

CITY OF NORTH LIBERTY, IOWA

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

JUNE 30, 2012

CITY OF NORTH LIBERTY

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CITY OF NORTH LIBERTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Mayor and Council</u>		
Tom Salm	Mayor	January 2014
Gerald Kuhl	Mayor Pro Tem	January 2014
Brian Wayson	Council Member	January 2014
Chris Hoffman	Council Member	January 2016
Terry Donahue	Council Member	January 2016
Coleen Chipman	Council Member	January 2016

City Staff

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



INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty as of June 30, 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 February 22, 2013 on our consideration of the City of North Liberty's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Liberty's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 North Liberty's basic financial statements. Management's Discussion and Analysis (pages iv through xi) and budgetary comparison information (pages 18 and 19) 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.

Greenwood and Cron, A.C.

February 22, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of North Liberty 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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FY 2012 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased approximately \$1,330,000, or 10.4%, from FY 2011 to FY 2012. Property tax receipts increased approximately \$190,000, tax increment financing increased approximately \$564,000 and intergovernmental receipts increased approximately \$647,000. Bond proceeds total more than \$8,000,000 due to multiple bond sales.
- Disbursements of the City's governmental activities increased approximately \$428,000, or 2.2%, from FY 2011 to FY 2012. Public safety disbursements increased approximately \$205,000, public works disbursements increased approximately \$62,000, culture and recreation disbursements increased approximately \$132,000, community and economic development disbursements increased approximately \$106,000 and general government disbursements increased approximately \$85,000.
- The City's total cash basis net assets increased 48%, or approximately \$3,400,000, from June 30, 2011 to June 30, 2012. Of this amount, the assets of the governmental activities increased by approximately \$3,033,000 and the assets of the business type activities increased by approximately \$360,000.

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-Cash Basis. This statement provides information about the activities of the City as a whole and presents an overview of the City's finances.

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

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

Other Information further explains and supports the financial statements with a comparison to the City's budget for the year.

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

BASIS OF ACCOUNTING

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

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-Cash Basis presents the City's cash basis net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

Fund Financial Statements

The City of North Liberty 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 and Urban Renewal Tax Increment, 3) the Debt Service Funds, and 4) the Capital Projects Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services

it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

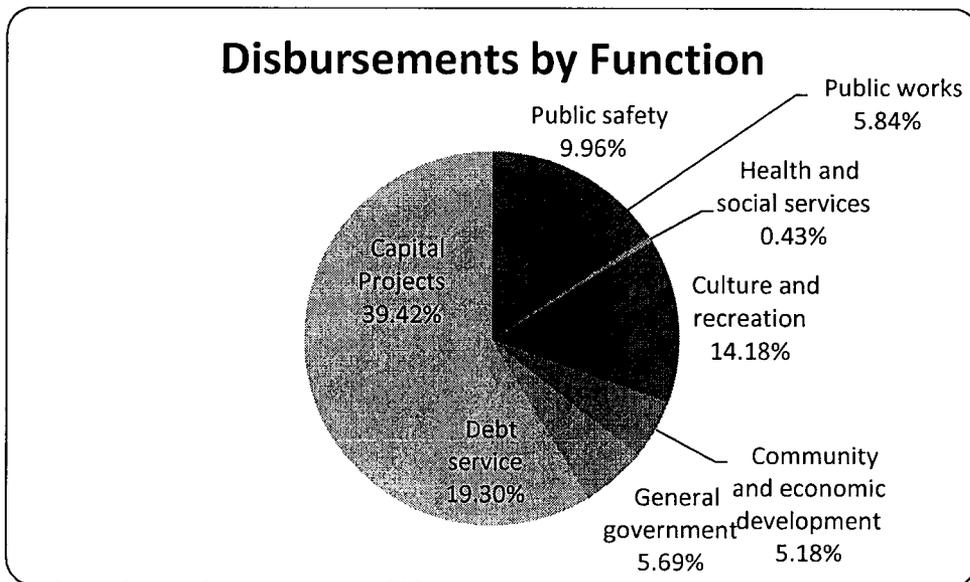
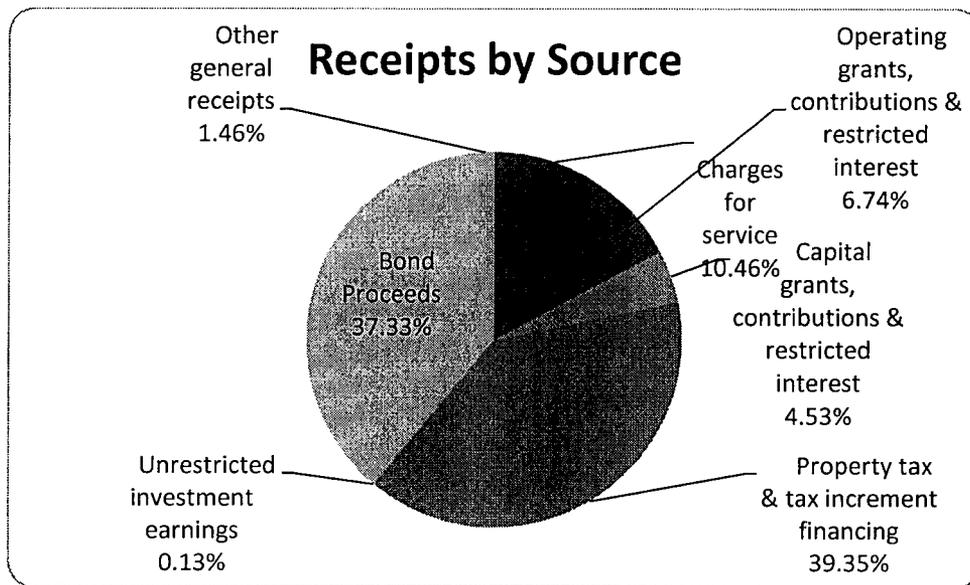
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$4,406,000 to \$7,440,000. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Government Activities
(Expressed in Thousands)

	Year ended June 30,	
	FY 2012	FY 2011
Receipts:		
Program Receipts:		
Charges for service	\$2,353	\$2,360
Operating grants, contributions & restricted interest	1,517	1,092
Capital grants, contributions & restricted interest	1,020	969
General Receipts:		
Property tax & tax increment financing	8,851	8,100
Unrestricted investment earnings	29	32
Bond Proceeds	8,396	8,002
Other general receipts	328	218
Total Receipts	\$22,494	\$20,773
Disbursements:		
Public safety	\$1,984	\$1,779
Public works	1,164	1,102
Health and social services	86	90
Culture and recreation	2,826	2,693
Community and economic development	1,033	927
General government	1,133	1,048
Debt service	3,845	2,956

Capital projects	7,855	8,901
Total Disbursements	\$19,926	\$19,496
Change in cash basis net assets before transfers	\$2,568	\$1,277
Transfers, net	466	460
Change in cash basis net assets	\$3,034	\$1,737
Cash basis net assets, beginning of year	4,406	2,669
Cash basis net assets, end of year	\$7,440	\$4,406



The City's total receipts for governmental activities increased 8.3% or approximately \$1,721,000. The total cost of all programs and services increased by approximately \$430,000, or 2.2%, with no new programs being added.

The City decreased property tax rates for fiscal year 2012. With the growth in the City's taxable valuation, property tax receipts increased approximately \$163,000 in fiscal year 2012. Because of the growth in taxable valuation in the City of North Liberty from \$464,462,044 in FY 2011 to \$485,783,902 in FY 2012, general property tax revenues increased by \$163,000 even though the City's general city tax levy remained at the maximum \$8.10 per \$1,000 of taxable valuation. The total city levy in FY 2012 decreased to \$11.03264 from the levy of \$11.20264 in FY 2011. The balance of the levy was made up of a \$1.38011 debt service levy and a \$1.55253 employee benefits levy.

The cost of all governmental activities this year was approximately \$19,926,000, compared to approximately \$19,496,000 last year. General City operating expenses were fairly constant with fewer capital projects than the previous fiscal year.

Changes in Cash Basis Net Assets of Business Type Activities
(Expressed in Thousands)

	Year Ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for Service		
Water	\$2,186	\$2,066
Sanitary Sewer	2,621	2,476
Storm Water	177	155
Utility Deposits	146	149
General Receipts:		
Unrestricted interest on investments		
Water	3	5
Sanitary Sewer	3	5
Bond and note proceeds	0	525
Total receipts	\$5,136	\$5,381
Disbursements:		
Water	\$1,172	\$1,144
Sanitary Sewer	1,260	1,316
Storm Water	62	104
Utility Deposits	196	145
Debt Service	1,620	1,619
Total Disbursements	\$4,310	\$4,328
Change in net cash basis net assets before transfers	\$826	\$1,053
Transfers, net	(466)	(460)
Change in cash basis net assets	\$360	\$593
Cash basis net assets, beginning of year	2,660	2,067

Cash basis net assets, end of year

\$3,020

\$2,660

Total business type activities receipts for the fiscal year were approximately \$5.14 million compared to approximately \$5.38 million last year. The decrease was primarily due to no bond sales occurring in this fiscal year. The cash balance increased approximately \$360,000 due to increased revenues due to a rate increase for both utilities. Total disbursements for the fiscal year decreased by 0.07%, or approximately \$18,000, due to maintaining the expenses and fewer capital improvements being made this fiscal year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As North Liberty completed the year, its governmental funds reported a combined fund balance of \$7,439,798 an increase of more than \$3 million above last year's total of \$4,406,461. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

- The General Fund - General fund cash balance increased \$464,481 from the prior year to \$4,294,081. Licenses and permits increased by \$84,257 due to an increase in building permits. Intergovernmental revenues increased by \$108,066. The City received several state grants. Other financing sources increased by approximately \$50,000 from the prior year. Additional receipts from transfers in from other funds than in previous years accounted for most of this change.

Special Revenue

- The Special Revenue, Urban Renewal Tax Increment fund cash balance decreased by \$157,163. Collections of the tax increment financing receipts increased by \$564,228.

Debt Service - General Obligation Debt

- The Debt Service - General Obligation Debt cash balance increased by approximately \$5,000. Additional funds were received from increased Urban Renewal Tax Increment fund transfers to pay for additional debt service requirements.

