



Financial Statements
June 30, 2013

City of Asbury, Iowa

Officials	1	
Independent Auditor’s Report.....	2	
Management’s Discussion and Analysis.....	5	
Basic Financial Statements		
Government-wide Financial Statement:		
Exhibit A – Statement of Activities and Net Position – Cash Basis	13	
Governmental Funds Financial Statement:		
Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.....	14	
Proprietary Funds Financial Statement:		
Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.....	15	
Notes to Financial Statements	16	
Supplementary Information		
Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		26
Notes to Supplementary Information – Budgetary Reporting	27	
Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Nonmajor Governmental Funds		28
Schedule 3 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Nonmajor Enterprise Funds		30
Schedule 4 – Schedule of Indebtedness		31
Schedule 5 – Bond and Note Maturities		32
Schedule 6 – Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds.....		35
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 <i>Government Auditing Standards</i>		36
Summary Schedule of Prior Findings		38
Schedule of Findings and Responses		39

City of Asbury, Iowa
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Adams	Mayor	January 2016
Bob Reisch	Mayor Pro Tem	January 2016
Craig Miller	Council Member	January 2014
John Richey	Council Member	January 2014
Troy Lorence	Council Member	January 2016
Curt Kiessling	Council Member	January 2014
Elizabeth Bonz	City Administrator, Treasurer	Appointed
Sara Burke	City Clerk	Appointed
Doug Hummel	Deputy City Clerk	Appointed
Peggy Thill	Office Assistant	Appointed
Stephen Juergens	Attorney	Appointed



Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Asbury, Iowa

Report on Financial Statements

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 Asbury, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1. This includes determining cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Asbury, Iowa, as of June 30, 2013, 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.

Basis of Accounting

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 accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012, and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.

The other information, Management's Discussion and Analysis, on pages 5 through 12 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2013 on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
September 19, 2013

The City of Asbury 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, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

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

2012 Financial Highlights

Receipts of the City increased 16.38%, or approximately \$981,000, from fiscal year 2012 to fiscal year 2013. Tax Increment Financing increased \$836,000 and Road Use Tax Funds increased \$32,199 due to increase in per capita allocations from population growth. Charges for Services increased approximately \$102,000 for receipts received due to the addition of the Storm Water Utility and an increase in the number of utility accounts.

Disbursements of the City's activities increased 9.58%, or approximately \$636,000, from fiscal year 2012 to fiscal year 2013. Capital Projects decreased \$954,000. Fiscal year 2013 capital improvements included Saratoga Road Overlay \$264,800, Forest Hills Trails \$37,462, new snow plow and endloader \$240,000, Meadows Golf Club Improvements \$175,500, Asbury Road Design \$99,300 and Municipal Building design \$52,600. Capital expenditures for fiscal year 2012 included Seippel Road Improvement Project \$1,629,000, Althaus Pond Improvements \$86,000 and new park improvements \$160,000. Disbursements relating to Public Safety decreased \$15,000 from the prior year for vehicle and equipment purchase. Public Works expenses increased \$103,000 due to increased road maintenance and road improvements. Business type expenditures increased due to the West Sewerline Extension Project.

The City's total cash basis net assets decreased 3.38%, or approximately \$300,000, from June 2012 to June 2013. Of this amount, the assets of the governmental activities increased approximately \$680,000, and the assets of the business-type activities decreased approximately \$980,000.

Using This Annual Report

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

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

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

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

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

Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year and provides detailed information about nonmajor governmental funds.

Basis of Accounting

The City maintains its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than accounting principles generally accepted in the United States of America. The cash basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and accrued revenues) and certain liabilities and their related expenses (such as accounts payable and accrued expenses) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Statement of Financial Activities

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

Governmental funds account for most of the City's basic services and are funded primarily through tax revenues. The City's proprietary funds account for the enterprise funds. Enterprise funds are used to report business-type activities.

The Statement of Activities and Net Assets is divided into two kinds of activities - Governmental Activities and Business-type (Proprietary) Activities.

Governmental Activities include:

Public Safety – includes police operations, civil service, emergency management, fire protection, ambulance service and building inspections.

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

Culture and Recreation – includes library services, parks and recreation and golf course.

Community and Economic Development – includes community betterment, economic development and planning and zoning.

General Government – includes mayor, city council, city administrator, city clerk, elections, legal services, city hall, insurance and general administration.

Debt Service – includes general obligation and tax increment financing debt.

Capital Projects – includes sidewalks, right of way acquisition, Seippel Road improvements and park improvement projects.

The required financial statements for governmental funds include a Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.

Business-type (Proprietary) Activities include the water utility, sewer utility, solid waste utility, and a storm sewer utility.

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

Governmental Activities

For the year ended June 30, 2013, the City's governmental activities were funded as follows:

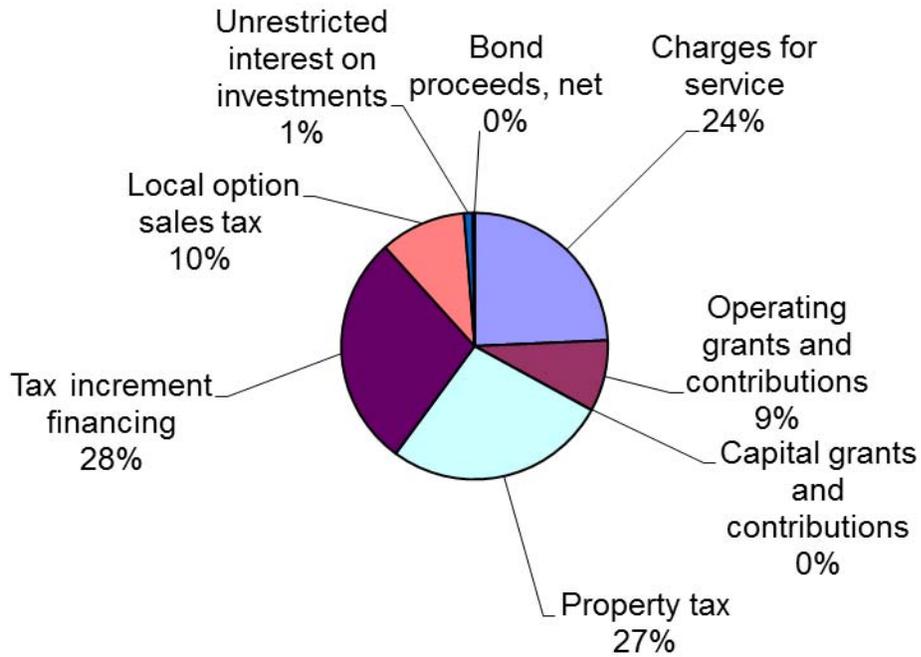
Receipts of the City's governmental activities increased 18.70%, or approximately \$800,000 from fiscal year 2012 to fiscal year 2013. Tax Increment Financing revenue to fund City debt obligations and capital improvements increased \$836,000. Other City Tax increased \$94,311.

