council Member	Jan 2014
Myron Kosanke	Council Member	Jan 2016
Steve Pence	Council Member	Jan 2016
Patrick Ian Rigg	City Administrator/Clerk	Appointed
Ben Cutler	Attorney	Jan 2013
<u>Library Board</u>		
Dean Stickrod	Chair	Jul 2016
Jerry Trittlen	Member	Jul 2012
Lou Schafer	Member	Jul 2012
Kristin Gehrke	Member	Jul 2014
Jill Stanish	Member	Jul 2014
Mary Swartz	Member	Jul 2016
Jan Dunn	Member	Jul 2016
<u>Board of Adjustment</u>		
David McCall	Chair	May 2012
Brent Ewoldt	Member	May 2013
Roger Hanson	Member	May 2014
Ben Speck	Member	May 2015

City of Eldora, Iowa

Officials (continued)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Planning and Zoning Commission</u>		
Frank Valde	Chair	Jun 2015
Mary Rubow	Member	Jun 2012
Bill Dagit	Member	Jun 2013
Steve Priske	Member	Jun 2013
Bruce Harvey	Member	Jun 2014
Larry Luiken	Member	Jun 2014
Ben Speck	Member	Jun 2015
<u>Theater Board</u>		
Dave Rubow	Member	Jan 2015
Judith Andrews	Member	Jan 2015
Alma Donaldson	Member	Jan 2013
Marsha Pettigrew	Member	Jan 2013
Ted Paxton	Member	Jan 2013

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 • Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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 Eldora, Iowa, as of and for the year ended June 30, 2012, 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 Eldora's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldora as of June 30, 2012, 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 March 22, 2013, on our consideration of the City of Eldora'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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eldora'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 eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eldora's basic financial statements. Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 36 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 22, 2013

CITY OF ELDORA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

This discussion and analysis is intended to be an easily readable analysis of the City of Eldora's financial activities for the fiscal year ended June 30, 2012 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements.

2012 Financial Highlights

- The City of Eldora ended its 28E agreement with the Eldora-New Providence School District (ENP) in sharing costs of operational overruns of the daycare operation in February 2012.
- The City completed the majority of the 2011 Streetscape Project estimated to costs nearly \$2,000,000 paid for mostly by GO Bond Debt but also grants, donations and other funds available.
- The City refinanced GO Bonds paid by the Sewer Department and Debt Service for a lower interest rate when financing nearly \$1,500,000 of GO Debt for the Streetscape project.
- Franchise Fee was passed and revenues should begin in the following fiscal year in the amount of \$96,000 estimated with a loss in LOST revenues that will eventual equal approximately \$40,000 annually.

Basis of Accounting

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Report Layout

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules or non-major funds and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government administration, debt service, and capital projects. Business-type activities are water, sewer, solid waste and theatre.

Statement of Activities

The focus of the Statement of Activities is to present the major program cost and match major resources with each. To the extent a program's cost is not recovered by grants, donations, and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Following the Statement of Activities is a section containing fund financial statements. In the Statement of Cash Transaction and Changes in Cash Balance the City's major funds are presented in their own column and the remaining funds are combined into a column titled "Non-major Governmental or Proprietary Funds". For each major fund, a Schedule of Cash Transactions is presented. Readers who wish to obtain information on non-major funds can find it in the Combining Schedules of Non-major Funds in the Supplemental Information section of this report. Finally, completing the documents is a series of other financial schedules and the reports by the independent certified public accountants as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

Fund Financial Statement

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eldora, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Eldora can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds account for most of the City's basic services. These focus on how much flows into and out of those funds, and balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Tax Increment Financing, 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 City's programs.

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

Proprietary Funds

Proprietary funds account for the City's Enterprise Funds. The City of Eldora maintains six different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Eldora uses enterprise funds to account for its Water, Sewer, Ambulance, Landfill, Utility Deposits, and Theater. The Sewer, Water, and Ambulance Funds are considered to be major funds, while the rest are combined as non-major business activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Note to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the governmental –wide and fund financial statements.

Other Information

This report also presents certain required supplementary information concerning the City of Eldora's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in cash balances for governmental activities.

- The differences between the final budgeted expenditures and the final expenditures decreased by \$1,827,287. Culvert project along Highway 175 and 6th Street has been delayed for non budgetary reasons but was budgeted for \$400,000. Nearly \$400,000 was budgeted for Housing Rehab but the City did not receive the grants necessary to start the project. Other Capital Projects like Streetscape were over budgeted knowing the construction would continue from one budget year to the next but uncertain of what stage of completion would be done and how much would be paid out to the contractor as a result. Other projects were either delayed or came in under budget or were split between fiscal years as well.
- Long-term debt – At the end of the current fiscal year, the City of Eldora had a debt outstanding of \$6,776,630. This consists of \$1,187,800 of general obligation debt, \$5,588,830 of revenue debt and \$0 in other debt.

Economic Factors and Next Year’s Budget and Rates

- City will begin receiving revenues from the Franchise Fee
- City used more TIF funds to pay down internal loans under Capital Projects Fund
- The City refinanced the Aquatic Center G.O. Bonds and borrowed nearly \$400,000 for road project moneys
- The City refinanced all of its Sewer Revenue Bonds for a lower rate with a slightly longer pay off period to solve fund balance issues and allow for lower and steady rate increases
- City has sold properties to reduce operation and maintenance costs and those revenues from the properties, not under a blight program, are deposited into the General Fund to pay down its debt

These factors were considered in doing the City of Eldora City 2012-13 and/or 2013-14 budget depending on when they were or are to be acted upon. If there are unknowns, they will be considered with the 2012-13 amended budget.

Request for Information

This financial report is designed to provide a general overview of the City of Eldora’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should contact the City of Eldora, City Clerk, Patrick “Ian” Rigg, 1442 Washington St., Eldora, IA 50627.

Changes in Net Assets of Governmental Activities

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2012</u>
Receipts and Transfers		
Program Receipts:		
Charges for Service	\$ 122,196	\$ 119,099
Grants and Contributions	1,326,906	839,683
General Receipts:		
Property Taxes	1,152,477	1,162,732
Tax Increment Financing	37	45,320
Other City Taxes	308,956	274,392
Investment Earnings	8,178	6,987
Rent Received	63,423	70,736
Other General Receipts	422,504	116,818
Other Financing Sources		
Transfers net	225,010	254,347
Bond Proceeds	<u>196,800</u>	<u>2,250,029</u>
Total Receipts and Transfers	3,826,487	5,140,143
Disbursements		
Public Safety	420,514	448,293
Public Works	376,673	384,518
Health and Social Services	47,691	46,030
Culture and Recreation	416,759	526,207
Comm. & Econ Development	122,625	14,941
General Government	674,376	475,773
Debt Service	460,396	1,251,508
Capital Projects	<u>1,481,609</u>	<u>2,187,064</u>
Total Disbursements	4,000,543	5,334,334
Increase (decrease) in cash basis net assets	(174,056)	(194,191)
Cash basis net assets beginning of year	636,159	444,109
Restate beginning balance	<u>(17,944)</u>	<u>---</u>
Cash basis net assets end of year	\$ <u>441,109</u>	\$ <u>249,918</u>