Debt Service - Road Use Tax Bond Reserve

- The Debt Service - Road Use Tax Bond Reserve was funded for the first time in fiscal year 2012. The fund had \$149,740 in revenues that will be held in debt service reserve.

Capital Projects

- Capital Projects - Street Capital Projects fund cash balance increased by \$1,587,429 due to proceeds from the sale of general obligation bonds to pay for a major part of several projects costs.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Enterprise Fund cash balance increased \$212,632 to \$859,100, due to an increase in the sale of water over the prior year and an increase in the water rates at the end of June 2011.
- The Sewer Enterprise Fund cash balance increased \$143,387 to \$1,459,808 due to an increase in sales and an increase in sewer rates.
- The Utility Deposit Enterprise Fund cash balance decreased \$49,661 to \$422,559 due to deposit refunds paid out exceeding deposits received.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on June 12, 2012 and resulted in an increase in operating disbursements of approximately \$2,000,000 due to numerous unplanned expenses including the City's owner-occupied Housing Rehabilitation Project, increased electric costs and group insurance midyear changes that were not anticipated when the budget was created, and additional other unexpected expenses. The City had sufficient cash balances to absorb these additional costs.

The actual disbursements for the year were less in all categories than budgeted except in Debt Service where the disbursements exceeded the amended budgeted amount by \$165,342. This was due to disbursements for debt service that were not known when the budget was amended. Capital project disbursements were almost \$1,000,000 less than budgeted due to delay of projects in construction.

DEBT ADMINISTRATION

At June 30, 2012, the City had \$43,989,000 in bonds and long-term debt compared to \$39,612,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	2012	2011
General obligation bonds	\$25,474	\$21,950
Road Use Tax revenue bonds	1,815	0
Revenue bonds	16,700	17,662
Total	\$43,989	\$39,612

Debt increased as a result of issuing general obligation bonds for street projects and various urban renewal projects.

The City of North Liberty continues to carry a Moody's bond rating of Aa3 assigned by national rating agencies to the City's debt. The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$25,474,000 at June 30, 2012 is significantly below its constitutional debt limit of approximately \$53 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

North Liberty's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, tax rates, and fees charged for various City activities. Economic indicators such as unemployment, tax base growth and rollback increase were taken into account when adopting the budget for fiscal year 2013. Fiscal year 2013 is a relatively inactive year for capital projects. The City Council has delayed some projects due to the uncertainty in the state capital. The City has added no new major programs or initiatives to the fiscal year 2013 budget. If all of the budget estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$2.8 million by the close of fiscal year 2013 due to previously funded, ongoing capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tracey Mulcahey, City Clerk, 3 Quail Creek Circle, P.O. Box 77, North Liberty, IA 52317.

BASIC FINANCIAL STATEMENTS

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2012

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 1,984,061	\$ 41,771	\$ 140,047	\$ 14,400
Public works	1,163,999	468,313	1,268,539	-
Health and social services	86,000	-	-	-
Culture and recreation	2,825,660	1,003,118	40,274	3,200
Community and economic development	1,033,597	11,110	67,660	115,814
General government	1,133,334	828,943	208	-
Debt service	3,844,731	-	-	-
Capital projects	7,854,575	-	-	886,217
Total governmental activities	<u>\$ 19,925,957</u>	<u>\$ 2,353,255</u>	<u>\$ 1,516,728</u>	<u>\$ 1,019,631</u>
Business type activities:				
Water	\$ 1,749,610	\$ 2,186,011	\$ -	\$ -
Sewer	2,303,254	2,621,190	-	-
Utility deposits	195,999	146,338	-	-
Stormwater management	62,240	177,077	-	-
Total business type activities	<u>\$ 4,311,103</u>	<u>\$ 5,130,616</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 24,237,060</u>	<u>\$ 7,483,871</u>	<u>\$ 1,516,728</u>	<u>\$ 1,019,631</u>
General Receipts:				
Property tax levied for:				
General purposes				
Debt service				
Other purposes				
Tax increment financing				
Unrestricted interest on investments				
Bond proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				

Exhibit A

Governmental Activities	Business Type Activities	Total
\$ (1,787,843)	\$ -	\$ (1,787,843)
572,853	-	572,853
(86,000)	-	(86,000)
(1,779,068)	-	(1,779,068)
(839,013)	-	(839,013)
(304,183)	-	(304,183)
(3,844,731)	-	(3,844,731)
(6,968,358)	-	(6,968,358)
<hr/>		
\$ (15,036,343)	\$ -	\$ (15,036,343)
<hr/>		
\$ -	\$ 436,401	\$ 436,401
-	317,936	317,936
-	(49,661)	(49,661)
-	114,837	114,837
<hr/>		
\$ -	\$ 819,513	\$ 819,513
<hr/>		
\$ (15,036,343)	\$ 819,513	\$ (14,216,830)
<hr/>		
\$ 3,962,473	\$ -	\$ 3,962,473
827,523	-	827,523
759,731	-	759,731
3,301,297	-	3,301,297
28,446	7,141	35,587
8,395,610	-	8,395,610
322,823	-	322,823
5,255	-	5,255
466,522	(466,522)	-
<hr/>		
\$ 18,069,680	\$ (459,381)	\$ 17,610,299

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2012

Change in cash basis net assets

Cash basis net assets, beginning of year

Cash basis net assets, end of year

Cash Basis Net Assets

Restricted

Expendable:

Streets

Urban renewal

Capital equipment purchases

Property improvements

Employee benefits

Debt service

Hotel/motel tax

Tree purchases

Police

Utility deposits

Unrestricted

Total cash basis net assets

See accompanying notes to financial statements.

Exhibit A

<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
\$ 3,033,337	\$ 360,132	\$ 3,393,469
4,406,461	2,660,090	7,066,551
<u>\$ 7,439,798</u>	<u>\$ 3,020,222</u>	<u>\$ 10,460,020</u>
(Exhibit B)	(Exhibit C)	
\$ 2,266,170	\$ -	\$ 2,266,170
759,970	-	759,970
40,302	-	40,302
12,695	-	12,695
2,545	-	2,545
224,452	1,188,258	1,412,710
76,133	-	76,133
6,000	-	6,000
324	-	324
-	422,559	422,559
4,051,207	1,409,405	5,460,612
<u>\$ 7,439,798</u>	<u>\$ 3,020,222</u>	<u>\$ 10,460,020</u>

CITY OF NORTH LIBERTY

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 1 of 2)

Year Ended June 30, 2012

	General Fund	Special Revenue - Urban Renewal Tax Increment	Debt Service - General Obligation Debt
Receipts:			
Property tax	\$ 3,927,813	\$ -	\$ 821,638
Tax increment financing	-	3,301,297	-
Other city tax	278,914	-	5,885
Licenses and permits	560,046	-	-
Use of money and property	152,761	-	-
Intergovernmental	403,638	-	-
Charges for service	1,457,531	-	-
Special assessments	5,051	-	-
Miscellaneous	347,660	-	-
Total receipts	<u>\$ 7,133,414</u>	<u>\$ 3,301,297</u>	<u>\$ 827,523</u>
Disbursements:			
Public safety	\$ 1,984,061	\$ -	\$ -
Public works	525,122	-	-
Health and social services	86,000	-	-
Culture and recreation	2,825,660	-	-
Community and economic development	706,943	326,654	-
General government	1,133,334	-	-
Debt service	-	-	3,844,731
Capital projects	906,603	-	-
Total disbursements	<u>\$ 8,167,723</u>	<u>\$ 326,654</u>	<u>\$ 3,844,731</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (1,034,309)</u>	<u>\$ 2,974,643</u>	<u>\$ (3,017,208)</u>
Other financing sources (uses):			
Sale of capital assets	\$ 5,255	\$ -	\$ -
Proceeds from sale of general obligation bonds	215,000	-	268,354
Proceeds from sale of road use tax revenue bonds	-	-	-
Operating transfers in	2,059,284	-	2,754,221
Operating transfers (out)	(780,749)	(3,131,806)	-
Total other financing sources (uses)	<u>\$ 1,498,790</u>	<u>\$ (3,131,806)</u>	<u>\$ 3,022,575</u>
Net change in cash balances	\$ 464,481	\$ (157,163)	\$ 5,367
Cash and cash investments, beginning of year	3,829,600	422,222	69,345
Cash and cash investments, end of year	<u>\$ 4,294,081</u>	<u>\$ 265,059</u>	<u>\$ 74,712</u>

Exhibit B

Debt Service - Road Use Tax Bond Reserve	Capital Projects - Street Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 753,038	\$ 5,502,489
-	-	-	3,301,297
-	-	6,693	291,492
-	-	-	560,046
-	-	11,326	164,087
-	-	1,861,049	2,264,687
-	-	-	1,457,531
-	-	-	5,051
-	9,590	187,977	545,227
\$ -	\$ 9,590	\$ 2,820,083	\$ 14,091,907
\$ -	\$ -	\$ -	\$ 1,984,061
-	-	638,877	1,163,999
-	-	-	86,000
-	-	-	2,825,660
-	-	-	1,033,597
-	-	-	1,133,334
-	-	-	3,844,731
-	4,452,068	2,495,904	7,854,575
\$ -	\$ 4,452,068	\$ 3,134,781	\$ 19,925,957
\$ -	\$ (4,442,478)	\$ (314,698)	\$ (5,834,050)
\$ -	\$ -	\$ -	\$ 5,255
-	5,561,200	2,201,316	8,245,870
149,740	-	-	149,740
-	468,707	304,724	5,586,936
-	-	(1,207,859)	(5,120,414)
\$ 149,740	\$ 6,029,907	\$ 1,298,181	\$ 8,867,387
\$ 149,740	\$ 1,587,429	\$ 983,483	\$ 3,033,337
-	171,596	(86,302)	4,406,461
\$ 149,740	\$ 1,759,025	\$ 897,181	\$ 7,439,798

(Exhibit A)

CITY OF NORTH LIBERTY

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 2 of 2)

Year Ended June 30, 2012

	General Fund	Special Revenue - Urban Renewal Tax Increment	Debt Service - General Obligation Debt
Cash basis fund balances:			
Restricted for:			
Street operations	\$ -	\$ -	\$ -
Street capital projects	-	-	-
Urban renewal purposes	-	265,059	-
Urban renewal projects	-	-	-
Capital equipment purchases	-	-	-
Property improvements	-	-	-
Employee benefits	-	-	-
Debt service	-	-	74,712
Hotel/motel tax	76,133	-	-
Tree purchases	6,000	-	-
Police	324	-	-
Committed for:			
Street capital projects	-	-	-
Library expansion	-	-	-
Assigned for:			
Capital equipment purchases	714,522	-	-
Street capital projects	1,180,808	-	-
Park development	24,327	-	-
Stormwater capital projects	42,399	-	-
Youth scholarships/ recreation capital equipment	52,278	-	-
Unassigned	2,197,290	-	-
Total cash basis fund balances	<u>\$ 4,294,081</u>	<u>\$ 265,059</u>	<u>\$ 74,712</u>

See accompanying notes to financial statements.