Disbursements of the City's governmental activities decreased 16.48% or approximately \$871,000 from fiscal year 2012 to fiscal year 2013. Disbursements relating to Public Safety decreased \$15,000 because of the prior year the replacement of a police vehicle. Capital Projects decreased \$950,000 because of the completion of the Seippel Road Improvement Project.

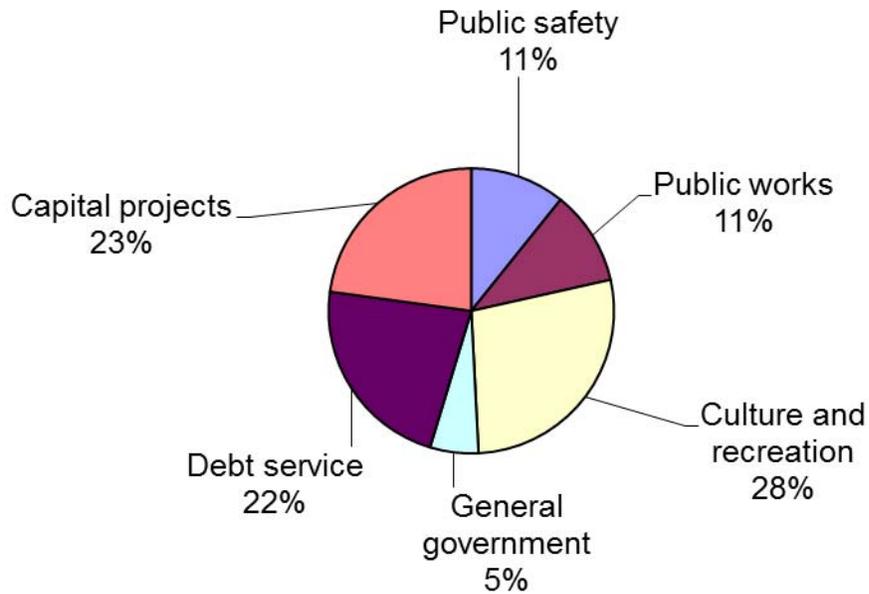
Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	2013	2012
Program Receipts:		
Charges for service	\$ 1,234,431	\$ 1,250,747
Operating grants and contributions	439,896	412,197
Capital grants and contributions	513	884
General Receipts:		
Property tax	1,376,477	1,426,601
Tax increment financing	1,433,700	597,194
Local option sales tax	529,380	435,069
Unrestricted interest on investments	52,667	59,626
Other general receipts	11,748	11,258
Bond proceeds, net	-	85,109
Total receipts	5,078,812	4,278,685
Program Disbursements:		
Public safety	473,094	488,098
Public works	471,561	368,144
Culture and recreation	1,217,369	1,221,039
Community and economic development	21,803	13,776
General government	241,074	217,315
Debt service	988,160	1,021,652
Capital projects	1,004,077	1,958,449
Total disbursements	4,417,138	5,288,473
Change in Cash Basis Net Assets Before Transfers	661,674	(1,009,788)
Transfers, Net	24,461	2,826
Change in Cash Basis Net Assets	686,135	(1,006,962)
Cash Basis Net Assets Beginning of Year	5,019,406	6,026,368
Cash Basis Net Assets End of Year	\$ 5,705,541	\$ 5,019,406

Receipts by Source



Disbursements by Function



Business-type Activities

For the year ended June 30, 2013, the City's business-type activities receipts and disbursements were as follows:

Changes in Cash Basis Net Assets of Business-Type Activities

	Year Ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Sewer utility	\$ 779,240	\$ 753,518
Solid waste	229,723	221,955
Water	738,792	699,262
Storm Water	108,345	-
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General receipts:		
Unrestricted interest on investments	36,550	36,675
Bond proceeds	-	-
	1,892,650	1,711,410
Program Disbursements:		
Sewer utility	1,971,862	631,280
Solid waste	208,316	210,752
Water	626,535	505,813
Storm Water	48,017	-
	2,854,730	1,347,845
Change in Cash Basis Net Assets Before Transfers	(962,080)	363,565
Transfers, Net	(24,461)	(2,826)
Change in Cash Basis Net Assets	(986,541)	360,739
Cash Basis Net Assets Beginning of Year	3,876,472	3,515,733
Cash Basis Net Assets End of Year	\$ 2,889,931	\$ 3,876,472

Receipts of the City's business-type activities increased 10.59%, or approximately \$181,000, from fiscal year 2012 to fiscal year 2013. A new storm water utility fund was established beginning July 1, 2012 which generated an additional \$108,000 in charges for services to fund storm water improvements and stormwater compliance. Other revenue increased for charges for services for additional users from new residential construction.

Disbursements for business-type activities increased 112%, or approximately \$1,500,000. The city constructed improvements for the West Sewerline Extension to service the Legacy Heights and Tuscan Ridge Subdivisions.

Individual Major Fund Analysis

As of June 30, 2013, the City had cash balances on hand of \$5,705,541 in governmental fund types and \$2,889,331 in business-type funds. The governmental fund type increased \$686,135 and business fund types decreased \$986,541, respectively, during fiscal year 2012-2013. The increase in governmental fund types is for additional Tax Increment Financing revenue and the decrease business type funds on hand are for projects that were constructed in the fiscal year.

- The General Fund cash balance increased \$173,618 from the prior year to \$2,526,957. Approximately \$64,350 was due to an increase in property valuations. The city intends to use the receipts to help offset future property tax increases.
- The Special Revenue Fund, Road Use Tax Fund cash balance increased \$113,655 to \$959,782. This increase was attributable to funding reserve accounts for equipment replacement and road improvement projects.
- The Special Revenue Fund, Local Option Sales Tax cash fund balance increased \$27,807 to \$513,006. This increase was attributable to additional funds received due to adjustment for per capita population. The city is required to use this money for the specific purpose of police and fire protection, street lighting, snow and ice control, insurance and street improvements.
- The Special Revenue Fund, Tax Increment Financing Fund was established to account for major urban renewal projects. This fund balance is required to be used for tax increment funded projects.
- Other Nonmajor Governmental Funds, the cash fund balance decreased \$633,989 to \$519,383 due to the completion of the Seippel Road Improvement Project.
- The Debt Service Fund cash balance increased \$7,032 to \$21,933.

Individual Major Business Type Fund Analysis

- The Enterprise, Sewer Utility Fund cash balance decreased \$1,174,398 to \$668,516. This decrease is due to the construction of the West Sewerline that financing is to be received in FY 2014.
- The Enterprise, Water Fund cash balance increased \$105,075 to \$1,889,295. This increase was due to less than normal repairs, maintenance, utility and consulting expenses.

Budgetary Highlights

City Council approved two budget amendments during the year. The amendments were to reappropriate capital project revenues and expenditures for projects that were budgeted and not completed in the prior year and bond refunding.

For the year ended June 30, 2013, total actual receipts including other financing sources were \$128,763 over the final budget while total actual disbursements including other financing uses were \$1,536,762 under the final budget. The large difference for budgeted and actual expenditures occurred because the capital projects for road improvements and sewer main extension were budgeted and not completed in the current fiscal year.