Changes in Net Assets of Business Type Activities

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2012</u>
Receipt and Transfers		
Program Receipts:		
Charges for Service:		
Water	\$ 283,681	\$ 313,165
Sewer	625,509	639,412
Solid Waste	88,194	110,402
Ambulance	351,156	393,285
Other Charges	111,532	105,796
General Receipts		
Interest	18,183	4,262
Miscellaneous	<u>349,665</u>	<u>28,344</u>
Total Receipts and Transfers	1,827,920	1,594,666
Disbursements		
Water	572,942	443,837
Sewer	580,709	624,587
Solid Waste	81,966	99,392
Other Business Type	100,805	87,129
Ambulance	401,239	315,279
Transfers, out	<u>225,010</u>	<u>254,347</u>
Total Disbursements and Transfers	1,962,701	1,824,571
Increase (decrease) in cash basis net assets	(134,781)	(229,905)
Cash basis net assets beginning of year	1,233,931	1,117,144
Restate beginning balance	<u>17,994</u>	<u>---</u>
Cash basis net assets end of year	\$ <u>1,117,144</u>	\$ <u>887,239</u>

Individual Major Governmental Fund Analysis

As the City of Eldora completed its year, its governmental funds reported a combined cash balance of \$249,918, a decrease of \$194,191 from last year's total. The following are the major reasons for the changes in fund balances from the prior year:

- From the Permanent Fund the City spent funds down for a Capital Improvement in the Cemetery to which the City reimbursed the fund the amount totaling over \$60,000 from LOST funds in the following fiscal year
- From the General Fund the City purchases a new software system, had legal expenses on a lawsuit, paid nearly \$30,000 to ENP in its last payment to the school district and other liabilities have been paid off reducing future draws on the General Fund
- Capital Improvement Projects at the City's Clinic Building did not receive USDA grant of \$100,000 until after the end of the Fiscal Year though all expense were paid in this fiscal year.

Individual Major Business Type Fund Analysis

As the City of Eldora completed its year, its proprietary funds reported a combined cash balance of \$887,239, a decrease of \$229,905 from last year's total. The following are the major reasons for the changes in fund balances from the prior year:

- Reduction in use of water and sewer has lowered account balances due to revenue shortfalls
- Water Tower Painting project of almost \$150,000 was paid for from reserve balance
- Capital Project costs were transferred from reserves in Water and Sewer Funds to pay for major improvements during a road and storm water project on Highway 175 completed earlier in the year.

Budgetary Highlights

The City of Eldora adopts an annual budget for all funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Public Safety – This category includes police operations, civil service commissions, emergency management, and fire protection.

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

Culture and Recreation – This category includes library services, park, recreation and cemetery.

Community and Economic Development – This category includes trees forever, TIF, planning and zoning, and community activities.

General Government – This category includes mayor/administrator, city council, city clerk, deputy city clerk, legal services city hall, insurance, cemetery, hospital, and safety programs.

Debt Service – This category includes general, TIF, and road use debt service.

Capital Projects – This category includes lease purchase, property acquisition, blight, right-of-way, and street resurfacing.

Business Type Activities – This category includes water, sewer, solid waste, ambulance and theater operations.

Basic Financial Statements

City of Eldora, Iowa

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2012

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u> Operating Grants, Contributions, and Restricted <u>Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 448,293	36,199	4,636
Public works	384,518	19,802	259,133
Health and social services	46,030	-	-
Culture and recreation	526,207	52,932	31,822
Community and economic development	14,941	-	-
General government	475,773	10,166	-
Debt service	1,251,508	-	-
Capital projects	<u>2,187,064</u>	<u>-</u>	<u>305,023</u>
Total governmental activities	<u>5,334,334</u>	<u>119,099</u>	<u>600,614</u>
Business type activities:			
Water	443,837	313,165	-
Sewer	624,587	639,412	-
Ambulance	315,279	393,285	-
Other nonmajor	<u>186,521</u>	<u>216,198</u>	<u>-</u>
Total business type activities	<u>1,570,224</u>	<u>1,562,060</u>	<u>-</u>
Total	<u><u>\$ 6,904,558</u></u>	<u><u>1,681,159</u></u>	<u><u>600,614</u></u>

Exhibit A

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

Capital Grants, Contributions, and Restricted <u>Interest</u>	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
-	(407,458)	-	(407,458)
-	(105,583)	-	(105,583)
-	(46,030)	-	(46,030)
38,511	(402,942)	-	(402,942)
-	(14,941)	-	(14,941)
-	(465,607)	-	(465,607)
-	(1,251,508)	-	(1,251,508)
<u>200,558</u>	<u>(1,681,483)</u>	<u>-</u>	<u>(1,681,483)</u>
<u>239,069</u>	<u>(4,375,552)</u>	<u>-</u>	<u>(4,375,552)</u>
-	-	(130,672)	(130,672)
-	-	14,825	14,825
-	-	78,006	78,006
<u>-</u>	<u>-</u>	<u>29,677</u>	<u>29,677</u>
<u>-</u>	<u>-</u>	<u>(8,164)</u>	<u>(8,164)</u>
<u>239,069</u>	<u>(4,375,552)</u>	<u>(8,164)</u>	<u>(4,383,716)</u>

(continued)

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2012

	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
General Receipts:			
Property tax and other city tax levied for:			
General purposes	\$ 836,329	-	836,329
Tax increment financing	45,320	-	45,320
Debt service	326,403	-	326,403
Local option sales tax	274,392	-	274,392
Unrestricted interest on investments	6,987	4,262	11,249
Rents received	70,736	-	70,736
Loan proceeds	2,250,029	5,000	2,255,029
Miscellaneous	112,907	23,344	136,251
Sale of assets	3,911	-	3,911
Transfers	254,347	(254,347)	-
Total general receipts and transfers	<u>4,181,361</u>	<u>(221,741)</u>	<u>3,959,620</u>
Change in cash basis net assets	(194,191)	(229,905)	(424,096)
Cash basis net assets beginning of year	<u>444,109</u>	<u>1,117,144</u>	<u>1,561,253</u>
Cash basis net assets end of year	<u>\$ 249,918</u>	<u>887,239</u>	<u>1,137,157</u>
Cash Basis Net Assets			
Restricted:			
Nonexpendable:			
Cemetery perpetual care	\$ 37,558	-	37,558
Expendable:			
Streets	181,957	-	181,957
Debt service	25,993	9,180	35,173
Other purposes	298,268	18,954	317,222
Unrestricted	<u>(293,858)</u>	<u>859,105</u>	<u>565,247</u>
Total cash basis net assets	<u>\$ 249,918</u>	<u>887,239</u>	<u>1,137,157</u>

See notes to financial statements.