Exhibit B

Debt Service - Road Use Tax Bond Reserve	Capital Projects - Street Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 501,457	\$ 501,457
-	1,759,025	5,688	1,764,713
-	-	-	265,059
-	-	494,911	494,911
-	-	40,302	40,302
-	-	12,695	12,695
-	-	2,545	2,545
149,740	-	-	224,452
-	-	-	76,133
-	-	-	6,000
-	-	-	324
-	-	475,620	475,620
-	-	223,557	223,557
-	-	-	714,522
-	-	10,993	1,191,801
-	-	-	24,327
-	-	-	42,399
-	-	-	52,278
-	-	(870,587)	1,326,703
\$ 149,740	\$ 1,759,025	\$ 897,181	\$ 7,439,798

CITY OF NORTH LIBERTY

Exhibit C

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

Year Ended June 30, 2012

	Water Enterprise	Sewer Enterprise	Utility Deposits	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 2,118,140	\$ 2,616,710	\$ -	\$ 177,077	\$ 4,911,927
Miscellaneous	67,871	4,480	146,338	-	218,689
Total operating receipts	\$ 2,186,011	\$ 2,621,190	\$ 146,338	\$ 177,077	\$ 5,130,616
Operating disbursements:					
Business type activities	1,172,105	1,260,491	195,999	62,240	2,690,835
Excess of operating receipts over operating disbursements	\$ 1,013,906	\$ 1,360,699	\$ (49,661)	\$ 114,837	\$ 2,439,781
Non-operating receipts and (disbursements):					
Interest on cash investments	\$ 3,627	\$ 3,514	\$ -	\$ -	\$ 7,141
Debt service	(577,505)	(1,042,763)	-	-	(1,620,268)
Total non-operating receipts and (disbursements)	\$ (573,878)	\$ (1,039,249)	\$ -	\$ -	\$ (1,613,127)
Excess of receipts over disbursements	\$ 440,028	\$ 321,450	\$ (49,661)	\$ 114,837	\$ 826,654
Operating transfers:					
Operating transfers in	\$ 951,581	\$ 1,282,863	\$ -	\$ -	\$ 2,234,444
Operating transfers (out)	(1,178,977)	(1,460,926)	-	(61,063)	(2,700,966)
Net operating transfers	\$ (227,396)	\$ (178,063)	\$ -	\$ (61,063)	\$ (466,522)
Net change in cash balances	\$ 212,632	\$ 143,387	\$ (49,661)	\$ 53,774	\$ 360,132
Cash and cash investments, beginning of year	646,468	1,316,421	472,220	224,981	2,660,090
Cash and cash investments, end of year	\$ 859,100	\$ 1,459,808	\$ 422,559	\$ 278,755	\$ 3,020,222
					(Exhibit A)
Cash basis fund balances:					
Restricted for:					
Debt service	\$ 636,148	\$ 552,110	\$ -	\$ -	\$ 1,188,258
Utility deposits	-	-	422,559	-	422,559
Unrestricted:					
Unrestricted	222,952	907,698	-	278,755	1,409,405
Total cash basis fund balances	\$ 859,100	\$ 1,459,808	\$ 422,559	\$ 278,755	\$ 3,020,222

See accompanying notes to financial statements.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Liberty is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1913 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, utilities for its citizens, community and economic development, and general government services.

A. Reporting Entity and Jointly Governed Organizations

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

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is not ongoing financial interest or responsibility by the participating governments. The City and its officials are members of various jointly governed organizations, including the Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Metropolitan Planning Organization of Johnson County, East Central Iowa Council of Governments, and the Johnson County Compensation Board.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets - Cash Basis 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 - Cash Basis presents the City's nonfiduciary net assets. Net assets are to be 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. The City has no net assets required to be reported in this category.

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

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

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

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

Debt Service:

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

The Debt Service Fund - Road Use Tax Bond Reserve Fund is utilized to account for the required reserve fund that must be maintained in accordance with the terms of the City's road use tax revenue bonds.

Capital Projects:

The Capital Projects Fund - Street Capital Projects Fund is used to account for significant street improvement projects (other than specific street capital project funds) that are financed primarily by proceeds from the sale of general obligation or road use tax revenue bonds.

The City reports the following major proprietary funds:

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

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

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

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

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

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

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

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.

Committed - Amounts restricted to use as a result of formal action of the Council and generally based on the occurrence of a specific event.

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 Other Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions 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.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and uses of the City.

NOTE 3. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation, road use tax revenue and enterprise fund revenue bonds at June 30, 2012 are as follows:

Year Ending June 30,	General Obligation Bonds		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 3,038,000	\$ 717,261	\$ 95,000	\$ 48,811
2014	3,075,000	636,025	110,000	39,740
2015	2,968,000	552,883	110,000	37,540
2016	2,515,000	471,882	110,000	35,340
2017	2,598,000	404,445	115,000	33,140
2018-2022	8,630,000	1,137,215	595,000	130,900
2023-2027	2,650,000	184,885	680,000	59,210
2028-2032	-	-	-	-
Total	\$ 25,474,000	\$ 4,104,596	\$ 1,815,000	\$ 384,681

Year Ending June 30,	Enterprise Fund Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2013	\$ 996,000	\$ 601,875	\$ 4,129,000	\$ 1,367,947
2014	1,026,000	566,321	4,211,000	1,242,086
2015	1,066,000	529,130	4,144,000	1,119,553
2016	1,103,000	489,840	3,728,000	997,062
2017	1,145,000	448,647	3,858,000	886,232
2018-2022	6,264,000	1,561,323	15,489,000	2,829,438
2023-2027	4,899,000	485,888	8,229,000	729,983
2028-2032	201,000	6,030	201,000	6,030
Total	\$ 16,700,000	\$ 4,689,054	\$ 43,989,000	\$ 9,178,331

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

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

The City has issued several general obligation urban renewal corporate purpose (tax increment financing) bonds for the purpose of defraying a portion of the costs of various construction and refurbishment projects within the City's urban renewal districts. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the City's TIF districts and which are credited to the Special Revenue - Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds from the sales of the bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2012, the outstanding balances on these bonds totaled \$17,872,165, which are payable through June 1, 2026. Total interest remaining payable on the bonds at June 30, 2012 was \$2,671,438. During the year, principal and interest paid on these bonds totaled \$2,153,360 and \$492,006, respectively. Tax increment financing receipts during the year were \$3,301,297.

Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay three water revenue bond issues totaling \$6,020,000. The bonds were issued between September 2001 and September 2008. Proceeds from the sales of the bonds provided financing for the construction of several water system improvement projects in the City. The bonds are payable solely from water customer defined net receipts and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 54 percent of defined net receipts. At June 30, 2012, total principal and interest remaining to be paid on the bonds was \$6,280,204. During the year, principal and interest paid on the bonds totaled \$345,000 and \$230,755, respectively. Total defined net receipts during the year were \$1,071,444.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay six sewer revenue bond issues totaling \$16,024,000. The bonds were issued between March 1998 and September 2008. Proceeds from the sales of the bonds provided financing for the construction of and improvements to the waste water treatment plant. The bonds are payable solely from sewer customer defined net receipts and are payable through June 2028. Annual principal and interest payments on the bonds are expected to require less than 65 percent of defined net receipts. At June 30, 2012, total principal and interest remaining to be paid on the bonds was \$15,108,850. During the year, principal and interest paid on the bonds totaled \$617,000 and \$404,770, respectively. Total defined net receipts during the year were \$1,583,387.

The City has pledged future road use tax receipts to repay one road use tax revenue bond issue totaling \$1,815,000. The bonds were issued in March 2012. Proceeds from the sale of the bonds provided financing to pay for a portion of the construction costs of the public works/streets department facility. The bonds are payable solely from future road use tax receipts and are payable through June 2027. At June 30, 2012, total principal and interest remaining to be paid on the bonds was \$2,199,681. No principal or interest was paid on the bonds during the year ended June 30, 2012.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

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

- (a) The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note and bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly cash transfers shall be made to separate sewer and water revenue sinking accounts for the purpose of making the principal and interest payments when due.
- (c) The provisions of the Water Revenue Bond Series 2008D require that \$577,856 be set aside into the Water Reserve Fund and maintained until all water revenue bonds of the City have been fully redeemed.

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

- (d) All funds remaining in the sewer rental and water utilities accounts after the payments of all maintenance and operating expenses and required transfers shall be placed in separate water and sewer revenue surplus accounts. These accounts are restricted for the purpose of paying any deficiency in the sinking funds. As long as the sinking funds have the full amount required to be deposited, any balance in the surplus funds may be made available to the City as the Council may from time to time direct.
- (e) User rates shall be established at a level which produces and maintains defined net receipts at the following levels:
 - Water - equal to at least 120% of the average amount that will come due in any fiscal year during the life of the three water revenue bond issues.
 - Sewer - equal to at least 125% of the average amount that will come due in any fiscal year during the life of the six sewer revenue bond issues, and equal to at least 125% of the maximum amount that will come due in any fiscal year during the life of the six sewer revenue bonds.

NOTE 4. PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered compensation and the City is required to contribute 8.07% of covered compensation. Certain employees in special risk occupations, and the City, contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$340,430, \$269,136 and \$238,282, respectively, equal to the required contributions for each year.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon retirement, termination or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2012, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 35,764
Vacation	237,735
Total	<u>\$ 273,499</u>

This liability has been computed based on rates of pay as of June 30, 2012.