Debt Outstanding

As of year end, the City had \$11,055,221 debt outstanding compared to \$11,972,903 in 2012.

	Outstanding Debt at Year-End	
	June 30,	
	2013	2012
General Obligation Notes:		
2007 Street improvements	\$ 50,000	\$ 100,000
General Obligation Bonds:		
2008 Golf course acquisition	525,000	645,000
2011 Seippel Road	2,895,000	3,000,000
2012A Refunding	2,140,000	2,140,000
2012B Refunding	525,000	525,000
2012C Refunding	2,610,000	2,940,000
Total General Obligation Bonds	8,695,000	9,250,000
Revenue Notes:		
2001 Water improvements	180,000	240,000
2006 Sewer improvements	1,161,000	1,301,000
2010 Water improvements	920,000	1,005,000
Total Revenue Notes	2,261,000	2,546,000
Purchase Agreement:		
2009 Yamaha Golf Carts	49,221	76,903
Total	\$ 11,055,221	\$ 11,972,903

The City as of June 30, 2013 is at 52.48% of its bonding capacity. The City's outstanding general obligation debt limit was \$16,661,874.

Economic Factors

While property taxes are important to the City, they represent less than 20% of revenue sources excluding other financing sources. TIF revenues comprise 21% of total revenues. Charges for services comprise 41% of total revenues. The City continues to grow and add residential housing at a robust pace. This has added to the property tax base and increased the number of utility users in the community.

Next Year's Budget and Rates

For the year ending June 30, 2014, the trail system for the City continues to be a priority to link neighborhoods and provide a method of safe pedestrian travel within the community. The city will perform the annual review of the Capital Improvement Plan. The City will be seeking grant funding and donations for the new municipal building that will house the library, police department and general city services. The City is in the planning and design phase for Asbury Road – Heacock to Briarwood and Hales Mill Road – North of Autumn Drive to the north city limits, and a new water tower and well project. Improvements planned for the Meadows Golf Course include parking lot, lift station, well pump, cart paths and building improvements. All future plans will require the City Council and Mayor to balance the growth of the community with an appropriate tax levy and charge for services. These projects will be financed with a combination of revenue and general obligation bonds. While the City had a corporate tax levy of 10.30 in 2013 the Fiscal Year 2014 total corporate tax levy will again be \$10.30.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City's Administrator at 5080 Asbury Road, Asbury, IA 52002, telephone 563-556-7106 or email ebonz@cityofasbury.com.

Elizabeth Bonz
City Administrator



Basic Financial Statements
June 30, 2013

City of Asbury, Iowa

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	Disbursements	Program Receipts		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Public safety	\$ 473,094	\$ 106,785	\$ -	\$ -
Public works	471,561	2,190	439,896	-
Culture and recreation	1,217,369	980,242	-	-
Community and economic development	21,803	-	-	-
General government	241,074	66,545	-	-
Debt service	988,160	-	-	-
Capital projects	1,004,077	78,669	-	513
Total governmental activities	<u>4,417,138</u>	<u>1,234,431</u>	<u>439,896</u>	<u>513</u>
Business-type activities:				
Sewer utility	1,971,862	779,240	-	-
Solid waste	208,316	229,723	-	-
Water	626,535	738,792	-	-
Storm Water	48,017	108,345	-	-
Total business-type activities	<u>2,854,730</u>	<u>1,856,100</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,271,868</u>	<u>\$ 3,090,531</u>	<u>\$ 439,896</u>	<u>\$ 513</u>
General Receipts and Transfers:				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Other general receipts				
Transfers, net				
Total general receipts and transfers				
Change in Cash Basis Net Position				
Cash Basis Net Position Beginning of Year				
Cash Basis Net Position End of Year				
Cash Basis Net Position				
Restricted:				
Streets				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See Notes to Financial Statements

City of Asbury, Iowa
 Exhibit A – Statement of Activities and Net Position – Cash Basis
 As of and for the Year Ended June 30, 2013

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business-type Activities	Total
\$ (366,309)	\$ -	\$ (366,309)
(29,475)	-	(29,475)
(237,127)	-	(237,127)
(21,803)	-	(21,803)
(174,529)	-	(174,529)
(988,160)	-	(988,160)
(924,895)	-	(924,895)
<u>(2,742,298)</u>	<u>-</u>	<u>(2,742,298)</u>
-	(1,192,622)	(1,192,622)
-	21,407	21,407
-	112,257	112,257
-	60,328	60,328
-	(998,630)	(998,630)
<u>(2,742,298)</u>	<u>(998,630)</u>	<u>(3,740,928)</u>
1,149,433	-	1,149,433
227,044	-	227,044
1,433,700	-	1,433,700
529,380	-	529,380
52,667	36,550	89,217
11,748	-	11,748
24,461	(24,461)	-
<u>3,428,433</u>	<u>12,089</u>	<u>3,440,522</u>
686,135	(986,541)	(300,406)
<u>5,019,406</u>	<u>3,876,472</u>	<u>8,895,878</u>
<u>\$ 5,705,541</u>	<u>\$ 2,889,931</u>	<u>\$ 8,595,472</u>
\$ 959,782	\$ -	\$ 959,782
373,810	-	373,810
21,933	162,000	183,933
1,895,962	-	1,895,962
2,454,054	2,727,931	5,181,985
<u>\$ 5,705,541</u>	<u>\$ 2,889,931</u>	<u>\$ 8,595,472</u>

	General	Special Revenue		
		Road Use Tax	Local Option Sales Tax	Tax Increment Financing (TIF)
Receipts:				
Property tax	\$ 1,070,941	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	1,433,700
Other City tax	-	-	529,380	-
Licenses and permits	157,047	-	-	-
Use of money and property	32,019	-	5,184	7,303
Intergovernmental	4,500	439,896	-	-
Charges for service	992,163	-	-	-
Special assessments	-	-	-	-
Miscellaneous	11,610	-	-	-
Total receipts	2,268,280	439,896	534,564	1,441,003
Disbursements:				
Operating:				
Public safety	473,094	-	-	-
Public works	163,687	208,566	-	-
Culture and recreation	1,213,035	-	-	-
Community and economic development	21,803	-	-	-
General government	188,398	-	-	-
Debt service:				
Principal	30,600	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	2,090,617	208,566	-	-
Excess (Deficiency) of Receipts over (Under) Disbursements	177,663	231,330	534,564	1,441,003
Other Financing Sources (Uses):				
Transfers in	328,656	-	-	-
Transfers out	(332,701)	(117,675)	(506,757)	(442,991)
Total other financing sources (uses)	(4,045)	(117,675)	(506,757)	(442,991)
Net Change in Cash Balances	173,618	113,655	27,807	998,012
Cash Balances Beginning of Year	2,353,339	846,127	485,199	166,468
Cash Balances End of Year	\$ 2,526,957	\$ 959,782	\$ 513,006	\$ 1,164,480
Cash Basis Fund Balances				
Restricted	\$ -	\$ 959,782	\$ 513,006	\$ 1,164,480
Assigned	860,130	-	-	-
Unassigned	1,666,827	-	-	-
Total cash basis fund balances	\$ 2,526,957	\$ 959,782	\$ 513,006	\$ 1,164,480