City of Eldora, Iowa
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2012

	<u>General</u>
Receipts:	
Property tax	\$ 427,124
Tax increment financing	-
Other city tax	32,787
Licenses and permits	16,071
Use of money and property	73,456
Intergovernmental	56,721
Charges for service	54,652
Miscellaneous	54,879
Total receipts	<u>715,690</u>
Disbursements:	
Operating:	
Public safety	388,501
Public works	64,656
Health and social services	38,615
Culture and recreation	301,301
Community and economic development	1,062
General government	355,370
Debt service	-
Capital projects	-
Total disbursements	<u>1,149,505</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(433,815)</u>
Other financing sources (uses):	
Sale of capital assets	-
Operating transfers in	409,417
Operating transfers out	(15,550)
Loan proceeds	-
Total other financing sources (uses)	<u>393,867</u>
Net change in cash balances	(39,948)
Cash balances beginning of year	<u>(119,758)</u>
Cash balances end of year	<u>\$ (159,706)</u>
Cash Basis Fund Balances	
Nonspendable - Cemetery perpetual care	-
Restricted for:	
Debt service	-
Streets	-
Other purposes	-
Unassigned	<u>(159,706)</u>
Total cash basis fund balances	<u>\$ (159,706)</u>

See notes to financial statements.

Exhibit B

<u>Debt Service</u>	<u>Capital Projects</u> <u>Downtown</u> <u>Streetscape</u>	<u>Other</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
313,846	-	361,606	1,102,576
-	-	45,320	45,320
12,557	-	289,204	334,548
-	-	-	16,071
-	3,048	18,285	94,789
-	-	787,040	843,761
-	-	23,445	78,097
-	12,500	49,315	116,694
<u>326,403</u>	<u>15,548</u>	<u>1,574,215</u>	<u>2,631,856</u>
-	-	59,792	448,293
-	-	319,862	384,518
-	-	7,415	46,030
-	-	224,906	526,207
-	-	13,879	14,941
-	-	120,403	475,773
1,251,508	-	-	1,251,508
-	1,386,559	800,505	2,187,064
<u>1,251,508</u>	<u>1,386,559</u>	<u>1,546,762</u>	<u>5,334,334</u>
<u>(925,105)</u>	<u>(1,371,011)</u>	<u>27,453</u>	<u>(2,702,478)</u>
-	-	3,911	3,911
168,686	21,067	304,348	903,518
-	-	(633,621)	(649,171)
<u>774,285</u>	<u>1,475,744</u>	<u>-</u>	<u>2,250,029</u>
<u>942,971</u>	<u>1,496,811</u>	<u>(325,362)</u>	<u>2,508,287</u>
17,866	125,800	(297,909)	(194,191)
<u>8,127</u>	<u>(96,059)</u>	<u>651,799</u>	<u>444,109</u>
<u>25,993</u>	<u>29,741</u>	<u>353,890</u>	<u>249,918</u>
-	-	37,558	37,558
25,993	-	-	25,993
-	-	181,957	181,957
-	29,741	268,527	298,268
-	-	(134,152)	(293,858)
<u>25,993</u>	<u>29,741</u>	<u>353,890</u>	<u>249,918</u>

City of Eldora, Iowa

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

As of and for the year ended June 30, 2012

	<u>Enterprise</u>	
	<u>Water</u>	<u>Sewer</u>
Operating receipts:		
Charges for service	\$ 313,165	618,718
Miscellaneous	-	20,694
Total operating receipts	<u>313,165</u>	<u>639,412</u>
Operating disbursements:		
Business type activities	<u>277,544</u>	<u>330,050</u>
Total operating disbursements	<u>277,544</u>	<u>330,050</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>35,621</u>	<u>309,362</u>
Non-operating receipts (disbursements):		
Interest on investments	395	2,880
Miscellaneous	-	-
Debt service	(13,062)	(229,499)
Bond proceeds	5,000	-
Capital projects	<u>(153,231)</u>	<u>(65,038)</u>
Total non-operating receipts (disbursements)	<u>(160,898)</u>	<u>(291,657)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(125,277)</u>	<u>17,705</u>
Other financing sources (uses):		
Operating transfers out	<u>(52,740)</u>	<u>(174,157)</u>
Net change in cash balances	(178,017)	(156,452)
Cash balances beginning of year	<u>206,366</u>	<u>567,258</u>
Cash balances end of year	<u>28,349</u>	<u>410,806</u>
Cash Basis Fund Balances		
Restricted for debt service	-	-
Restricted for improvements	-	-
Unreserved	<u>28,349</u>	<u>410,806</u>
Total cash basis fund balances	<u>\$ 28,349</u>	<u>410,806</u>

See notes to financial statements.

Exhibit C

<u>Funds</u>		
<u>Ambulance</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
373,279	149,653	1,454,815
20,006	66,545	107,245
<u>393,285</u>	<u>216,198</u>	<u>1,562,060</u>
<u>315,279</u>	<u>168,245</u>	<u>1,091,118</u>
<u>315,279</u>	<u>168,245</u>	<u>1,091,118</u>
<u>78,006</u>	<u>47,953</u>	<u>470,942</u>
421	566	4,262
-	23,344	23,344
-	(18,276)	(260,837)
-	-	5,000
-	-	(218,269)
<u>421</u>	<u>5,634</u>	<u>(446,500)</u>
<u>78,427</u>	<u>53,587</u>	<u>24,442</u>
<u>(11,500)</u>	<u>(15,950)</u>	<u>(254,347)</u>
66,927	37,637	(229,905)
<u>147,369</u>	<u>196,151</u>	<u>1,117,144</u>
<u>214,296</u>	<u>233,788</u>	<u>887,239</u>
-	9,180	9,180
-	18,954	18,954
<u>214,296</u>	<u>205,654</u>	<u>859,105</u>
<u>214,296</u>	<u>233,788</u>	<u>887,239</u>

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

The City of Eldora, Iowa is a political subdivision of the State of Iowa located in Hardin County. It was first incorporated in 1869 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 Eldora, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in a jointly governed organization that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following board: Hardin County Assessor's Conference Board.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

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:

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

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

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 or enterprise funds are aggregated and reported as nonmajor governmental or enterprise funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies 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.

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

The Capital Projects, Downtown Streetscape is used to account for the transactions related to the downtown square improvement project.