Sick leave is payable when used. It is not paid upon termination, retirement or death. The approximate liability for unused sick leave at June 30, 2012, based on rates of pay as of June 30, 2012, is \$802,422.

NOTE 6. SOLID WASTE DISPOSAL CONTRACT

An agreement between the City and Johnson County Refuse for the period July 1, 2009 through June 30, 2014, provides the City and its citizens with solid waste collection and disposal services. The agreement providing for the services includes the following provisions:

- (a) The City shall pay the contractor a monthly charge of \$4.25 per month for each single and two-family dwelling unit. These fees are for recyclables.
- (b) The fees for non-recyclable wastes are based on the current Iowa City Landfill tipping fee schedule and are subject to change in the event landfill fees increase or decrease.

NOTE 7. POLICE PROTECTION CONTRACT

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

- (a) Effective July 1, 2010, the City will pay Johnson County at a rate of \$34 per hour, for 30 hours of patrol services per week for the months of July through December 2010 and for 15 hours of patrol services per week for the months of January through September 2011. The total cost of this contract for the year ended June 30, 2012 was \$6,630.
- (b) Agreement to become effective July 1, 1979, and continue until terminated. This agreement was terminated effective September 30, 2011.
- (c) Agreement shall be modified, on or before January of any given year, to adjust hourly rates should this be necessary.
- (d) This agreement gives the Johnson County Sheriff's office an exclusive policing right which may be terminated upon thirty days notice.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 8. TRANSIT SERVICES CONTRACT

An agreement for the period September 1, 2010 through June 30, 2012, between the City and the City of Coralville, provides the City and its citizens with limited transit services. The agreement providing for these services includes the following provisions:

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

NOTE 9. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$12,550,000. The unpaid contract balances at June 30, 2012 totaled approximately \$5,250,000, which will be paid as work on the projects progresses.

NOTE 10. RISK MANAGEMENT

The City of North Liberty is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11. LITIGATION

The City was subject to litigation relating to a property acquisition matter and an assertion of an open meetings violation that arose during the year ended June 30, 2011. Plaintiffs filed a lawsuit against the City contesting the legality of an agreement for the acquisition and resale of land for a commercial development. A temporary injunction was granted on November 10, 2010, enjoining the City from completing the land transaction. On February 11, 2011, the District Court dismissed the temporary injunction. The City subsequently entered into a new agreement for the real estate matter. All counts against the City were dismissed in full on January 2, 2013 and this matter has been closed.

A claim against the City by a former employee included a civil rights complaint, a contract claim and a wage claim. An agreement was reached subsequent to June 30, 2012 whereby all claims and counterclaims will be dismissed once the terms of the settlement agreement have been executed. The City is liable to the former employee in the amount of \$3,750 under the terms of the settlement.

A work injury claim against the City by a current employee has been filed with the Iowa Workers' Compensation Commissioner subsequent to June 30, 2012. The outcome of this matter cannot be determined at this time and no amount of potential loss to the City can be determined.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 12. DEFICIT BALANCES

The following funds had deficit balances at June 30, 2012, because the project costs were incurred prior to availability of funds:

General Fund - Park Development	\$ 162,381
Capital Projects - Community Center	67,903
Capital Projects - Trail Projects	14,817
Capital Projects - Penn St. Improvements	384,531
Capital Projects - Land and Facilities	403,336
Water Enterprise - Water Capital Projects	346,575
Sewer Enterprise - Sewer Capital Projects	599,251

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

NOTE 13. LEASE COMMITMENTS

The City entered into a lease agreement dated March 22, 2011 to lease commercial space for the City administrative offices and Council chambers for the period from April 1, 2011 to December 31, 2015. The lease agreement provides for the option to exercise up to four additional extensions of six months each at a rate not to exceed the previous year's rate plus three percent increase per annum.

Lease payments are due in six month intervals each January 15 and July 15. Lease expense for the year ended June 30, 2012 was \$125,013.

Future commitments under this lease as of June 30, 2012 are as follows:

Year ending June 30, 2013	\$ 133,748
2014	137,748
2015	141,874
2016	71,981
	<hr/>
	\$ 485,351

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

The City finances the health insurance plan with Wellmark on a pay-as-you-go basis. The most recent monthly premium costs are \$335.67 for single coverage, \$591.31 for employee/dependent coverage, \$635.68 for employee/spouse coverage and \$927.97 for family coverage. The same monthly premiums apply to retirees. There are 65 active employees and 1 retired member participating in the plan. During the year ended June 30, 2012, the City contributed \$380,991 and plan members contributed \$70,024 to the plan.

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 15. INTERFUND AND INTRAFUND TRANSFERS

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

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 Fund	Water Enterprise - Water Operating	\$ 233,063
	Sewer Enterprise - Sewer Operating	233,063
	Stormwater Management Enterprise	27,063
	Special Revenue - Employee Benefits	760,062
		<u>\$ 1,253,251</u>
Capital Projects - Street Capital Projects	General Fund - Transportation Impact Fees	\$ 268,707
Capital Projects - Penn Street Improvements	General Fund - Transportation Impact Fees	149,724
Water Enterprise - Water Utilities - Capital Reserve	General Fund - Transportation Impact Fees	21,832
		<u>\$ 440,263</u>
General Fund - Equipment Revolving	Stormwater Management Enterprise	\$ 14,000
Sewer Enterprise - Sewer Capital Projects	Stormwater Management Enterprise	20,000
		<u>\$ 34,000</u>
General Fund - Equipment Revolving	Special Revenue - Road Use Tax	\$ 165,000
Capital Projects - Street Capital Projects	Special Revenue - Road Use Tax	200,000
Sewer Enterprise - Sewer Rental - Capital Reserve	Special Revenue - Road Use Tax	35,000
		<u>\$ 400,000</u>
Debt Service Fund - General Obligation Debt	Special Revenue - Urban Renewal Tax Increment	\$ 2,561,895
	Special Revenue - Road Use Tax	47,797
	Water Enterprise - Water Revenue Sinking	144,529
		<u>\$ 2,754,221</u>

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 15. INTERFUND AND INTRAFUND TRANSFERS (Continued)

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Park Development	Special Revenue - Urban Renewal Tax Increment	\$ 261,547
Capital Projects - Hwy. 965 Improvements	Special Revenue - Urban Renewal Tax Increment	141,000
Capital Projects - Trail Projects	Special Revenue - Urban Renewal Tax Increment	14,000
Water Enterprise - Water Operating	Special Revenue - Urban Renewal Tax Increment	153,364
		<u>\$ 569,911</u>
General Fund - Equipment Revolving	Water Enterprise - Water Operating	\$ 25,000
		<u>\$ 5,476,646</u>

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Fire Equipment Reserve	General Fund	\$ 120,267
General Fund - Equipment Revolving	General Fund	\$ 97,931
General Fund - Telecommunications Equipment	General Fund	\$ 5,000
General Fund - Liberty Centre Blues & BBQ	General Fund	\$ 2,834
General Fund - Recreation Capital	General Fund	\$ 114,454
Water Enterprise - Water Revenue Sinking	Water Enterprise - Water Operating	\$ 721,885
Water Enterprise - Water Utilities - Capital Reserve	Water Enterprise - Water Operating	\$ 54,500
Sewer Enterprise - Sewer Revenue Sinking	Sewer Enterprise - Sewer Operating	\$ 1,042,863
Sewer Enterprise - Sewer Rental - Capital Reserve	Sewer Enterprise - Sewer Operating	\$ 185,000
		<u>\$ 2,344,734</u>

CITY OF NORTH LIBERTY

Notes to Financial Statements

June 30, 2012

NOTE 15. INTERFUND AND INTRAFUND TRANSFERS (Continued)

Total transfers during the year ended June 30, 2012 were as follows:

Interfund transfers	\$ 5,476,646
Intrafund transfers	<u>2,344,734</u>
	<u>\$ 7,821,380</u>

Reconciliation to the financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds (Exhibit B)	\$ 5,586,936	\$ 5,120,414
Proprietary funds (Exhibit C)	<u>2,234,444</u>	<u>2,700,966</u>
	<u>\$ 7,821,380</u>	<u>\$ 7,821,380</u>

NOTE 16. CONDUIT DEBT OBLIGATIONS

During the year ended June 30, 2011, the City issued a total of \$2,032,000 of Midwest Disaster Area Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities in the community. Outstanding principal amounts on the bonds at June 30, 2012 totaled \$1,974,604. The bonds are secured by the properties purchased with the bond proceeds and are payable solely from payments received on the underlying mortgage loans, derived from rents payable by the tenants of the properties. The bond principal and interest do not constitute liabilities of the City, and neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

NOTE 17. SUBSEQUENT EVENTS

The City sold the following bond issues after June 30, 2012:

- Series 2012B - General Obligation Urban Renewal Library Improvements - \$1,815,000
- Series 2012C - Water Revenue Refunding - \$1,575,000

The City approved the following construction project in October 2012:

- Waste Water Treatment Plant building project - \$109,753

The City was involved in three matters of litigation or claims subsequent to June 30, 2012. None of those matters resulted in a material amount against the City, or an outcome cannot be determined at this time.

OTHER INFORMATION

CITY OF NORTH LIBERTY

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

Other Information

Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 5,502,489	\$ -	\$ 5,502,489
Tax increment financing	3,301,297	-	3,301,297
Other city tax	291,492	-	291,492
Licenses and permits	560,046	-	560,046
Use of money and property	164,087	7,141	171,228
Intergovernmental	2,264,687	-	2,264,687
Charges for service	1,457,531	4,911,927	6,369,458
Special assessments	5,051	-	5,051
Miscellaneous	545,227	218,689	763,916
Total receipts	\$ 14,091,907	\$ 5,137,757	\$ 19,229,664
Disbursements:			
Public safety	\$ 1,984,061	\$ -	\$ 1,984,061
Public works	1,163,999	-	1,163,999
Health and social services	86,000	-	86,000
Culture and recreation	2,825,660	-	2,825,660
Community and economic development	1,033,597	-	1,033,597
General government	1,133,334	-	1,133,334
Debt service	3,844,731	-	3,844,731
Capital projects	7,854,575	-	7,854,575
Business type activities	-	4,311,103	4,311,103
Total disbursements	\$ 19,925,957	\$ 4,311,103	\$ 24,237,060
Excess (deficiency) of receipts over (under) disbursements	\$ (5,834,050)	\$ 826,654	\$ (5,007,396)
Other financing sources (uses), net	8,867,387	(466,522)	8,400,865
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 3,033,337	\$ 360,132	\$ 3,393,469
Balances, beginning of year	4,406,461	2,660,090	7,066,551
Balances, end of year	\$ 7,439,798	\$ 3,020,222	\$ 10,460,020

There were no funds of the City not required to be budgeted during the year ended June 30, 2012.