See Notes to Financial Statements

City of Asbury, Iowa
 Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
 Governmental Funds
 As of and for the Year Ended June 30, 2013

Debt Service	Other Nonmajor Governmental Funds	Total
\$ 227,044	\$ 78,492	\$ 1,376,477
-	-	1,433,700
-	-	529,380
-	-	157,047
473	7,688	52,667
-	-	444,396
-	-	992,163
2,190	78,669	80,859
-	513	12,123
<u>229,707</u>	<u>165,362</u>	<u>5,078,812</u>
-	-	473,094
-	99,308	471,561
-	4,334	1,217,369
-	-	21,803
-	52,676	241,074
665,000	-	695,600
292,560	-	292,560
-	1,004,077	1,004,077
<u>957,560</u>	<u>1,160,395</u>	<u>4,417,138</u>
<u>(727,853)</u>	<u>(995,033)</u>	<u>661,674</u>
734,885	749,509	1,813,050
-	(388,465)	(1,788,589)
<u>734,885</u>	<u>361,044</u>	<u>24,461</u>
7,032	(633,989)	686,135
<u>14,901</u>	<u>1,153,372</u>	<u>5,019,406</u>
<u>\$ 21,933</u>	<u>\$ 519,383</u>	<u>\$ 5,705,541</u>
\$ 21,933	\$ 592,286	\$ 3,251,487
-	104,007	964,137
-	(176,910)	1,489,917
<u>\$ 21,933</u>	<u>\$ 519,383</u>	<u>\$ 5,705,541</u>

City of Asbury, Iowa
 Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
 Proprietary Funds
 As of and for the Year Ended June 30, 2013

	Enterprise Funds			
	Sewer Utility	Water	Nonmajor	Total
Operating Receipts:				
Charges for service	\$ 779,240	\$ 738,792	\$ 338,068	\$ 1,856,100
Use of money and property	18,224	16,088	2,238	36,550
Total operating receipts	<u>797,464</u>	<u>754,880</u>	<u>340,306</u>	<u>1,892,650</u>
Operating Disbursements:				
Business-type activities:				
Salaries and wages	92,832	92,315	25,618	210,765
Employee benefits and costs	29,597	30,811	7,268	67,676
Staff development	1,067	1,628	1,953	4,648
Repair, maintenance, and utilities	182,559	135,945	-	318,504
Contractual services	303,166	101,729	206,301	611,196
Commodities	13,064	75,962	4,085	93,111
Capital outlay	1,170,547	75,307	11,108	1,256,962
Total operating disbursements	<u>1,792,832</u>	<u>513,697</u>	<u>256,333</u>	<u>2,562,862</u>
Excess (deficiency) of Operating Receipts over (under) Operating Disbursements	(995,368)	241,183	83,973	(670,212)
Non-Operating Disbursements:				
Debt service	<u>(179,030)</u>	<u>(112,838)</u>	<u>-</u>	<u>(291,868)</u>
Excess (deficiency) of Receipts over (under) Disbursements	(1,174,398)	128,345	83,973	(962,080)
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>(23,270)</u>	<u>(1,191)</u>	<u>(24,461)</u>
Transfers, net	<u>-</u>	<u>(23,270)</u>	<u>(1,191)</u>	<u>(24,461)</u>
Net Change in Cash Balances	(1,174,398)	105,075	82,782	(986,541)
Cash Balances Beginning of Year	<u>1,842,914</u>	<u>1,784,220</u>	<u>249,338</u>	<u>3,876,472</u>
Cash Balances End of Year	<u>\$ 668,516</u>	<u>\$ 1,889,295</u>	<u>\$ 332,120</u>	<u>\$ 2,889,931</u>
Cash Basis Fund Balances				
Restricted for debt service	\$ -	\$ 162,000	\$ -	\$ 162,000
Unrestricted	<u>668,516</u>	<u>1,727,295</u>	<u>332,120</u>	<u>2,727,931</u>
Total cash basis fund balances	<u>\$ 668,516</u>	<u>\$ 1,889,295</u>	<u>\$ 332,120</u>	<u>\$ 2,889,931</u>

Note 1 - Significant Accounting Policies

The City of Asbury, Iowa, is a political subdivision of the State of Iowa located in Dubuque County. It was first incorporated in 1933 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, solid waste, and storm sewer utilities for its citizens.

Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Dubuque County Joint E911 Service Board, the Dubuque County Empowerment Board, and DMATS Policy Committee.

Basis of Presentation

Government-wide Financial Statement

The Statement of Activities and Net Position report 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 service.

The Statement of Activities and Net Position present the City's nonfiduciary Net Position. Net Position is reported in two categories:

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

Unrestricted net position consists of assets not meeting the definition of the preceding category. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Position 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 not paid from other funds.

Special Revenue

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the payment of police and fire protection, street lighting, snow and ice control, insurance, and street maintenance.

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

Debt Service

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

The City reports the following major proprietary funds:

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

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

Measurement Focus and Basis of Accounting

The City of Asbury, Iowa, 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 accounting principles generally accepted in the United States of America.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Supplementary Information. During the year ended June 30, 2013, no disbursements exceeded the amounts budgeted.

Property Tax Receipts

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the government.

Fund Equity

The City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the June 30, 2011 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The non-spendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact. Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes an ordinance to establish a fund balance commitment. Amounts intended to be used for specific purposes are assigned as needed by the City Administrator. Assignments should not cause deficits in the unassigned fund balance. Unassigned fund balance is the residual classification for the general fund.

When committed, assigned, and unassigned resources are available for use, it is the government's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Note 2 - Cash and Investments

The City's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments during the year ended June 30, 2013.

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 use of the City.

Note 3 - Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Notes		General Obligation Bonds		Revenue Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 50,000	\$ 23,508	\$ 565,000	\$ 249,465	\$ 288,000	\$ 72,668
2015	-	-	640,000	240,284	295,000	62,778
2016	-	-	655,000	229,645	302,000	52,728
2017	-	-	670,000	217,709	249,000	42,280
2018	-	-	720,000	156,336	251,000	35,310
2019-2023	-	-	3,035,000	578,787	876,000	64,795
2024-2028	-	-	1,765,000	292,151	-	-
2029-2031	-	-	645,000	52,400	-	-
	<u>\$ 50,000</u>	<u>\$ 23,508</u>	<u>\$ 8,695,000</u>	<u>\$ 2,016,777</u>	<u>\$ 2,261,000</u>	<u>\$ 330,559</u>

Year Ending June 30,	Golf Cart		Total	
	Purchase Agreement		Principal	Interest
	Principal	Interest		
2014	\$ 29,019	\$ 1,581	\$ 932,019	\$ 347,222
2015	20,202	199	955,202	303,261
2016	-	-	957,000	282,373
2017	-	-	919,000	259,989
2018	-	-	971,000	191,646
2019-2023	-	-	3,911,000	643,582
2024-2028	-	-	1,765,000	292,151
2029-2031	-	-	645,000	52,400
	<u>\$ 49,221</u>	<u>\$ 1,780</u>	<u>\$ 11,055,221</u>	<u>\$ 2,372,624</u>