The City reports the following major proprietary funds:

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

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

The Enterprise, Ambulance Fund is used to account for the operation of the ambulance service.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

C. Measurement Focus and Basis of Accounting

The City of Eldora 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 disbursement 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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

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 legislations.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) **Cash**

The City's deposits in banks at June 30, 2012 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 at June 30, 2012. During the year ended June 30, 2012, the City invested its excess funds in savings accounts.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 161,000	86,302	334,549	171,196	495,549	257,498
2014	115,000	74,658	478,740	161,105	593,740	235,763
2015	120,000	64,815	632,940	146,686	752,940	211,501
2016	130,000	54,625	635,148	127,638	765,148	182,263
2017	135,000	46,225	639,364	108,522	774,364	154,747
2018-2022	485,000	114,094	2,400,400	268,040	2,885,400	382,134
2023-2027	41,800	4,713	187,350	68,850	229,150	73,563
2028-2032	-	-	83,893	47,350	83,893	47,350
2033-2037	-	-	56,380	35,000	56,380	35,000
2038-2042	-	-	69,269	22,110	69,269	22,110
2043-2047	-	-	70,797	6,473	70,797	6,473
Total	<u>\$ 1,187,800</u>	<u>445,432</u>	<u>5,588,830</u>	<u>1,162,970</u>	<u>6,776,630</u>	<u>1,608,402</u>

Revenue Notes/Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,802,751 in sewer revenue bonds issued in 2000 and \$4,400,000 in sewer revenue bonds issued in 2005. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2027. Annual principal and interest payments on the notes are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$5,892,880. For the current year, principal and interest paid and total customer net receipts were \$229,499 and \$309,362, respectively.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

The City has pledged future building rentals to repay \$350,000 of child care revenue notes. Proceeds from the notes provided financing for the construction of a day care facility. The total principal and interest remaining to be paid on the notes is \$625,550. For the current year principal and interest paid on the notes was \$18,289. The City is also required to make monthly payments of \$153 and \$257 to a reserve fund and depreciation fund, respectively. These payments have been made.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay water revenue bonds issued in 2011 for \$210,000. Proceeds from the bonds provided financing for the construction of water improvements. The bonds are payable solely from water customer net receipts and are payable through 2030. Annual principal and interest payments on the notes are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$233,370. For the current year, principal and interest paid and total customer net receipts were \$12,460 and \$35,621, respectively. As of June 30, 2012, there was also an outstanding forgivable loan of \$90,000 related to this water improvement project. On March 3, 2012, this loan was forgiven by the lender.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the sewer fund, water fund or day care facility.
- (b) Sufficient monthly transfers shall be made to a separate revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) The City shall establish and provide for the collection of rates to be charged to customers of the sewer and water utilities to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utilities and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding sewer notes due in such fiscal year.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(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 5.38% of their annual covered salary and the City is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$89,291, \$80,026 and \$74,482, respectively, equal to the required contributions for each year.

(5) Other Postemployment 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 21 active no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Hardin County. Retirees under age 65 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 \$426 for single coverage and \$1,234 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2012, the City contributed \$237,688 and plan members eligible for benefits contributed \$11,302 to the plan.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation or compensatory time 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 and compensatory time, and payments payable to employees at June 30, 2012, primarily relating to the General and Proprietary Funds, are as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 43,700
Compensatory time	<u>1,100</u>
Total	\$ <u>44,800</u>

This liability has been computed based on rates of pay in effect at June 30, 2012.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local option sales tax	\$ 65,602
	Trust & Agency	277,063
	Capital Projects	13,500
	Enterprise:	
	Theatre	2,750
	Ambulance	11,500
	Water	13,800
	Sewer	12,002
	Solid Waste	<u>13,200</u>
		409,417

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

Debt Service	Enterprise:	
	Sewer	122,685
	Special Revenue:	
	TIF	<u>46,001</u>
		168,686
Special Revenue:	Special Revenue:	
Road use	Trust & Agency	12,652
	General	<u>10,000</u>
		22,652
Special Revenue:	Special Revenue:	
Park Trust	Local option sales tax	<u>2,148</u>
Special Revenue:		
Insurance	General	<u>5,550</u>
Capital Projects	Special Revenue:	
	Local option sales tax	185,575
	Disaster 2009	10,013
	Enterprise:	
	Water	38,940
	Sewer	<u>39,470</u>
		273,998
Capital Projects:	Special Revenue:	
Downtown Streetscape	Local option sales tax	<u>21,067</u>
Total		\$ <u>903,518</u>

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

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(8) Risk Management

The City is a member in 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 663 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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

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 annual contributions to the Pool for the year ended June 30, 2012 were \$98,428.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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 that 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, 2012, settled claims have not exceeded the risk pool or reinsurance company 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 claims 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 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 worker's compensation in the amount of \$37,164. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(9) Deficit Fund Balances

The General Fund had a deficit balance of \$159,706 as of June 30, 2012. This deficit is the culmination of past liabilities the City has removed or paid off over the past five years. The use of franchise fee money, selling empty lots owned by the City and ending certain liabilities shall eliminate the debt over the next four-five years. City officials and staff continue to monitor the situation to see that this will be accomplished in a timely manner.

The Capital Projects Fund had a deficit balance of \$134,152 at June 30, 2012. Included in this account is a deficit of \$218,371 related to the construction of a new pool, a deficit of \$75,479 related to repairs to the health care facility and a deficit of \$6,934 related to the Day Care Facility . The council plans to eliminate the deficit in the pool account with yearly transfers of the local option sales tax over the next three years. The City has received a grant that will eliminate the deficit in the health care facility. The Day Care Facility deficit will be eliminated upon transfer of funds.

The Tax Increment Financing (TIF) Fund had a deficit balance of \$619. This deficit is due to some timing differences of expenses and property tax revenues being levied to help fund the Streetscape project.

(10) Economic Development Loans Receivable

The City has various long-term loans receivable totaling \$101,725 as of June 30, 2012 due from various businesses in Eldora. The loans were financed with the loan proceeds of an USDA Rural Development Grant, matching contributions from the City and repayments from businesses. Interest rates on these loans vary from 2.5% to 6.0% with monthly payments varying from \$100 - \$840.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2012

(11) Construction and Other Commitments

The City of Eldora has a construction commitment for traffic signs of \$150,000 that will be partly funded with grant proceeds of \$114,000.

In 2011, the City had a construction commitment for the Downtown Streetscape project for \$1,500,000 that will be paid from issuance of bonds. As of June 30, 2012, approximately \$255,000 of expenditures is remaining on this project.

The City has also committed to purchasing software for \$70,000 over a three-year period. As of June 30, 2012 there is \$46,775 left to be paid.

(12) Subsequent Events

Subsequent events have been evaluated through March 22, 2013, which is the date the financial statements were available to be issued.

The City approved the issuance of \$5.66 million sewer refinancing bonds.

The City approved issuing \$1.23 million of General Obligation bonds for street improvements and refinancing the aquatic center.

(13) Litigation

There has been one lawsuit filed against the City of Eldora. As of the date of the audit report, City officials do not believe there will be any judgment filed against the City.