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

Budgeted Amounts

<u>Original</u>	<u>Final</u>	<u>Final to Net Variance</u>
\$ 5,494,049	\$ 5,494,049	\$ 8,440
3,341,228	3,341,228	(39,931)
81,137	101,019	190,473
681,425	711,535	(151,489)
124,500	134,720	36,508
1,737,669	1,903,303	361,384
5,985,275	6,271,555	97,903
-	6,500	(1,449)
75,100	327,331	436,585
<u>\$ 17,520,383</u>	<u>\$ 18,291,240</u>	<u>\$ 938,424</u>
\$ 2,283,324	\$ 2,486,010	\$ 501,949
1,521,442	1,741,342	577,343
91,000	91,000	5,000
3,447,697	3,447,697	622,037
1,260,825	1,440,887	407,290
1,151,586	1,435,136	301,802
3,499,389	3,679,389	(165,342)
9,501,500	9,881,500	2,026,925
8,205,801	8,670,566	4,359,463
<u>\$ 30,962,564</u>	<u>\$ 32,873,527</u>	<u>\$ 8,636,467</u>
\$ (13,442,181)	\$ (14,582,287)	\$ 9,574,891
11,892,920	11,925,822	(3,524,957)
\$ (1,549,261)	\$ (2,656,465)	\$ 6,049,934
5,742,949	7,066,551	-
<u>\$ 4,193,688</u>	<u>\$ 4,410,086</u>	<u>\$ 6,049,934</u>

CITY OF NORTH LIBERTY

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 fund.

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements are required to be budgeted for all funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,910,963. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements in the debt service function exceeded the amount budgeted.

SUPPLEMENTARY INFORMATION

CITY OF NORTH LIBERTY
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund
(Page 1 of 3)
Year Ended June 30, 2012

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Receipts:							
Property tax	\$ 3,927,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax:							
Mobile home tax	\$ 17,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility tax replacement excise tax	16,938	-	-	-	-	-	-
Hotel/motel tax	65,660	-	-	-	-	-	-
Utility franchise fees	178,594	-	-	-	-	-	-
	<u>\$ 278,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Licenses and permits:							
Beer and liquor	\$ 11,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cigarette	675	-	-	-	-	-	-
Business/building trades	1,915	-	-	-	-	-	-
Pet and other	1,179	-	-	-	-	-	-
Building	544,584	-	-	-	-	-	-
	<u>\$ 560,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Use of money and property:							
Interest on cash investments	\$ 28,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	124,441	-	-	-	-	-	-
	<u>\$ 152,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intergovernmental:							
State IJOBS grant	\$ -	\$ -	\$ 98,453	\$ -	\$ -	\$ -	\$ -
Housing rehabilitation grant	113,814	-	-	-	-	-	-
Police grants	23,938	-	-	-	-	-	-
Township fire protection	127,159	-	-	-	-	-	-
County library contribution	32,982	-	-	-	-	-	-
Library grants and open access	7,292	-	-	-	-	-	-
	<u>\$ 305,185</u>	<u>\$ -</u>	<u>\$ 98,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charges for service:							
Inspection fees	\$ 13,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library fees	5,920	-	-	-	-	-	-
Police service fees	2,105	-	-	-	-	-	-
Fire department service fees	7,434	-	-	-	-	-	-
Zoning and subdivision	11,110	-	-	-	-	-	-
Garbage and recycling fees	462,632	-	-	-	-	-	-
Recreation charges	898,508	-	-	-	-	-	-
Cemetery plot location fees	110	-	-	-	-	-	-
Animal control	868	-	-	-	-	-	-
Maps and photocopy fees	3,040	-	-	-	-	-	-
Administrative charges	33,810	-	-	-	-	-	-
Transit	630	-	-	-	-	-	-
	<u>\$ 1,439,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special assessments	<u>\$ 5,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH LIBERTY
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund
(Page 2 of 3)
Year Ended June 30, 2012

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Receipts: (continued)							
Miscellaneous:							
Refunds and reimbursements	\$ 76,676	\$ 65,225	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	70,654	-	-	-	-	-	-
Donations/contributions	208	-	3,200	-	2,000	-	2,000
Miscellaneous	9,948	-	-	16,392	-	-	-
Penalties	74,989	-	-	-	-	-	-
	<u>\$ 232,475</u>	<u>\$ 65,225</u>	<u>\$ 3,200</u>	<u>\$ 16,392</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Total receipts	\$ 6,902,046	\$ 65,225	\$ 101,653	\$ 16,392	\$ 2,000	\$ -	\$ 2,000
Disbursements:							
Public Safety:							
Police	\$ 1,331,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency management	9,689	-	-	-	-	-	-
Fire	264,354	-	-	-	-	-	-
Building inspections/safety	357,982	-	-	-	-	-	-
Animal control	14,625	-	-	-	-	-	-
	<u>\$ 1,978,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total public safety	\$ 1,978,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works:							
Roads, bridges and sidewalks	\$ 6,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Traffic control and safety	26,343	-	-	-	-	-	-
Sanitation	415,242	-	-	-	-	-	-
Transit	77,211	-	-	-	-	-	-
	<u>\$ 525,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total public works	\$ 525,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and social services:							
Social services	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 86,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total health and social services	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation:							
Library	\$ 581,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	477,907	-	-	-	-	62	-
Recreation center	1,169,355	-	-	11,758	-	-	-
Aquatic center	576,217	-	-	-	-	-	-
Cemetery	8,482	-	-	-	-	-	-
	<u>\$ 2,813,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,758</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ -</u>
Total culture and recreation	\$ 2,813,840	\$ -	\$ -	\$ 11,758	\$ -	\$ 62	\$ -
Community and economic development:							
Economic development	\$ 38,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing rehabilitation	121,275	-	-	-	-	-	-
Tourism promotion	42,711	-	-	-	-	-	-
Planning and zoning	287,585	-	-	-	-	-	-
Telecommunications	216,872	-	-	-	-	-	-
	<u>\$ 706,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total community and economic development	\$ 706,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF NORTH LIBERTY
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund
(Page 3 of 3)
Year Ended June 30, 2012

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Liberty Centre Blues & BBQ	Tree Program
Disbursements: (continued)							
General government:							
Mayor and council	\$ 21,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City administration	908,212	-	-	-	-	-	-
Elections	3,098	-	-	-	-	-	-
Legal services	152,690	-	-	-	-	-	-
Other general government	47,902	-	-	-	-	-	-
Total general government	\$ 1,133,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects:							
Capital projects	\$ 150,798	\$ 94,874	\$ 54,539	\$ -	\$ 4,427	\$ -	\$ -
Total disbursements	\$ 7,394,115	\$ 94,874	\$ 54,539	\$ 11,758	\$ 4,427	\$ 62	\$ -
Excess (deficiency) of receipts over (under) disbursements	\$ (492,069)	\$ (29,649)	\$ 47,114	\$ 4,634	\$ (2,427)	\$ (62)	\$ 2,000
Other financing sources (uses):							
Sale of capital assets	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of general obligation bonds	-	-	-	-	-	-	-
Operating transfers in	1,253,251	114,454	261,547	-	5,000	2,834	-
Operating transfers (out)	(340,486)	-	-	-	-	-	-
Total other financing sources (uses)	\$ 912,885	\$ 114,454	\$ 261,547	\$ -	\$ 5,000	\$ 2,834	\$ -
Net change in cash balances	\$ 420,816	\$ 84,805	\$ 308,661	\$ 4,634	\$ 2,573	\$ 2,772	\$ 2,000
Cash and cash investments, beginning of year	2,028,696	96,548	(471,042)	47,644	45,713	(2,772)	10,549
Cash and cash investments, end of year	\$ 2,449,512	\$ 181,353	\$ (162,381)	\$ 52,278	\$ 48,286	\$ -	\$ 12,549
Cash basis fund balances:							
Restricted for:							
Hotel/motel tax	\$ 76,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tree purchases	-	-	-	-	-	-	6,000
Police	-	-	-	-	-	-	-
Assigned for:							
Capital equipment purchases	-	181,353	-	-	48,286	-	-
Street capital projects	-	-	-	-	-	-	-
Park development	-	-	24,327	-	-	-	-
Stormwater capital projects	-	-	-	-	-	-	-
Youth scholarships/ recreation capital equipment	-	-	-	52,278	-	-	-
Unassigned	2,373,379	-	(186,708)	-	-	-	6,549
Total cash basis fund balances	\$ 2,449,512	\$ 181,353	\$ (162,381)	\$ 52,278	\$ 48,286	\$ -	\$ 12,549

See accompanying independent auditor's report.