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$900,000 of a water revenue note issued in May 2001 and \$1,160,000 of a water revenue note issued in August 2010. Proceeds from the note issued in May 2001 provided financing for the purchase of private water systems. Proceeds from the note issued in August 2010 provided financing for the West Waterline Extension project. The total principal and interest remaining to be paid on the notes is \$1,275,489. For the current year, principal and interest paid and total customer net receipts were \$112,838 and \$300,402, respectively. The 2001 note is payable from TIF funds and is payable through 2016. The 2010 note is payable solely from water funds and is payable through 2022.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,100,000 of a sewer revenue note issued in June 2006. Proceeds from the note provided financing for the construction of improvements to the sewer treatment plant. The note is payable solely from sewer customer net receipts and is payable through 2021. The total principal and interest remaining to be paid on the note is \$1,316,070. For the current year, principal and interest paid and total customer net receipts were \$179,030 and \$156,955, respectively.

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

- a) The notes will only be redeemed from the future earnings of the water fund activity and the note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to water revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c) Additional monthly transfers of \$1,000 to a water reserve account within the Enterprise Funds shall be made until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions, or repairs to the system.
- d) All funds remaining in the water account after the payment of all maintenance and operating expenses and required transfers shall be placed in a water revenue surplus account. This account is restricted for the purpose of paying for any improvement, extension, or repair to the system or for note and interest payments which the other accounts might be unable to make.

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 5.78% of their annual covered salary, and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$74,579, \$62,942, and \$53,744, respectively, equal to the required contributions for each year.

Note 5 - Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 14 active and no retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$395 for single coverage and \$890 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, there were no participants and no contributions to the plan.

Note 6 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's liability for earned compensated absences payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 8,050

Upon termination, retirement, or death, City employees are not paid for unused sick leave.

This liability has been computed based on rates of pay in effect at June 30, 2013.

Note 7 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax Nonmajor Governmental Funds	\$ 250,464 78,192 <u>328,656</u>
Debt Service	General Special Revenue: Tax Increment Financing Local Option Sales Tax	119,894 442,991 172,000 <u>734,885</u>
Nonmajor Governmental Funds	General Special Revenue: Road Use Tax Road Use Tax Local Option Nonmajor Governmental Enterprise Funds: Water Nonmajor Enterprise	212,807 117,675 84,293 310,273 23,270 1,191 <u>749,509</u>
		<u>\$ 1,813,050</u>

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

Note 8 - Risk Management

The City of Asbury, Iowa, 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 9 - Commitments and Contingency

The City had active construction projects at June 30, 2013. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Payments-to- Date</u>	<u>Remaining Commitment</u>
West Sewer Extension	\$ 1,024,549	\$ 729,223	\$ 295,326

Note 10 - Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bond principal and interest does not constitute liabilities of the City.

As of June 30, 2013, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,161,257.

Note 11 - Litigation

The City is not currently a defendant in any claims or lawsuits.

Note 12 - Fund Balance Reporting

The detail of the City's cash basis fund balances at June 30, 2013, is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted For					
Road improvements	\$ -	\$ -	\$ -	\$ 959,782	\$ 959,782
Police	-	-	-	92,341	92,341
Street lighting	-	-	-	56,431	56,431
Fire services	-	-	-	30,780	30,780
Snow	-	-	-	51,301	51,301
Insurance	-	-	-	76,951	76,951
Street maintenance	-	-	-	205,202	205,202
TIF	-	-	-	1,164,480	1,164,480
Seippel road	-	-	373,810	-	373,810
Debt service	-	21,933	-	-	21,933
Special levies	-	-	-	2,506	2,506
Trail contribution	-	-	-	1,632	1,632
K-9 fund	-	-	-	346	346
Tax increment financing	-	-	-	213,992	213,992
Total restricted	<u>-</u>	<u>21,933</u>	<u>373,810</u>	<u>2,855,744</u>	<u>3,251,487</u>
Assigned To					
Economic development	860,130	-	-	-	860,130
Asbury intersection	-	-	96,831	-	96,831
Burr Oak reconstruction	-	-	2,293	-	2,293
Sidewalk assessment	-	-	4,883	-	4,883
Total assigned	<u>860,130</u>	<u>-</u>	<u>104,007</u>	<u>-</u>	<u>964,137</u>
Unassigned	<u>1,666,827</u>	<u>-</u>	<u>(176,910)</u>	<u>-</u>	<u>1,489,917</u>
Total Fund Balances	<u><u>\$ 2,526,957</u></u>	<u><u>\$ 21,933</u></u>	<u><u>\$ 300,907</u></u>	<u><u>\$ 2,855,744</u></u>	<u><u>\$ 5,705,541</u></u>

Note 13 - Deficit Balance

At June 30, 2013, the Capital Projects Fund, Golf Course Improvement Fund, had a deficit balance of \$176,910. The deficit balance is the result of capital projects where permanent financing is not in place. The deficit will be eliminated upon funding in future periods.

Note 14 - Prospective Accounting Changes

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by the City. The statements which might impact the City, are as follows:

Statement No. 65, Items Previously Reported as Assets and Liabilities, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

The City's management has not yet determined the effect these statements will have on the City's financial statements.



Supplementary Information
June 30, 2013

City of Asbury, Iowa

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	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Property tax	\$ 1,376,477	\$ -	\$ 1,376,477
Tax increment financing	1,433,700	-	1,433,700
Other City tax	529,380	-	529,380
Licenses and permits	157,047	-	157,047
Use of money and property	52,667	36,550	89,217
Intergovernmental	444,396	-	444,396
Charges for service	992,163	1,856,100	2,848,263
Special assessments	80,859	-	80,859
Miscellaneous	12,123	-	12,123
Total receipts	<u>5,078,812</u>	<u>1,892,650</u>	<u>6,971,462</u>
Disbursements:			
Public safety	473,094	-	473,094
Public works	471,561	-	471,561
Culture and recreation	1,217,369	-	1,217,369
Community and economic development	21,803	-	21,803
General government	241,074	-	241,074
Debt service	988,160	-	988,160
Capital projects	1,004,077	-	1,004,077
Business-type activities	-	2,854,730	2,854,730
Total disbursements	<u>4,417,138</u>	<u>2,854,730</u>	<u>7,271,868</u>
Excess (Deficiency) of Receipts over (Under)			
Disbursements	661,674	(962,080)	(300,406)
Other Financing Sources, Net			
	<u>24,461</u>	<u>(24,461)</u>	<u>-</u>
Excess of Receipts and Other Financing Sources over Disbursements and Other Financing Uses			
	686,135	(986,541)	(300,406)
Balances Beginning of Year			
	<u>5,019,406</u>	<u>3,876,472</u>	<u>8,895,878</u>
Balances End of Year			
	<u>\$ 5,705,541</u>	<u>\$ 2,889,931</u>	<u>\$ 8,595,472</u>