Other Information

City of Eldora, Iowa

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2012

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>
Receipts:		
Property tax	\$ 1,102,576	-
Tax increment financing	45,320	-
Other city tax	334,548	-
Licenses and permits	16,071	-
Use of money and property	94,789	-
Intergovernmental	843,761	-
Charges for service	78,097	1,562,060
Special assessments	-	-
Miscellaneous	116,694	27,606
Total receipts	<u>2,631,856</u>	<u>1,589,666</u>
Disbursements:		
Public safety	448,293	-
Public works	384,518	-
Health and social services	46,030	-
Culture and recreation	526,207	-
Community and economic development	14,941	-
General government	475,773	-
Debt service	1,251,508	-
Capital projects	2,187,064	-
Business type activities	-	1,570,224
Total disbursements	<u>5,334,334</u>	<u>1,570,224</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,702,478)</u>	<u>19,442</u>
Other financing sources, net	<u>2,508,287</u>	<u>(249,347)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(194,191)	(229,905)
Balances beginning of year	<u>444,109</u>	<u>1,117,144</u>
Balances end of year	<u>\$ 249,918</u>	<u>887,239</u>

See accompanying independent auditor's report.

<u>Net</u>	<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
	<u>Original</u>	<u>Final</u>	
1,102,576	1,103,720	1,103,720	(1,144)
45,320	46,001	46,001	(681)
334,548	276,895	367,695	(33,147)
16,071	12,000	12,000	4,071
94,789	30,780	60,780	34,009
843,761	1,371,000	1,371,000	(527,239)
1,640,157	1,714,415	1,714,415	(74,258)
-	200,000	200,000	(200,000)
144,300	1,935,665	2,045,665	(1,901,365)
<u>4,221,522</u>	<u>6,690,476</u>	<u>6,921,276</u>	<u>(2,699,754)</u>
448,293	417,821	468,821	20,528
384,518	424,659	424,659	40,141
46,030	129,600	133,600	87,570
526,207	567,987	610,987	84,780
14,941	35,250	35,250	20,309
475,773	392,335	512,335	36,562
1,251,508	499,074	1,289,074	37,566
2,187,064	3,261,000	3,461,000	1,273,936
1,570,224	1,627,119	1,796,119	225,895
<u>6,904,558</u>	<u>7,354,845</u>	<u>8,731,845</u>	<u>1,827,287</u>
<u>(2,683,036)</u>	<u>(664,369)</u>	<u>(1,810,569)</u>	<u>(872,467)</u>
<u>2,258,940</u>	<u>100,000</u>	<u>804,200</u>	<u>1,454,740</u>
(424,096)	(564,369)	(1,006,369)	582,273
<u>1,561,253</u>	<u>1,453,403</u>	<u>1,453,403</u>	<u>107,850</u>
<u>1,137,157</u>	<u>889,034</u>	<u>447,034</u>	<u>690,123</u>

City of Eldora, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, the Permanent Fund and the Enterprise 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 ended June 30, 2012 one budget amendment increasing budgeted disbursements by \$1,377,000, budgeted receipts by \$230,800 and other financing sources by \$704,200. The budget amendment is reflected in the final budgeted amounts.

Supplementary Information

City of Eldora, Iowa

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

As of and for the year ended June 30, 2012

	Special			
	<u>Insurance</u>	<u>Trust & Agency</u>	<u>Trees Forever</u>	<u>Parks Trust</u>
Receipts:				
Property tax	\$ 60,183	301,423	-	-
Tax increment financing	-	-	-	-
Other city tax	2,473	12,339	-	-
Use of money and property	-	-	-	-
Intergovernmental	-	-	-	30,000
Charges for service	-	-	-	-
Miscellaneous	150	-	499	3,164
Total receipts	<u>62,806</u>	<u>313,762</u>	<u>499</u>	<u>33,164</u>
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	37,859
Community and economic development	-	-	10,130	-
General government	62,718	57,685	-	-
Capital projects	-	-	-	-
Total disbursements	<u>62,718</u>	<u>57,685</u>	<u>10,130</u>	<u>37,859</u>
Excess (deficiency) of receipts over (under) disbursement:	<u>88</u>	<u>256,077</u>	<u>(9,631)</u>	<u>(4,695)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	5,550	-	-	2,148
Operating transfers out	-	(289,715)	-	-
Total other financing sources (uses)	<u>5,550</u>	<u>(289,715)</u>	<u>-</u>	<u>2,148</u>
Net change in cash balances	5,638	(33,638)	(9,631)	(2,547)
Cash balances beginning of year	27,561	54,204	9,631	24,169
Cash balances end of year	<u>33,199</u>	<u>20,566</u>	<u>-</u>	<u>21,622</u>
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	-	-	-	-
Restricted for:				
Streets	-	-	-	-
Debt service	-	-	-	-
Other purposes	33,199	20,566	-	21,622
Unassigned	-	-	-	-
Total cash basis fund balances	<u>\$ 33,199</u>	<u>20,566</u>	<u>-</u>	<u>21,622</u>

See accompanying independent auditor's report.

Schedule 1

Revenue			
<u>Fire Trust</u>	<u>Library Trust</u>	<u>Special Library Trust</u>	<u>Police Trust</u>
-	-	-	-
-	-	-	-
-	-	-	-
58	1,593	-	-
3,188	-	-	-
3,635	-	-	1,646
<u>1,349</u>	<u>5,776</u>	<u>-</u>	<u>2,763</u>
<u>8,230</u>	<u>7,369</u>	<u>-</u>	<u>4,409</u>
43,400	-	-	6,978
-	-	-	-
-	-	-	-
-	14,491	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>43,400</u>	<u>14,491</u>	<u>-</u>	<u>6,978</u>
<u>(35,170)</u>	<u>(7,122)</u>	<u>-</u>	<u>(2,569)</u>
744	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>744</u>	<u>-</u>	<u>-</u>	<u>-</u>
(34,426)	(7,122)	-	(2,569)
<u>41,230</u>	<u>25,178</u>	<u>60,000</u>	<u>3,128</u>
<u>6,804</u>	<u>18,056</u>	<u>60,000</u>	<u>559</u>
-	-	-	-
-	-	-	-
-	-	-	-
6,804	18,056	60,000	559
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,804</u>	<u>18,056</u>	<u>60,000</u>	<u>559</u>

(continued)

City of Eldora, Iowa

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

As of and for the year ended June 30, 2012

	Special			
	Theater Trust	Ambulance Trust	Road Use Tax	LOST
Receipts:				
Receipts:				
Property tax	\$ -	-	-	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	274,392
Use of money and property	186	13	-	-
Intergovernmental	-	-	260,771	-
Charges for service	-	-	18,164	-
Miscellaneous	5,761	5,371	6,570	-
Total receipts	<u>5,947</u>	<u>5,384</u>	<u>285,505</u>	<u>274,392</u>
Disbursements:				
Operating:				
Public safety	-	9,414	-	-
Public works	-	-	319,862	-
Health and social services	-	-	-	-
Culture and recreation	97,855	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>97,855</u>	<u>9,414</u>	<u>319,862</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursement:	<u>(91,908)</u>	<u>(4,030)</u>	<u>(34,357)</u>	<u>274,392</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	22,652	-
Operating transfers out	-	-	-	(274,392)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,652</u>	<u>(274,392)</u>
Net change in cash balances	(91,908)	(4,030)	(11,705)	-
Cash balances beginning of year	107,502	18,195	193,662	10,000
Cash balances end of year	<u>15,594</u>	<u>14,165</u>	<u>181,957</u>	<u>10,000</u>
Cash Basis Fund Balances				
Nonspendable - cemetery perpetual care	-	-	-	-
Restricted for:				
Streets	-	-	181,957	-
Debt service	-	-	-	-
Other purposes	15,594	14,165	-	10,000
Unassigned	-	-	-	-
	<u>\$ 15,594</u>	<u>14,165</u>	<u>181,957</u>	<u>10,000</u>

See accompanying independent auditor's report.