Schedule 1

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,432
-	-	-	-	-	-	-	908,212
-	-	-	-	-	-	-	3,098
-	-	-	-	-	-	-	152,690
-	-	-	-	-	-	-	47,902
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,133,334
\$ -	\$ -	\$ 598,696	\$ 3,269	\$ -	\$ -	\$ -	\$ 906,603
\$ -	\$ -	\$ 598,696	\$ 9,179	\$ 73	\$ -	\$ -	\$ 8,167,723
\$ -	\$ 16,415	\$ (589,640)	\$ 9,051	\$ 324	\$ -	\$ -	\$ (1,034,309)
\$ -	\$ -	\$ 5,135	\$ -	\$ -	\$ -	\$ -	\$ 5,255
-	-	215,000	-	-	-	-	215,000
-	120,267	301,931	-	-	-	-	2,059,284
-	-	-	-	-	(440,263)	-	(780,749)
\$ -	\$ 120,267	\$ 522,066	\$ -	\$ -	\$ (440,263)	\$ -	\$ 1,498,790
\$ -	\$ 136,682	\$ (67,574)	\$ 9,051	\$ 324	\$ (440,263)	\$ -	\$ 464,481
2,292	326,480	71,644	10,378	-	1,621,071	42,399	3,829,600
\$ 2,292	\$ 463,162	\$ 4,070	\$ 19,429	\$ 324	\$ 1,180,808	\$ 42,399	\$ 4,294,081
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,133
-	-	-	-	-	-	-	6,000
-	-	-	-	324	-	-	324
2,292	463,162	-	19,429	-	-	-	714,522
-	-	-	-	-	1,180,808	-	1,180,808
-	-	-	-	-	-	-	24,327
-	-	-	-	-	-	42,399	42,399
-	-	-	-	-	-	-	52,278
-	-	4,070	-	-	-	-	2,197,290
\$ 2,292	\$ 463,162	\$ 4,070	\$ 19,429	\$ 324	\$ 1,180,808	\$ 42,399	\$ 4,294,081

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2012

	Special Revenue		
	Road Use Tax	Employee Benefits	Drug Task Force
Receipts:			
Property tax	\$ -	\$ 753,038	\$ -
Other city tax	-	6,693	-
Use of money and property	-	-	101
Intergovernmental	1,268,539	-	2,850
Miscellaneous	-	-	-
Total receipts	\$ 1,268,539	\$ 759,731	\$ 2,951
Disbursements:			
Public works	\$ 638,877	\$ -	\$ -
Capital projects	-	-	5,929
Total disbursements	\$ 638,877	\$ -	\$ 5,929
Excess (deficiency) of receipts over (under) disbursements	\$ 629,662	\$ 759,731	\$ (2,978)
Other financing sources (uses):			
Proceeds from sale of general obligation bonds	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers (out)	(447,797)	(760,062)	-
Total other financing sources (uses)	\$ (447,797)	\$ (760,062)	\$ -
Net change in cash balances	\$ 181,865	\$ (331)	\$ (2,978)
Cash and cash investments, beginning of year	319,592	2,876	43,280
Cash and cash investments, end of year	\$ 501,457	\$ 2,545	\$ 40,302
Cash basis fund balances:			
Restricted for:			
Street operations	\$ 501,457	\$ -	\$ -
Street capital projects	-	-	-
Urban renewal projects	-	-	-
Capital equipment purchases	-	-	40,302
Property improvements	-	-	-
Employee benefits	-	2,545	-
Committed for:			
Street capital projects	-	-	-
Library expansion	-	-	-
Assigned for:			
Street capital projects	-	-	-
Unassigned	-	-	-
Total cash basis fund balances	\$ 501,457	\$ 2,545	\$ 40,302

See accompanying independent auditor's report.

Schedule 2

Other Capital Projects	Total
\$ -	\$ 753,038
-	6,693
11,225	11,326
589,660	1,861,049
187,977	187,977
<u>\$ 788,862</u>	<u>\$ 2,820,083</u>
\$ -	\$ 638,877
2,489,975	2,495,904
<u>\$ 2,489,975</u>	<u>\$ 3,134,781</u>
<u>\$ (1,701,113)</u>	<u>\$ (314,698)</u>
\$ 2,201,316	\$ 2,201,316
304,724	304,724
-	(1,207,859)
<u>\$ 2,506,040</u>	<u>\$ 1,298,181</u>
\$ 804,927	\$ 983,483
(452,050)	(86,302)
<u>\$ 352,877</u>	<u>\$ 897,181</u>
\$ -	\$ 501,457
5,688	5,688
494,911	494,911
-	40,302
12,695	12,695
-	2,545
475,620	475,620
223,557	223,557
10,993	10,993
(870,587)	(870,587)
<u>\$ 352,877</u>	<u>\$ 897,181</u>

CITY OF NORTH LIBERTY

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds -
Other Capital Projects Funds
(Page 1 of 2)

Year Ended June 30, 2012

	Ranshaw House Project	Hwy. 965 Improvements	Library Expansion	TIF Projects	Community Center
Receipts:					
Use of money and property:					
Interest on cash investments	\$ 24	\$ -	\$ 1	\$ -	\$ -
Rent	-	-	-	-	-
Intergovernmental	8,000	260,300	-	-	-
Miscellaneous:					
Donations/contributions	-	-	183,842	-	-
Miscellaneous	-	2,017	-	-	-
Total receipts	\$ 8,024	\$ 262,317	\$ 183,843	\$ -	\$ -
Disbursements:					
Capital projects	4,992	403,960	210,078	-	-
Excess (deficiency) of receipts over (under) disbursements	\$ 3,032	\$ (141,643)	\$ (26,235)	\$ -	\$ -
Other financing sources (uses):					
Proceeds from sale of general obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	141,000	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 141,000	\$ -	\$ -	\$ -
Net change in cash balances	\$ 3,032	\$ (643)	\$ (26,235)	\$ -	\$ -
Cash and cash investments, beginning of year	9,663	476,263	249,792	416,252	(67,903)
Cash and cash investments, end of year	\$ 12,695	\$ 475,620	\$ 223,557	\$ 416,252	\$ (67,903)

Schedule 3

Trail Projects	Penn Street Improvements	I-JOBS Street Projects	Entryway Development	Economic Development Projects	Land and Facilities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
-	-	-	-	-	11,200	11,200
321,360	-	-	-	-	-	589,660
-	-	-	-	-	-	183,842
-	-	-	-	-	2,118	4,135
\$ 321,360	\$ -	\$ -	\$ -	\$ -	\$ 13,318	\$ 788,862
611,242	1,064,387	-	-	-	195,316	2,489,975
\$ (289,882)	\$ (1,064,387)	\$ -	\$ -	\$ -	\$ (181,998)	\$ (1,701,113)
\$ 350,000	\$ 1,451,316	\$ -	\$ -	\$ -	\$ 400,000	\$ 2,201,316
14,000	149,724	-	-	-	-	304,724
-	-	-	-	-	-	-
\$ 364,000	\$ 1,601,040	\$ -	\$ -	\$ -	\$ 400,000	\$ 2,506,040
\$ 74,118	\$ 536,653	\$ -	\$ -	\$ -	\$ 218,002	\$ 804,927
(88,935)	(921,184)	5,688	10,993	78,659	(621,338)	(452,050)
\$ (14,817)	\$ (384,531)	\$ 5,688	\$ 10,993	\$ 78,659	\$ (403,336)	\$ 352,877

CITY OF NORTH LIBERTY

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds -
Other Capital Projects Funds
(Page 2 of 2)

Year Ended June 30, 2012

	Ranshaw House Project	Street Capital Projects	Library Expansion	TIF Projects	Community Center
Cash basis fund balances:					
Restricted for:					
Street capital projects	\$ -	\$ -	\$ -	\$ -	\$ -
Urban renewal projects	-	-	-	416,252	-
Property improvements	12,695	-	-	-	-
Committed for:					
Street capital projects	-	475,620	-	-	-
Library expansion	-	-	223,557	-	-
Assigned for:					
Street capital projects	-	-	-	-	-
Unassigned	-	-	-	-	(67,903)
	<hr/>				
Total cash basis fund balances	\$ 12,695	\$ 475,620	\$ 223,557	\$ 416,252	\$ (67,903)
	<hr/>				

See accompanying independent auditor's report.

Schedule 3

Trail Projects	Penn Street Improvements	I-JOBS Street Projects	Entryway Development	Economic Development Projects	Land and Facilities	Total
\$ -	\$ -	\$ 5,688	\$ -	\$ -	\$ -	\$ 5,688
-	-	-	-	78,659	-	494,911
-	-	-	-	-	-	12,695
-	-	-	-	-	-	475,620
-	-	-	-	-	-	223,557
-	-	-	10,993	-	-	10,993
(14,817)	(384,531)	-	-	-	(403,336)	(870,587)
<u>\$ (14,817)</u>	<u>\$ (384,531)</u>	<u>\$ 5,688</u>	<u>\$ 10,993</u>	<u>\$ 78,659</u>	<u>\$ (403,336)</u>	<u>\$ 352,877</u>

CITY OF NORTH LIBERTY

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

Year Ended June 30, 2012

	Water Enterprise					Total
	Water Operating	Water Revenue Sinking	Water Reserve	Water Utilities- Capital Reserve	Water Capital Projects	
Operating receipts:						
Charges for service	\$ 2,109,019	\$ -	\$ -	\$ 9,121	\$ -	\$ 2,118,140
Miscellaneous	67,871	-	-	-	-	67,871
Total operating receipts	\$ 2,176,890	\$ -	\$ -	\$ 9,121	\$ -	\$ 2,186,011
Operating disbursements:						
Business type activities	1,105,446	-	-	59,900	6,759	1,172,105
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ 1,071,444	\$ -	\$ -	\$ (50,779)	\$ (6,759)	\$ 1,013,906
Non-operating receipts and (disbursements):						
Interest on cash investments	\$ 3,627	\$ -	\$ -	\$ -	\$ -	\$ 3,627
Debt service	-	(577,505)	-	-	-	(577,505)
Total non-operating receipts and (disbursements)	\$ 3,627	\$ (577,505)	\$ -	\$ -	\$ -	\$ (573,878)
Excess (deficiency) of receipts over (under) disbursements	\$ 1,075,071	\$ (577,505)	\$ -	\$ (50,779)	\$ (6,759)	\$ 440,028
Operating transfers:						
Operating transfers in	\$ 153,364	\$ 721,885	\$ -	\$ 76,332	\$ -	\$ 951,581
Operating transfers (out)	(1,034,448)	(144,529)	-	-	-	(1,178,977)
Net operating transfers	\$ (881,084)	\$ 577,356	\$ -	\$ 76,332	\$ -	\$ (227,396)
Net change in cash balances	\$ 193,987	\$ (149)	\$ -	\$ 25,553	\$ (6,759)	\$ 212,632
Cash and cash investments, beginning of year	62,289	58,441	577,856	287,698	(339,816)	646,468
Cash and cash investments, end of year	\$ 256,276	\$ 58,292	\$ 577,856	\$ 313,251	\$ (346,575)	\$ 859,100
Cash basis fund balances:						
Restricted for:						
Debt service	\$ -	\$ 58,292	\$ 577,856	\$ -	\$ -	\$ 636,148
Utility deposits	-	-	-	-	-	-
Unrestricted:						
Unrestricted	256,276	-	-	313,251	(346,575)	222,952
Total	\$ 256,276	\$ 58,292	\$ 577,856	\$ 313,251	\$ (346,575)	\$ 859,100

See accompanying independent auditor's report.