City of Asbury, Iowa

Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances –
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
Supplementary Information
Year Ended June 30, 2013

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 1,372,345	\$ 1,372,345	\$ 4,132
1,500,000	1,500,000	(66,300)
435,181	475,181	54,199
138,935	138,935	18,112
55,700	55,700	33,517
409,558	409,558	34,838
2,865,980	2,865,980	(17,717)
-	-	80,859
25,000	25,000	(12,877)
<u>6,802,699</u>	<u>6,842,699</u>	<u>128,763</u>
611,168	611,168	138,074
478,204	478,204	6,643
1,339,405	1,339,405	122,036
36,025	36,025	14,222
296,773	296,773	55,699
982,970	1,036,940	48,780
930,000	1,603,000	598,923
3,357,115	3,407,115	552,385
<u>8,031,660</u>	<u>8,808,630</u>	<u>1,536,762</u>
(1,228,961)	(1,965,931)	1,665,525
<u>805,892</u>	<u>805,892</u>	<u>(805,892)</u>
(423,069)	(1,160,039)	859,633
<u>7,600,119</u>	<u>8,895,878</u>	<u>-</u>
<u>\$ 7,177,050</u>	<u>\$ 7,735,839</u>	<u>\$ 859,633</u>

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

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$776,970. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted.

Capital Projects

	Asbury Intersection Project	Burr Oak Reconstruction	Asbury Walking Trail	Sidewalk Assessment Fund
Receipts:				
Property tax	\$ -	\$ -	\$ -	\$ -
Use of money and property	888	-	-	-
Special assessments	-	3,331	-	-
Miscellaneous	-	-	-	-
Total receipts	<u>888</u>	<u>3,331</u>	<u>-</u>	<u>-</u>
Disbursements:				
Operating:				
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Capital projects	-	264,827	37,460	-
Total disbursements	<u>-</u>	<u>264,827</u>	<u>37,460</u>	<u>-</u>
Excess (deficiency) of Receipts over (under) Disbursements	<u>888</u>	<u>(261,496)</u>	<u>(37,460)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	-	261,629	18,366	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>261,629</u>	<u>18,366</u>	<u>-</u>
Net Change in Cash Balances	888	133	(19,094)	-
Cash Balances Beginning of Year	<u>95,943</u>	<u>2,160</u>	<u>19,094</u>	<u>4,883</u>
Cash Balances End of Year	<u>\$ 96,831</u>	<u>\$ 2,293</u>	<u>\$ -</u>	<u>\$ 4,883</u>
Cash Basis Fund Balances				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	96,831	2,293	-	4,883
Unassigned	-	-	-	-
Total cash basis fund balances	<u>\$ 96,831</u>	<u>\$ 2,293</u>	<u>\$ -</u>	<u>\$ 4,883</u>

City of Asbury, Iowa
Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2013

Capital Projects					
Municipal Building Fund	Asbury Road Overlay	Dump Truck Fund	Park Expansion Project	Seippel Road Project	Golf Course Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	5,023	-
-	-	-	-	75,338	-
-	-	-	-	-	-
-	-	-	-	80,361	-
-	99,308	-	-	-	-
-	-	-	4,334	-	-
52,676	-	-	-	-	-
-	-	268,886	88,973	168,450	175,481
52,676	99,308	268,886	93,307	168,450	175,481
(52,676)	(99,308)	(268,886)	(93,307)	(88,089)	(175,481)
52,676	99,308	268,886	48,644	-	-
-	-	-	-	(310,273)	-
52,676	99,308	268,886	48,644	(310,273)	-
-	-	-	(44,663)	(398,362)	(175,481)
-	-	-	44,663	772,172	(1,429)
\$ -	\$ -	\$ -	\$ -	\$ 373,810	\$ (176,910)
\$ -	\$ -	\$ -	\$ -	\$ 373,810	\$ -
-	-	-	-	-	-
-	-	-	-	-	(176,910)
\$ -	\$ -	\$ -	\$ -	\$ 373,810	\$ (176,910)

City of Asbury, Iowa

Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2013

	Special Revenue			Total
	Special Levies	Special Projects	Low Moderate Income	
Receipts:				
Property tax	\$ 78,492	\$ -	\$ -	\$ 78,492
Use of money and property	-	-	1,777	7,688
Special assessments	-	-	-	78,669
Miscellaneous	-	513	-	513
Total receipts	<u>78,492</u>	<u>513</u>	<u>1,777</u>	<u>165,362</u>
Disbursements:				
Operating:				
Public works	-	-	-	99,308
Culture and recreation	-	-	-	4,334
General government	-	-	-	52,676
Capital projects	-	-	-	1,004,077
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,395</u>
Excess (deficiency) of Receipts over (under) Disbursements	<u>78,492</u>	<u>513</u>	<u>1,777</u>	<u>(995,033)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	749,509
Transfers out	(78,192)	-	-	(388,465)
Total other financing sources (uses)	<u>(78,192)</u>	<u>-</u>	<u>-</u>	<u>361,044</u>
Net Change in Cash Balances	300	513	1,777	(633,989)
Cash Balances Beginning of Year	<u>2,206</u>	<u>1,465</u>	<u>212,215</u>	<u>1,153,372</u>
Cash Balances End of Year	<u>\$ 2,506</u>	<u>\$ 1,978</u>	<u>\$ 213,992</u>	<u>\$ 519,383</u>
Cash Basis Fund Balances				
Restricted	\$ 2,506	\$ 1,978	\$ 213,992	\$ 592,286
Assigned	-	-	-	104,007
Unassigned	-	-	-	(176,910)
Total cash basis fund balances	<u>\$ 2,506</u>	<u>\$ 1,978</u>	<u>\$ 213,992</u>	<u>\$ 519,383</u>

City of Asbury, Iowa
Schedule 3 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Enterprise Funds
As of and for the Year Ended June 30, 2013

	Enterprise Funds		
	Solid Waste	Storm Water	Total
Operating Receipts:			
Charges for service	\$ 229,723	\$ 108,345	\$ 338,068
Use of money and property	2,201	37	2,238
Total operating receipts	<u>231,924</u>	<u>108,382</u>	<u>340,306</u>
Operating Disbursements:			
Business-type activities:			
Salaries and wages	19,064	6,554	25,618
Employee benefits and costs	6,254	1,014	7,268
Staff development	-	1,953	1,953
Contractual services	180,743	25,558	206,301
Commodities	2,136	1,949	4,085
Capital outlay	119	10,989	11,108
Total operating disbursements	<u>208,316</u>	<u>48,017</u>	<u>256,333</u>
Excess (deficiency) of Operating Receipts over (under) Operating Disbursements	23,608	60,365	83,973
Other Financing Sources (Uses):			
Transfers out	<u>(1,191)</u>	<u>-</u>	<u>(1,191)</u>
Net Change in Cash Balances	22,417	60,365	82,782
Cash Balances Beginning of Year	<u>249,338</u>	<u>-</u>	<u>249,338</u>
Cash Balances End of Year	<u>\$ 271,755</u>	<u>\$ 60,365</u>	<u>\$ 332,120</u>
Cash Basis Fund Balances			
Restricted for debt service	\$ -	\$ -	\$ -
Unrestricted	<u>271,755</u>	<u>60,365</u>	<u>332,120</u>
Total cash basis fund balances	<u>\$ 271,755</u>	<u>\$ 60,365</u>	<u>\$ 332,120</u>