Schedule 1

Revenue			Capital Projects	Permanent Cemetery	
TIF	Economic Development	Disaster 2009	Non-Major Capital Projects	Perpetual Care	Total
-	-	-	-	-	361,606
45,320	-	-	-	-	45,320
-	-	-	-	-	289,204
-	16,288	13	134	-	18,285
-	-	-	493,081	-	787,040
-	-	-	-	-	23,445
-	-	-	11,987	5,925	49,315
<u>45,320</u>	<u>16,288</u>	<u>13</u>	<u>505,202</u>	<u>5,925</u>	<u>1,574,215</u>
-	-	-	-	-	59,792
-	-	-	-	-	319,862
-	-	-	7,415	-	7,415
-	-	-	-	74,701	224,906
-	3,749	-	-	-	13,879
-	-	-	-	-	120,403
-	-	-	800,505	-	800,505
-	<u>3,749</u>	-	<u>807,920</u>	<u>74,701</u>	<u>1,546,762</u>
<u>45,320</u>	<u>12,539</u>	<u>13</u>	<u>(302,718)</u>	<u>(68,776)</u>	<u>27,453</u>
-	-	-	3,167	-	3,911
-	-	-	273,998	-	304,348
<u>(46,001)</u>	-	<u>(10,013)</u>	<u>(13,500)</u>	-	<u>(633,621)</u>
<u>(46,001)</u>	-	<u>(10,013)</u>	<u>263,665</u>	-	<u>(325,362)</u>
(681)	12,539	(10,000)	(39,053)	(68,776)	(297,909)
62	56,042	10,000	(95,099)	106,334	651,799
<u>(619)</u>	<u>68,581</u>	-	<u>(134,152)</u>	<u>37,558</u>	<u>353,890</u>
-	-	-	-	37,558	37,558
-	-	-	-	-	181,957
-	-	-	-	-	-
(619)	68,581	-	-	-	268,527
-	-	-	(134,152)	-	(134,152)
<u>(619)</u>	<u>68,581</u>	-	<u>(134,152)</u>	<u>37,558</u>	<u>353,890</u>

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

As of and for the year ended June 30, 2012

	<u>Theater</u>	<u>Utility Deposit</u>	<u>Solid Waste</u>	<u>Early Childhood Building</u>	<u>Total</u>
Operating receipts:					
Charges for service	\$ 39,251	-	110,402	-	149,653
Miscellaneous	<u>55,020</u>	<u>11,525</u>	<u>-</u>	<u>-</u>	<u>66,545</u>
Total operating receipts	<u>94,271</u>	<u>11,525</u>	<u>110,402</u>	<u>-</u>	<u>216,198</u>
Operating disbursements:					
Business type activities	<u>60,059</u>	<u>8,794</u>	<u>99,392</u>	<u>-</u>	<u>168,245</u>
Total operating disbursements	<u>60,059</u>	<u>8,794</u>	<u>99,392</u>	<u>-</u>	<u>168,245</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>34,212</u>	<u>2,731</u>	<u>11,010</u>	<u>-</u>	<u>47,953</u>
Non-operating receipts:					
Interest on investments	233	333	-	-	566
Miscellaneous	-	-	-	23,344	23,344
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,276)</u>	<u>(18,276)</u>
Total non-operating receipts	<u>233</u>	<u>333</u>	<u>-</u>	<u>5,068</u>	<u>566</u>
Excess (deficiency) of receipts over (under) disbursements	34,445	3,064	11,010	5,068	48,519
Operating transfers out	<u>(2,750)</u>	<u>-</u>	<u>(13,200)</u>	<u>-</u>	<u>(15,950)</u>
Net change in cash balances	31,695	3,064	(2,190)	5,068	32,569
Cash balances beginning of year	<u>52,227</u>	<u>47,434</u>	<u>73,424</u>	<u>23,066</u>	<u>196,151</u>
Cash balances end of year	<u>83,922</u>	<u>50,498</u>	<u>71,234</u>	<u>28,134</u>	<u>233,788</u>
Cash Basis Fund Balances					
Restricted for debt service	-	-	-	9,180	9,180
Restricted for improvements	-	-	-	18,954	18,954
Unreserved	<u>83,922</u>	<u>50,498</u>	<u>71,234</u>	<u>-</u>	<u>205,654</u>
Total cash basis fund balances	<u>\$ 83,922</u>	<u>50,498</u>	<u>71,234</u>	<u>28,134</u>	<u>233,788</u>

See accompanying independent auditor's report.

City of Eldora, Iowa

Schedule of Indebtedness

Year ended June 30, 2012

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes:			
Sewer improvement note	4-01-05	2.75-4.05%	\$ 995,000
Corporate purpose and refunding note	10-01-03	1.40-4.45%	795,000
Aquatic Center	11-7-05	3.45-4.20%	1,500,000
Capital loan note	11-16-09	4.25%	125,000
Disaster Relief	8-25-10	0.00%	196,800
Total			
General obligation bonds:			
Revenue bonds:			
Sewer - Series A	4-18-00	3.92%	\$ 1,743,725
Sewer - Series B	4-18-00	3.92%	901,275
Sewer - Series D	4-18-00	3.92%	157,751
Sewer - Series 2005	5-02-05	3.00%	4,400,000
Water - Series A 2010	1-27-10	3.00%	210,000
Water - Series B 2011 -Forgivable	1-27-10	0.00%	90,000
Child Care Revenue Note 1	5-05-07	4.125%	100,000
Child Care Revenue Note 2	5-05-07	4.125%	250,000
Total			

See accompanying independent auditor's report.