Schedule 4

Sewer Enterprise							Utility Deposits
Sewer Operating	Sewer Revenue Sinking	Sewer Reserve	Sewer Rental - Capital Reserve	Sewer Capital Projects	Total		
\$ 2,615,847	\$ -	\$ -	\$ 863	\$ -	\$ 2,616,710	\$ -	\$ -
1,980	-	-	-	2,500	4,480		146,338
\$ 2,617,827	\$ -	\$ -	\$ 863	\$ 2,500	\$ 2,621,190	\$ 146,338	\$ 146,338
1,034,440	-	-	120,014	106,037	1,260,491		195,999
\$ 1,583,387	\$ -	\$ -	\$ (119,151)	\$ (103,537)	\$ 1,360,699	\$ (49,661)	\$ (49,661)
\$ 3,514	\$ -	\$ -	\$ -	\$ -	\$ 3,514	\$ -	\$ -
-	(1,042,763)	-	-	-	(1,042,763)	-	-
\$ 3,514	\$ (1,042,763)	\$ -	\$ -	\$ -	\$ (1,039,249)	\$ -	\$ -
\$ 1,586,901	\$ (1,042,763)	\$ -	\$ (119,151)	\$ (103,537)	\$ 321,450	\$ (49,661)	\$ (49,661)
\$ -	\$ 1,042,863	\$ -	\$ 220,000	\$ 20,000	\$ 1,282,863	\$ -	\$ -
(1,460,926)	-	-	-	-	(1,460,926)	-	-
\$ (1,460,926)	\$ 1,042,863	\$ -	\$ 220,000	\$ 20,000	\$ (178,063)	\$ -	\$ -
\$ 125,975	\$ 100	\$ -	\$ 100,849	\$ (83,537)	\$ 143,387	\$ (49,661)	\$ (49,661)
689,996	244,905	307,105	590,129	(515,714)	1,316,421	472,220	472,220
\$ 815,971	\$ 245,005	\$ 307,105	\$ 690,978	\$ (599,251)	\$ 1,459,808	\$ 422,559	\$ 422,559
\$ -	\$ 245,005	\$ 307,105	\$ -	\$ -	\$ 552,110	\$ -	\$ -
-	-	-	-	-	-	422,559	422,559
815,971	-	-	690,978	(599,251)	907,698	-	-
\$ 815,971	\$ 245,005	\$ 307,105	\$ 690,978	\$ (599,251)	\$ 1,459,808	\$ 422,559	\$ 422,559

CITY OF NORTH LIBERTY

Schedule 5

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

Year Ended June 30, 2012

Operating receipts:	
Charges for service	\$ 177,077
Operating disbursements:	
Business type activities	<u>62,240</u>
Excess of operating receipts over operating disbursements	\$ 114,837
Operating transfers:	
Operating transfers (out)	<u>(61,063)</u>
Net change in cash balances	\$ 53,774
Cash and cash investments, beginning of year	<u>224,981</u>
Cash and cash investments, end of year	<u><u>\$ 278,755</u></u>
Cash basis fund balances:	
Unrestricted:	
Unrestricted	<u><u>\$ 278,755</u></u>

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY

Schedule of Indebtedness

Year Ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
General Obligation Community Center	4/1/96	4.00-5.00	600,000
General Obligation Sewer Improvement	1/1/98	3.00	1,000,000
Urban Renewal Corporate Purpose	8/15/02	2.25-3.60	2,700,000
Corporate Purpose	9/1/03	3.40-4.50	4,200,000
Urban Renewal Corporate Purpose	8/15/04	2.10-3.60	1,560,000
Urban Renewal Corporate Purpose	11/9/05	3.45	3,500,000
Corporate Purpose	11/15/06	3.6-3.85	570,000
Urban Renewal Corporate Purpose	8/1/07	4.00	3,515,000
General Obligation Water Improvement	12/15/07	3.45-4.10	855,000
Corporate Purpose	6/30/08	2.50-3.95	1,940,000
Corporate Purpose	5/27/09	1.50-4.15	2,425,000
Corporate Purpose	10/25/10	1.0-2.6	1,730,000
Urban Renewal Corporate Purpose	10/25/10	2.0-2.75	6,765,000
Corporate Purpose and Refunding	9/28/11	1.0-2.0	790,000
Urban Renewal Corporate Purpose	9/28/11	1.5-3.1	5,810,000
 Total			
 Road Use Tax Revenue Bonds:			
Road Use Tax Series 2012A	3/29/12	2.0-3.0	1,815,000
 Utility Revenue Bonds:			
Sewer Revenue Bond Series 1998A	3/23/98	3.00	323,957
Sewer Revenue Bond Series 1998B	3/23/98	3.00	3,769,043
Water Revenue Bond Series 2001	9/1/01	3.00-5.30	2,000,000
Sewer Revenue Bond Series 2006A	4/15/06	4.05-4.55	1,860,000
Water Revenue Bond Series 2006B	11/15/06	4.375	1,670,000
Sewer Revenue Bond Series 2007	8/23/07	3.00	5,271,000
Sewer Revenue Bond Series 2008A	7/30/08	3.00	3,250,000
Sewer Revenue Bond Series 2008C	9/15/08	2.75-4.40	1,550,000
Water Revenue Bond Series 2008D	9/15/08	2.75-4.40	2,350,000
 Total			

See accompanying independent auditor's report.

Schedule 6

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 180,000	\$ -	\$ 180,000	\$ -	\$ 3,257	\$ -
440,000	-	56,000	384,000	12,360	-
400,000	-	400,000	-	14,400	-
2,945,000	-	220,000	2,725,000	124,320	-
520,000	-	165,000	355,000	18,045	-
1,745,000	-	410,000	1,335,000	60,433	-
370,000	-	55,000	315,000	13,862	-
2,280,000	-	345,000	1,935,000	91,200	-
710,000	-	50,000	660,000	27,291	-
1,585,000	-	200,000	1,385,000	54,938	-
2,280,000	-	150,000	2,130,000	74,077	-
1,730,000	-	180,000	1,550,000	30,120	-
6,765,000	-	625,000	6,140,000	146,350	-
-	790,000	40,000	750,000	6,694	-
-	5,810,000	-	5,810,000	84,539	-
<u>\$ 21,950,000</u>	<u>\$ 6,600,000</u>	<u>\$ 3,076,000</u>	<u>\$ 25,474,000</u>	<u>\$ 761,886</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,815,000</u>	<u>\$ -</u>	<u>\$ 1,815,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 165,000	\$ -	\$ 18,000	\$ 147,000	\$ 4,680	\$ -
1,841,000	-	200,000	1,641,000	52,230	-
1,685,000	-	135,000	1,550,000	85,163	-
1,520,000	-	80,000	1,440,000	66,105	-
1,420,000	-	70,000	1,350,000	62,125	-
4,914,000	-	98,000	4,816,000	147,420	-
2,682,000	-	121,000	2,561,000	80,460	-
1,350,000	-	100,000	1,250,000	53,875	-
2,085,000	-	140,000	1,945,000	83,467	-
<u>\$ 17,662,000</u>	<u>\$ -</u>	<u>\$ 962,000</u>	<u>\$ 16,700,000</u>	<u>\$ 635,525</u>	<u>\$ -</u>

CITY OF NORTH LIBERTY

Bond and Note Maturities

(Page 1 of 2)

Year Ended June 30, 2012

Year Ending June 30	Sewer Improvement		Corporate Purpose		General Obligation	
	Issued Jan. 6, 1998		Issued Sept. 1, 2003		Corporate Purpose Issued Aug. 15, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2013	3.00 %	\$ 58,000	3.90 %	\$ 235,000	3.45 %	\$ 175,000
2014	3.00	60,000	3.90	210,000	3.60	180,000
2015	3.00	63,000	4.00	215,000		
2016	3.00	65,000	4.10	220,000		
2017	3.00	68,000	4.15	225,000		
2018	3.00	70,000	4.25	230,000		
2019			4.35	240,000		
2020			4.40	250,000		
2021			4.45	275,000		
2022			4.45	300,000		
2023			4.50	325,000		
2024						
2025						
2026						
Total		<u>\$ 384,000</u>		<u>\$ 2,725,000</u>		<u>\$ 355,000</u>

Year Ending June 30,	Corporate Purpose		Corporate Purpose		General Obligation	
	Issued June 30, 2008		Issued May 27, 2009		Corporate Purpose Issued Oct. 25, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2013	3.15 %	\$ 210,000	2.00 %	\$ 150,000	1.00 %	\$ 180,000
2014	3.25	220,000	2.25	155,000	1.10	185,000
2015	3.40	225,000	2.50	160,000	1.60	185,000
2016	3.60	235,000	2.75	160,000	1.60	190,000
2017	3.75	245,000	3.00	165,000	1.90	195,000
2018	3.95	250,000	3.25	170,000	2.20	200,000
2019			3.50	175,000	2.40	205,000
2020			3.75	185,000	2.60	210,000
2021			4.00	190,000		
2022			4.05	200,000		
2023			4.10	205,000		
2024			4.15	215,000		
2025						
2026						
Total		<u>\$ 1,385,000</u>		<u>\$ 2,130,000</u>		<u>\$ 1,550,000</u>

CITY OF NORTH LIBERTY

Bond and Note Maturities
 (Page 2 of 2)
 Year Ended June 30, 2012

Year Ending June 30,	Enterprise Fund					
	Sewer Revenue Series 1998A		Sewer Revenue Series 1998B		Water Revenue Series 2001	
	Issued March 23, 1998		Issued March 23, 1998		Issued Sept. 1, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2013	3.00 %	\$ 18,000	3.00 %	\$ 208,000	4.75 %	\$ 140,000
2014	3.00	19,000	3.00	217,000	4.85	145,000
2015	3.00	20,000	3.00	225,000	4.95	155,000
2016	3.00	21,000	3.00	234,000	5.05	160,000
2017	3.00	22,000	3.00	243,000	5.10	170,000
2018	3.00	23,000	3.00	252,000	5.15	180,000
2019	3.00	24,000	3.00	262,000	5.20	190,000
2020					5.25	200,000
2021					5.30	210,000
2022						
2023						
2024						
2025						
2026						
2027						
2028						
Total		<u>\$ 147,000</u>		<u>\$ 1,641,000</u>		<u>\$ 1,550,000</u>