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>
General Obligation Notes:				
2007 Street improvements	2/15/2007	4.15	800,000	<u>100,000</u>
General Obligation Bonds:				
2008 Golf course acquisition	9/2/2008	4.00-4.20	3,100,000	645,000
2011 Seippel Road Construction	4/26/2011	2.00-4.00	3,000,000	3,000,000
2012A Refunding	2/17/2012	2.00-2.62	2,140,000	2,140,000
2012B Refunding	2/17/2012	1.00-2.00	525,000	525,000
2012C Refunding	2/17/2012	0.60-2.00	3,245,000	<u>2,940,000</u>
Total General Obligation Bonds				<u>9,250,000</u>
Revenue Notes:				
2001 Water improvements	5/1/2001	6.25	900,000	240,000
2006 Sewer improvements	6/1/2006	3.00	2,100,000	1,301,000
2010 Water improvements	8/1/2010	2.00-3.75	1,160,000	<u>1,005,000</u>
Total Revenue Notes				<u>2,546,000</u>
Purchase Agreement:				
2009 Yamaha Golf Carts	1/1/2009	4.87	160,212	<u>76,903</u>
Total				<u><u>\$ 11,972,903</u></u>

City of Asbury, Iowa
Schedule 4 – Schedule of Indebtedness
Year Ended June 30, 2013

Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
-	50,000	50,000	25,508	-
-	120,000	525,000	119,393	-
-	105,000	2,895,000	97,550	-
-	-	2,140,000	-	-
-	-	525,000	-	-
-	330,000	2,610,000	33,010	-
-	555,000	8,695,000	249,953	-
-	60,000	180,000	15,600	-
-	140,000	1,161,000	39,030	-
-	85,000	920,000	27,838	-
-	285,000	2,261,000	82,468	-
-	27,682	49,221	2,918	-
\$ -	\$ 917,682	\$ 11,055,221	\$ 360,847	\$ -

City of Asbury, Iowa
Schedule 5 – Bond and Note Maturities
June 30, 2013

General Obligation Notes		
Street Improvement Note		
Issued February 15, 2007		
Year Ending June 30,	Interest Rates	Amount
2014	4.15%	\$ 50,000

General Obligation Bonds						
Year Ending June 30,	Golf Course Acquisition Bond		Seippel Road Construction		2012A Refunding	
	Issued September 2, 2008		Issued April 26, 2011		Issued February 17, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	4.00	\$ 125,000	2.00	\$ 110,000	-	\$ -
2015	4.00	125,000	2.00	115,000	-	-
2016	4.10	135,000	2.00	120,000	-	-
2017	4.20	140,000	2.13	125,000	-	-
2018	-	-	2.68	130,000	2.00	265,000
2019	-	-	2.63	135,000	2.00	225,000
2020	-	-	3.25	140,000	2.00	200,000
2021	-	-	3.25	145,000	2.00	200,000
2022	-	-	3.25	155,000	2.00	200,000
2023	-	-	3.25	160,000	2.00	200,000
2024	-	-	3.50	165,000	2.00	200,000
2025	-	-	3.50	175,000	2.12	200,000
2026	-	-	3.75	185,000	2.25	175,000
2027	-	-	3.75	190,000	2.62	175,000
2028	-	-	4.00	200,000	2.62	100,000
2029	-	-	4.00	205,000	-	-
2030	-	-	4.00	215,000	-	-
2031	-	-	4.00	225,000	-	-
		<u>\$ 525,000</u>		<u>\$ 2,895,000</u>		<u>\$ 2,140,000</u>

City of Asbury, Iowa
Schedule 5 – Bond and Note Maturities
June 30, 2013

General Obligation Bonds					
Year Ending June 30,	2012B Refunding		2012C Refunding		Total
	Issued February 17, 2012		Issued February 17, 2012		
	Interest Rates	Amount	Interest Rates	Amount	
2014	-	\$ -	0.60	\$ 330,000	\$ 565,000
2015	1.00	70,000	0.80	330,000	640,000
2016	1.00	65,000	1.00	335,000	655,000
2017	1.25	75,000	1.10	330,000	670,000
2018	1.25	60,000	1.20	265,000	720,000
2019	1.70	60,000	1.40	320,000	740,000
2020	1.70	65,000	1.60	350,000	755,000
2021	2.00	65,000	1.80	250,000	660,000
2022	2.00	65,000	2.00	100,000	520,000
2023	-	-	-	-	360,000
2024	-	-	-	-	365,000
2025	-	-	-	-	375,000
2026	-	-	-	-	360,000
2027	-	-	-	-	365,000
2028	-	-	-	-	300,000
2029	-	-	-	-	205,000
2030	-	-	-	-	215,000
2031	-	-	-	-	225,000
		<u>\$ 525,000</u>		<u>\$ 2,610,000</u>	<u>\$ 8,695,000</u>

Year Ending June 30,	Purchase Agreement	
	Yamaha Golf Carts	
	Issued January 1, 2009	
Interest Rates	Amount	
2014	\$ 29,019	
2015	20,202	
	<u>\$ 49,221</u>	

City of Asbury, Iowa
 Schedule 5 – Bond and Note Maturities
 June 30, 2013

Year Ending June 30,	Revenue Notes			
	Water Improvement Note		Sewer Improvement Note	
	Issued May 1, 2001		Issued June 1, 2006	
	Interest Rates	Amount	Interest Rates	Amount
2014	6.25	\$ 60,000	3.00	\$ 143,000
2015	6.25	60,000	3.00	145,000
2016	6.25	60,000	3.00	147,000
2017	-	-	3.00	149,000
2018	-	-	3.00	151,000
2019	-	-	3.00	154,000
2020	-	-	3.00	156,000
2021	-	-	3.00	116,000
		<u>\$ 180,000</u>		<u>\$ 1,161,000</u>