Schedule 3

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
440,000	-	440,000	-	3,553	-
310,000	-	310,000	-	3,732	-
1,045,000	-	100,000	945,000	41,722	-
87,000	-	41,000	46,000	1,849	-
196,800	-	-	196,800	-	-
<u>\$ 2,078,800</u>	<u>-</u>	<u>891,000</u>	<u>1,187,800</u>	<u>50,856</u>	<u>-</u>
114,000	-	10,000	104,000	3,420	-
536,000	-	45,000	491,000	16,080	-
93,000	-	8,000	85,000	2,790	-
4,395,000	-	1,000	4,394,000	131,850	-
182,000	5,000	7,000	180,000	5,460	-
90,000	-	90,000	-	-	-
96,939	-	1,266	95,673	3,958	-
242,328	-	3,171	239,157	9,894	-
<u>\$ 5,749,267</u>	<u>5,000</u>	<u>165,437</u>	<u>5,588,830</u>	<u>173,452</u>	<u>-</u>

City of Eldora, Iowa

Schedule 4

Bond and Note Maturities

June 30, 2012

Year Ending <u>June 30,</u>	General Obligation Notes/Bonds						<u>Total</u>
	Capital Loan Note		Disaster Relief		Aquatic Center Note		
	Issued Nov 16, 2009		Issued Aug 25, 2010		Issued Nov. 7, 2005		
	Interest		Interest		Interest		
	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	
2013	4.25 %	\$ 46,000	0.00 %	\$ 10,000	3.80 %	\$ 105,000	161,000
2014		-	0.00	10,000	3.85	105,000	115,000
2015		-	0.00	10,000	3.90	110,000	120,000
2016		-	0.00	15,000	4.00	115,000	130,000
2017		-	0.00	15,000	4.05	120,000	135,000
2018		-	0.00	15,000	4.10	125,000	140,000
2019		-	0.00	20,000	4.15	130,000	150,000
2020		-	0.00	20,000	4.20	135,000	155,000
2021		-	0.00	20,000		-	20,000
2022		-	0.00	20,000		-	20,000
2023		-	0.00	20,000		-	20,000
2024		-	0.00	<u>21,800</u>		-	<u>21,800</u>
Total		<u>\$ 46,000</u>		<u>\$ 196,800</u>		<u>\$ 945,000</u>	<u>1,187,800</u>

City of Eldora, Iowa

Bond and Note Maturities

June 30, 2012

Year Ending June 30,	Sewer Bond - Series A Issued Apr 18, 2000			Sewer Bond - Series B Issued Apr 18, 2000		
	Interest		Amount	Interest		Amount
	Rates			Rates		
2013	3.92 %	\$	10,000	3.92 %	\$	47,000
2014	3.92		10,000	3.92		48,000
2015	3.92		11,000	3.92		50,000
2016	3.92		11,000	3.92		52,000
2017	3.92		12,000	3.92		54,000
2018	3.92		12,000	3.92		57,000
2019	3.92		12,000	3.92		59,000
2020	3.92		13,000	3.92		61,000
2021	3.92		13,000	3.92		63,000
2022			-			-
2023			-			-
2024			-			-
2025			-			-
2026			-			-
2027			-			-
2028			-			-
2029			-			-
2030			-			-
2031			-			-
2032			-			-
2033			-			-
2034			-			-
2035			-			-
2036			-			-
2037			-			-
2038			-			-
2039			-			-
2040			-			-
2041			-			-
2042			-			-
2043			-			-
2044			-			-
2045			-			-
2046			-			-
2047			-			-
	Total		<u>\$ 104,000</u>			<u>\$ 491,000</u>

See accompanying independent auditor's report.

Schedule 4

Revenue		Bonds					
Sewer Bond - Series D Issued Apr 18, 2000		Sewer Bond Issued Jun 13, 2005		Child Care Note 1 Issued May 5, 2007		Child Care Note 2 Issued May 5, 2007	
Interest		Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
3.92 %	\$ 8,000	3.00 %	\$ 258,000	4.125 %	\$ 1,297	4.125 %	\$ 3,252
3.92	8,000	3.00	400,000	4.125	1,352	4.125	3,388
3.92	9,000	3.00	550,000	4.125	1,409	4.125	3,531
3.92	9,000	3.00	550,000	4.125	1,469	4.125	3,679
3.92	9,000	3.00	550,000	4.125	1,530	4.125	3,834
3.92	10,000	3.00	515,000	4.125	1,595	4.125	3,995
3.92	10,000	3.00	500,000	4.125	1,662	4.125	4,163
3.92	11,000	3.00	500,000	4.125	1,731	4.125	4,338
3.92	11,000	3.00	400,000	4.125	1,804	4.125	4,521
-	-	3.00	76,000	4.125	1,880	4.125	4,711
-	-	3.00	50,000	4.125	1,959	4.125	4,909
-	-	3.00	30,000	4.125	2,041	4.125	5,115
-	-	3.00	10,000	4.125	2,127	4.125	5,330
-	-	3.00	5,000	4.125	2,217	4.125	5,554
-	-	-	-	4.125	2,310	4.125	5,788
-	-	-	-	4.125	2,407	4.125	6,031
-	-	-	-	4.125	2,508	4.125	6,284
-	-	-	-	4.125	2,617	4.125	6,549
-	-	-	-	4.125	2,724	4.125	6,824
-	-	-	-	4.125	2,838	4.125	7,111
-	-	-	-	4.125	2,957	4.125	7,410
-	-	-	-	4.125	3,082	4.125	7,721
-	-	-	-	4.125	3,211	4.125	8,046
-	-	-	-	4.125	3,346	4.125	8,384
-	-	-	-	4.125	3,487	4.125	8,736
-	-	-	-	4.125	3,633	4.125	9,104
-	-	-	-	4.125	3,786	4.125	9,486
-	-	-	-	4.125	3,945	4.125	9,885
-	-	-	-	4.125	4,111	4.125	10,301
-	-	-	-	4.125	4,284	4.125	10,734
-	-	-	-	4.125	4,464	4.125	11,185
-	-	-	-	4.125	4,652	4.125	11,655
-	-	-	-	4.125	4,847	4.125	12,145
-	-	-	-	4.125	5,051	4.125	12,656
-	-	-	-	4.125	1,340	4.125	2,802
	<u>\$ 85,000</u>		<u>\$ 4,394,000</u>		<u>\$ 95,673</u>		<u>\$ 239,157</u>

Bond and Note Maturities

June 30, 2012

Year Ending June 30,	Water Revenue Issued Jan 27,2010		Total
	Interest Rates		
2013	3.00 %	\$ 7,000	334,549
2014	3.00	8,000	478,740
2015	3.00	8,000	632,940
2016	3.00	8,000	635,148
2017	3.00	9,000	639,364
2018	3.00	9,000	608,590
2019	3.00	9,000	595,825
2020	3.00	9,000	600,069
2021	3.00	10,000	503,325
2022	3.00	10,000	92,591
2023	3.00	10,000	66,868
2024	3.00	11,000	48,156
2025	3.00	11,000	28,457
2026	3.00	11,000	23,771
2027	3.00	12,000	20,098
2028	3.00	12,000	20,438
2029	3.00	13,000	21,792
2030	3.00	13,000	22,166
2031		-	9,548
2032		-	9,949
2033		-	10,367
2034		-	10,803
2035		-	11,257
2036		-	11,730
2037		-	12,223
2038		-	12,737
2039		-	13,272
2040		-	13,830
2041		-	14,412
2042		-	15,018
2043		-	15,649
2044		-	16,307
2045		-	16,992
2046		-	17,707
2047		-	4,142
Total		<u>\$ 180,000</u>	<u>5,588,830</u>