Year Ending June 30,	Enterprise Fund					
	Sewer Revenue Series 2008A		Sewer Revenue Series 2008C		Water Revenue Series 2008D	
	Issued July 30, 2008		Issued Sept. 15, 2008		Issued Sept. 15, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2013	3.00 %	\$ 125,000	3.40 %	\$ 100,000	3.40 %	\$ 145,000
2014	3.00	129,000	3.60	100,000	3.60	150,000
2015	3.00	133,000	3.75	100,000	3.75	155,000
2016	3.00	137,000	3.90	105,000	3.90	160,000
2017	3.00	141,000	4.00	105,000	4.00	165,000
2018	3.00	146,000	4.10	110,000	4.10	175,000
2019	3.00	151,000	4.20	115,000	4.20	180,000
2020	3.00	156,000	4.25	120,000	4.25	190,000
2021	3.00	161,000	4.30	125,000	4.30	200,000
2022	3.00	166,000	4.35	130,000	4.35	210,000
2023	3.00	171,000	4.40	140,000	4.40	215,000
2024	3.00	177,000				
2025	3.00	183,000				
2026	3.00	189,000				
2027	3.00	195,000				
2028	3.00	201,000				
Total		<u>\$ 2,561,000</u>		<u>\$ 1,250,000</u>		<u>\$ 1,945,000</u>

See accompanying independent auditor's report.

Revenue Bonds

Sewer Revenue Series 2006A Issued April 15, 2006		Water Revenue Series 2006B Issued Nov. 15, 2006		Sewer Revenue Series 2007 Issued Aug. 23, 2007	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
4.25 %	\$ 85,000	4.375 %	\$ 75,000	3.00 %	\$ 100,000
4.25	85,000	4.375	75,000	3.00	106,000
4.25	90,000	4.375	80,000	3.00	108,000
4.25	95,000	4.375	80,000	3.00	111,000
4.25	100,000	4.375	85,000	3.00	114,000
4.30	105,000	4.375	90,000	3.00	117,000
4.30	110,000	4.375	95,000	3.00	121,000
4.30	115,000	4.375	95,000	3.00	416,000
4.35	120,000	4.375	100,000	3.00	430,000
4.40	125,000	4.375	105,000	3.00	444,000
4.45	130,000	4.375	110,000	3.00	459,000
4.50	135,000	4.375	115,000	3.00	475,000
4.55	145,000	4.375	120,000	3.00	486,000
		4.375	125,000	3.00	654,000
				3.00	675,000
	<u>\$ 1,440,000</u>		<u>\$ 1,350,000</u>		<u>\$ 4,816,000</u>

Revenue Bonds

Total
\$ 996,000
1,026,000
1,066,000
1,103,000
1,145,000
1,198,000
1,248,000
1,292,000
1,346,000
1,180,000
1,225,000
902,000
934,000
968,000
870,000
201,000
<u>\$ 16,700,000</u>

Road Use Tax
Revenue Bonds

Road Use Tax Rev. Ser. 2012A
Issued March 29, 2012

Interest Rates	Amount
2.00 %	\$ 95,000
2.00	110,000
2.00	110,000
2.00	110,000
2.00	115,000
2.00	115,000
2.00	115,000
2.00	120,000
2.00	120,000
2.00	120,000
2.20	125,000
2.40	130,000
2.60	130,000
2.80	135,000
2.90	140,000
3.00	145,000
	<u>\$ 1,815,000</u>

CITY OF NORTH LIBERTY

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

Last Ten Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Receipts:				
Property tax	\$ 5,502,489	\$ 5,314,263	\$ 4,914,385	\$ 3,863,587
Tax increment financing	3,301,297	2,737,069	1,389,368	2,822,497
Other city tax	291,492	287,105	269,844	267,057
Licenses and permits	560,046	475,789	501,169	517,615
Use of money and property	164,087	177,521	162,861	189,544
Intergovernmental	2,264,687	1,617,962	883,561	1,078,608
Charges for service	1,457,531	1,547,314	1,437,878	1,240,283
Special assessments	5,051	6,285	9,620	10,383
Miscellaneous	545,227	598,909	299,628	205,944
Total	<u>\$ 14,091,907</u>	<u>\$ 12,762,217</u>	<u>\$ 9,868,314</u>	<u>\$ 10,195,518</u>
Disbursements:				
Public safety	\$ 1,984,061	\$ 1,779,435	\$ 1,682,165	\$ 1,560,255
Public works	1,163,999	1,102,168	1,001,921	1,148,712
Health and social services	86,000	90,446	56,050	70,600
Culture and recreation	2,825,660	2,692,700	2,466,178	2,578,532
Community and economic development	1,033,597	927,060	861,398	619,737
General government	1,133,334	1,048,025	875,271	739,891
Debt service	3,844,731	2,956,440	3,050,069	2,823,582
Capital projects	7,854,575	8,901,225	2,891,519	2,058,032
Total	<u>\$ 19,925,957</u>	<u>\$ 19,497,499</u>	<u>\$ 12,884,571</u>	<u>\$ 11,599,341</u>

See accompanying independent auditor's report.

Schedule 8

2008	2007	2006	2005	2004	2003
\$ 3,093,326	\$ 2,430,379	\$ 1,905,108	\$ 1,582,974	\$ 1,355,034	\$ 1,050,948
2,660,586	2,470,154	1,360,008	1,116,247	1,290,281	1,001,279
196,571	161,686	135,396	130,557	126,764	117,007
482,903	617,217	625,439	656,054	579,106	363,961
180,001	190,964	204,647	129,302	108,371	91,744
800,564	1,460,925	1,294,642	1,551,835	1,290,726	690,750
1,228,972	982,868	1,147,998	995,289	872,863	482,897
24,347	26,182	34,617	31,421	67,770	38,107
313,332	141,640	392,867	364,586	407,370	240,577
<u>\$ 8,980,602</u>	<u>\$ 8,482,015</u>	<u>\$ 7,100,722</u>	<u>\$ 6,558,265</u>	<u>\$ 6,098,285</u>	<u>\$ 4,077,270</u>
\$ 1,424,463	\$ 1,806,083	\$ 881,885	\$ 752,220	\$ 902,800	\$ 962,346
1,143,600	967,256	1,025,863	636,329	593,601	545,818
35,020	36,500	34,500	21,000	21,000	21,000
2,281,120	2,445,972	1,680,594	1,650,909	990,473	872,066
576,163	520,060	325,306	249,352	200,518	125,461
842,771	739,627	541,943	452,215	447,623	436,888
4,219,859	2,074,465	2,877,794	1,636,989	2,455,627	1,388,454
2,797,451	2,470,613	4,510,561	2,669,922	5,773,910	1,871,426
<u>\$ 13,320,447</u>	<u>\$ 11,060,576</u>	<u>\$ 11,878,446</u>	<u>\$ 8,068,936</u>	<u>\$ 11,385,552</u>	<u>\$ 6,223,459</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 GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 22, 2013. Our report expressed unqualified opinions on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City of North Liberty's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures during our audit of the financial statements of the City of North Liberty. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted a certain matter that we have reported to the management of the City of North Liberty in a separate letter dated February 22, 2013.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of North Liberty and other parties to whom the City of North Liberty may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Greenwood and Cum, P.C.

February 22, 2013

CITY OF NORTH LIBERTY

Schedule of Findings
(Page 1 of 3)

Year Ended June 30, 2012

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

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

INSTANCES OF COMPLIANCE

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

Part II. Other Findings Related to Required Statutory Reporting

II-A-12 Certified Budget

Comment - Disbursements during the year ended June 30, 2012 exceeded the final amount budgeted in the debt service function by \$165,342. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response - The budget amendment did not include principal and interest payments on new bonds sold later in the fiscal year. We will carefully review amended budgets in the future to ensure amounts are sufficient for all functions.

Conclusion - Response accepted.

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

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

II-D-12 Business Transactions with City Officials and Employees - We noted no transactions between the City and City officials or employees during the year ended June 30, 2012.

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

CITY OF NORTH LIBERTY

Schedule of Findings
(Page 1 of 3)

Year Ended June 30, 2012

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

II-F-12 Publication of Minutes

Comment - No transactions were found that we believe should have been approved in the Council minutes but were not. Publications of Council meeting minutes tested by us were published within 15 days as required by Chapter 372.13(6) of the Code of Iowa. We noted that the published minutes of the October 25, 2011 Council meeting did not include a list of claims, total disbursements by fund and a summary of receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - Prior to submitting the minutes for publication, the minutes file should be reviewed by appropriate staff to ensure that all required information for publication per Chapter 372.13(6) of the Code of Iowa is included in the file being sent to the newspaper.

Response - The file sent to the newspaper erroneously only contained the minutes. We provide an extra review step to ensure that minutes sent to the newspaper contain claims, disbursements, receipts and other items required by the Code of Iowa.

Conclusion - Response accepted.

II-G-12 Deposits and Investments

Comment - The maximum depository amount at one of the banks the City is authorized to bank with was exceeded from April 10, 2012 through May 13, 2012. The excess amount appears to have been caused by significant receipts from the receipt of property taxes in April 2012 and proceeds from the sale of road use tax revenue bonds on March 29, 2012.

Recommendation - Total deposits on hand at the banks the City is authorized to bank with should be reviewed on a regular basis by appropriate City staff prior to sales of bonds or other significant anticipated receipts in order to avoid exceeding the maximum authorized amounts.

Response - The City has set up a procedure with our primary depository to be alerted when funds on deposit come close to the maximum allowed.

Conclusion - Response accepted.

II-H-12 Revenue Bonds - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

CITY OF NORTH LIBERTY

Schedule of Findings (Page 1 of 3)

Year Ended June 30, 2012

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

II-I-12 Financial Condition

Comment - As disclosed in Note 12 to the financial statements, at June 30, 2012 the City had deficit balances in seven project funds that arose because project and construction costs were incurred prior to the availability of funds.

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

Response - We monitor all deficit balances to ensure that there will be adequate sources of funds to cover the deficits until the completion of the projects.

Conclusion - Response accepted.