	Water Improvement Note		Total
	Issued August 1, 2010		
	Interest Rates	Amount	
2014	2.00	\$ 85,000	\$ 288,000
2015	2.00	90,000	295,000
2016	2.25	95,000	302,000
2017	2.50	100,000	249,000
2018	2.75	100,000	251,000
2019	3.00	105,000	259,000
2020	3.25	110,000	266,000
2021	3.50	115,000	231,000
2022	3.75	120,000	120,000
		<u>\$ 920,000</u>	<u>\$ 2,261,000</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Receipts:				
Property tax	\$ 1,376,477	\$ 1,426,601	\$ 1,253,241	\$ 1,114,280
Tax increment financing	1,433,700	597,194	751,140	785,152
Other City tax	529,380	435,069	284,693	293,913
Licenses and permits	157,047	170,298	180,275	185,489
Use of money and property	52,667	59,626	67,836	101,091
Intergovernmental	444,396	412,197	332,629	232,794
Charges for service	992,163	1,071,844	1,035,711	982,911
Special assessments	80,859	7,509	9,024	122,223
Miscellaneous	12,123	13,238	24,470	42,998
Total receipts	<u>\$ 5,078,812</u>	<u>\$ 4,193,576</u>	<u>\$ 3,939,019</u>	<u>\$ 3,860,851</u>
Disbursements:				
Operating:				
Public safety	\$ 473,094	\$ 488,098	\$ 420,940	\$ 394,059
Public works	471,561	368,144	310,272	358,947
Culture and recreation	1,217,369	1,221,039	1,185,712	1,012,938
Community and economic development	21,803	13,776	16,204	1,656
General government	241,074	217,315	225,501	185,550
Debt service	988,160	1,021,652	1,106,015	1,141,855
Capital projects	1,004,077	1,958,449	417,762	540,646
Total disbursements	<u>\$ 4,417,138</u>	<u>\$ 5,288,473</u>	<u>\$ 3,682,406</u>	<u>\$ 3,635,651</u>

City of Asbury, Iowa
Schedule 6 – Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds
For the Last Ten Years

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 1,023,441	\$ 874,744	\$ 749,292	\$ 698,113	\$ 640,926	\$ 532,391
745,590	727,701	798,308	781,591	643,685	373,198
275,165	287,944	279,948	260,615	252,359	262,832
148,934	120,056	127,193	139,115	137,426	126,610
64,433	160,180	172,745	100,468	42,971	27,890
203,276	210,987	215,376	205,127	216,003	239,081
777,291	7,280	6,944	9,129	9,011	8,161
50,429	-	500,000	-	-	9,873
44,227	63,877	51,768	60,272	48,962	46,394
<u>\$ 3,332,786</u>	<u>\$ 2,452,769</u>	<u>\$ 2,901,574</u>	<u>\$ 2,254,430</u>	<u>\$ 1,991,343</u>	<u>\$ 1,626,430</u>
\$ 356,179	\$ 413,991	\$ 311,126	\$ 322,405	\$ 277,912	\$ 272,199
306,387	286,423	167,845	260,239	152,003	243,126
1,011,131	127,492	84,965	101,733	73,876	71,435
85	17,745	12,245	2,597	4,501	4,948
197,364	193,480	254,068	306,853	287,928	287,549
964,006	960,719	896,999	753,351	492,174	425,181
4,179,669	853,990	86,979	33,391	-	736,904
<u>\$ 7,014,821</u>	<u>\$ 2,853,840</u>	<u>\$ 1,814,227</u>	<u>\$ 1,780,569</u>	<u>\$ 1,288,394</u>	<u>\$ 2,041,342</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 Asbury, Iowa

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 19, 2013. These financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion of the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and deficiencies that we consider to be a significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings and Responses as item 2013-A to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as item 2013-B, 2013-C, and 2013-D to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Asbury, Iowa, Responses to Findings

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa
September 19, 2013

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u>
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Note: Single audit did not apply in 2012. Therefore no findings are reported.

Part I: Findings Related to the Financial Statements:

Material Weakness

2013-A Material Audit Adjustment

Criteria: A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition: During the course of our engagement, we proposed a material audit adjustment to the financial statements that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

Cause: Management ordered equipment during FY2013 but did not receive the equipment until FY2014. Checks were written in FY2013 in anticipation of receiving the equipment. However, the equipment was not received by the City until FY2014.

Effect: The effect of this condition was financial data was not in accordance with the cash basis of accounting as described in Note 1.

Recommendation: We recommend that City officials monitor payment of purchases with the related timing of those purchases.

Response: In the future, equipment must be received prior to the issuance of payment.

Significant Deficiencies

2013-B Preparation of Financial Statements

Criteria: A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition: As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause: We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect: The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Part I: Findings Related to the Financial Statements: (continued)

Recommendation: We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Response: This finding and recommendation is not a result of any change in City procedures, rather it is due to an auditing standard implemented by the American Institute of Certified Public Accountants. The City will continue to seek additional training and experience and evaluate the need for additional resources to enable our staff to achieve the goal of drafting our financial statements internally.

2013-C Segregation of Duties

Criteria: Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition: The City is still unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation function from receipt and disbursement functions. Also, the City does not have a formal process for the preparation, approval, and posting of journal entries.

Cause: The City has limited time and staffing constraints.

Effect: Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation: We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

Response: With the limited number of employees in the Finance Department, it is impossible to achieve a perfect system of internal accounting control. We will continue to review the situation and assign incompatible duties to separate individuals whenever possible.

Part I: Findings Related to the Financial Statements: (continued)

2013-D Golf Course Purchases and Inventory Controls

Criteria: Properly designed systems of internal control allow entities to initiate, authorize, record, process, and report financial data accurately and reliably in accordance with prescribed standards.

Condition: The City does not fully reconcile golf course receipts to purchases of inventory and costs of goods sold.

Cause: City staff have not developed a process to track cost of goods sold.

Effect: Due to an absence of a formal reconciliation process, inventories and purchases may not be tracked properly.

Recommendation: We recommend that receipts are reconciled to purchases of inventory and costs of goods sold on a monthly basis and those reports are analyzed, signed, and retained by the City Administrator.

Response: Procedures will be put in place to reconcile inventory on a monthly basis.

Part II: Findings and Questioned Costs for Federal Awards

Single audit did not apply for fiscal year 2013.

Part III: Other Findings Related to Statutory Reporting:

- 2013-IA-A** **Certified Budget** – Disbursements during the year ended June 30, 2013, did not exceed the amounts budgeted.
- 2103-IA-B** **Questionable Disbursements** – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- 2103-IA-C** **Travel Expense** – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- 2103-IA-D** **Business Transactions** – No business transactions between the City and City officials or employees were noted.
- 2103-IA-E** **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2103-IA-F** **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2103-IA-G** **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- 2103-IA-H** **Economic Development** – We noted no instances of noncompliance relating to appropriate expenditure of public funds in accordance with Chapter 15A of the Code of Iowa and an Attorney General’s opinion dated August 28, 1986.
- 2103-IA-I** **Payment of General Obligation Bonds** – We noted no instances where general obligation bond payments were paid from funds other than the Debt Service Fund.
- 2103-IA- J** **Revenue Bonds and Notes** – No instances of noncompliance with the revenue bond and note resolutions were noted.
- 2103-IA-K** **Urban Renewal Annual Report** – The urban renewal report was approved and certified to the Iowa Department of Management on or before December 1. However, the City’s beginning and ending cash balances of the Special Revenue, Urban Renewal Tax Increment Fund reported on the Levy Authority Summary do not agree with the City’s general ledger.
- Recommendation** – The City should ensure the cash balances and debt amounts reported on the Levy Authority Summary agree with City records.
- Response** – Cash balances will be corrected on the next report.