City of Eldora, Iowa

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

For the Last Nine Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Receipts:			
Property tax	\$ 1,102,576	1,108,667	1,112,449
Tax increment financing	45,320	37	251
Other city tax	334,548	353,568	323,277
Licenses and permits	16,071	19,067	12,853
Use of money and property	94,789	100,547	104,605
Intergovernmental	843,761	1,212,653	426,019
Charges for service	78,097	85,033	119,459
Special assessments	-	285	-
Miscellaneous	<u>116,694</u>	<u>522,714</u>	<u>731,192</u>
 Total	 <u>\$ 2,631,856</u>	 <u>3,402,571</u>	 <u>2,830,105</u>
Disbursements:			
Operating			
Public safety	\$ 448,293	420,514	440,667
Public works	384,518	376,673	364,729
Health and social services	46,030	47,691	138,046
Culture and recreation	526,207	416,759	319,485
Community and economic development	14,941	122,625	129,355
General government	475,773	674,276	817,931
Debt service	1,251,508	460,396	541,448
Capital projects	<u>2,187,064</u>	<u>1,481,609</u>	<u>523,723</u>
 Total	 <u>\$ 5,334,334</u>	 <u>4,000,543</u>	 <u>3,275,384</u>

See accompanying independent auditor's report.

Schedule 5

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1,062,599	1,029,357	1,015,043	764,623	744,318	770,492
16,639	15,156	68,798	70,248	64,767	19,895
353,143	315,157	348,249	270,204	260,178	276,684
11,492	12,958	6,334	8,544	7,297	10,619
188,994	147,906	106,502	139,391	106,756	92,909
325,284	297,555	781,727	364,980	281,632	283,345
116,888	534,703	314,626	255,622	176,694	217,612
-	178	1,813	2,861	2,329	3,702
<u>156,292</u>	<u>410,032</u>	<u>462,476</u>	<u>503,640</u>	<u>151,479</u>	<u>69,658</u>
<u>2,231,331</u>	<u>2,763,002</u>	<u>3,105,568</u>	<u>2,380,113</u>	<u>1,795,450</u>	<u>1,744,916</u>
368,762	684,411	631,384	771,471	688,577	628,097
420,988	385,517	368,779	415,889	386,063	396,145
96,769	63,196	85,999	1,193,069	302,315	352,073
286,841	358,105	248,622	248,565	241,505	251,924
124,905	63,438	82,116	96,932	760	760
287,215	209,255	228,293	270,958	385,351	259,135
514,993	550,016	548,175	294,465	194,393	1,429,516
<u>63,403</u>	<u>452,614</u>	<u>2,528,529</u>	<u>1,293,276</u>	<u>35,989</u>	<u>273,150</u>
<u>2,163,876</u>	<u>2,766,552</u>	<u>4,721,897</u>	<u>4,584,625</u>	<u>2,234,953</u>	<u>3,590,800</u>

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 • Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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 of the City of Eldora, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 22, 2013. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with another 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

The management of the City of Eldora is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Eldora'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 Eldora's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Eldora'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 and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 the City of Eldora's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

A significant deficiency is a deficiency, or combination of significant deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-12, I-C-12 and I-D-12 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldora'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 Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit on 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 Eldora'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 Eldora'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 Eldora and other parties to whom the City of Eldora may report, including federal awarding agencies and pass-through entities, 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 Eldora 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.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 22, 2013

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-12 Segregation of Duties – During our review of internal control, the existing procedures were evaluated in order to determine that incompatible duties are not performed by the same employee. We noted that one employee handles almost all of the utility billing procedures were handled by the same person. We also noted that one employee handles almost all of the procedures related to processing payroll and processing financial transactions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. Therefore, we recommend the Council maintain its diligence in the review of the financial records.

Response – We feel we are segregating duties to the fullest extent possible with the size of our staff. The Council will maintain its review of the financial records.

Conclusion – Response accepted.

I-B-12 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with the cash basis of accounting. The City of Eldora does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

City of Eldora, Iowa
Schedule of Findings
Year ended June 30, 2012

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with the cash basis of accounting can be considered costly and ineffective. However, it is the responsibility of the City’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources necessary to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relating to the cost, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

I-C-12 Financial Reporting – During our audit we noted that disbursements for cemetery operations were paid out of the Cemetery Perpetual Care permanent fund instead of the cemetery operating fund.

Recommendation – The City should review their procedures so no expenditures are posted to the permanent fund in the future.

Response – This was an error on our part this past year. This will be corrected by transfer of funds from the local option sales tax.

Conclusion – Response accepted.

I-D-12 Records of Accounts – The City maintains separate bank accounts for the Day Care Enterprise Account and several other small accounts. The financial transactions and the resulting balances were not entirely included in the City’s accounting records.

Recommendation – Chapter 384.20 of the Code of Iowa states, in part, “A City shall keep accounts which show an accurate and detailed statement of all public funds collected, received or expended for any City’s purpose.” For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be included in the City’s accounting records and should be reported to the Council on a monthly basis.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2012

Response – We have included all of the transactions from the Day Care Enterprise Account in our monthly records beginning with August 2012. We anticipate recording the other small accounts in the near future.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

II-A-12 Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted.

II-B-12 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

II-C-12 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-12 Business Transactions – Business Transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Myron Kosanke, Council Member, Owner of Kosanke Welding	Repairs	\$ 1,725
Melody Hay, Council Member, Owner of Eldora Pharmacy	Supplies	594

In accordance with Chapter 362.5(10) of the Code of Iowa, these transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$2,500.

II-E-12 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that coverage is adequate for current operations.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2012

- II-F-12 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of City Council proceedings were published, they were not always published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should comply with Chapter 21 of the Code of Iowa and should publish minutes as required.

Response – We will publish all minutes within fifteen days as required.

Conclusion – Response accepted.

- II-G-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

- II-H-12 Financial Condition – The General Fund had a deficit balance of \$159,706 at June 30, 2012. The Capital Project Fund had a deficit balance of \$134,152 consisting of deficits in the Pool Construction account of \$218,371, the Health Care Trust account of \$75,479 and the Day Care Trust account of \$6,934 at June 30, 2012. The Tax Increment Financing Fund had a deficit balance of \$619 at June 30, 2012.

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

Response – See footnote number 9 for a description of how the City plans to eliminate these deficits.

Conclusion – Response accepted.

- II-I-12 Revenue Bonds – It was noted during the protest of the budget amendment in a prior year that the budget review committee questioned whether the City complied with the bond resolutions related to the Child Care Facility notes.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2012

Recommendation – City officials should consult legal council to determine the disposition of this matter.

Response – We have contacted legal council and we anticipate refinancing our Child Care Facility notes with a general fund loan agreement. Per correspondence from the State Auditor’s office, this should resolve any issues identified by the budget review committee. This issue has not yet been resolved as certain parties are protesting this refinance. The protest was denied at the district court level, but the protestors are appealing the ruling to the Iowa Supreme Court.

Conclusion – Response accepted.