

**CITY OF ESTHERVILLE
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2013**

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CITY OF ESTHERVILLE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kenny Billings	Mayor	January 2014
Larry W. Anderson	Mayor Pro Tem	January 2016
Mike Neiland	Council Member	January 2016
Roger Guge	Council Member	January 2016
Larry W. Anderson	Council Member	January 2014
Gene Haukoos	Council Member	January 2016
Dave Seylar	Council Member	January 2014
Ann Goebel	Council Member	January 2014
Terry Nelson	Council Member	January 2014
Penny A. Clayton	City Administrator	Indefinite
Beth Burton	City Clerk/Finance Director/Treasurer	January 2014
Julie Miller	Deputy City Clerk	January 2014
Forsyth Law Office	Attorney	January 2014



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City of Estherville, 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 as 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; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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. 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 entity'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 entity'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 financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Estherville, Iowa, as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the cash basis of accounting.

Basis of Presentation

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 of Estherville's basic financial statements. We did not audit, 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, included on pages 31 and 32. The supplementary information on pages 28-32 is presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 4-9 and 26-27 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 October 30, 2013 on our consideration of the City of Estherville'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.

Williams + Company, P.C.
Certified Public Accountants

Spencer, Iowa
October 30, 2013

**CITY OF ESTHERVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Estherville 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.

2013 FINANCIAL HIGHLIGHTS

Disbursements during fiscal year 2013 exceeded budgeted appropriations in the business type activities function.

The City's total receipts exceeded total disbursements by \$1,253,043 during fiscal year 2013. Receipts had exceeded disbursements by \$1,236,833 during fiscal year 2012.

The City's total disbursements increased from \$13,764,510 in fiscal year 2012 to \$14,517,342 in fiscal year 2013. This is an increase of \$752,832 or 5%. The primary reasons for the increase in disbursements are increases in equipment for the wastewater department and the increase wholesale power costs for electric.

The City's total receipts increased from \$15,001,343 in fiscal year 2012 to \$15,770,385 in fiscal year 2013. This is an increase of \$769,042 or 5%. The primary reason for the increase in receipts is the increase in utilities and the receipt of bond proceeds.

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 Statements consist of a Cash Basis Statement of Activities and Net Position. 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 financial statement by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Supplementary Information provides detailed information about the nonmajor governmental funds.

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 accounts principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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 Position reports information which helps answer this question.

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

The Cash Basis Statement of Activities and Net Position 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 tax and state and federal grants finance most of these activities.
- Business type activities include the water, wastewater, electric, and airport operation systems. These activities are financed primarily by user charges.

Fund Financial Statement

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Tax Increment Financing Funds, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.
- 2) Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains Enterprise Funds to provide separate information for the Water, Wastewater, Electric, and Airport Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position 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 \$6.2 million to approximately \$6.8 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
	Year Ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:	\$ 880,395	\$ 789,407
Operating grants, contributions and restricted interest	680,359	689,881
Capital grants, contributions and restricted interest	20,185	267,570
General receipts		
Property tax	2,427,897	2,373,785
Local option sales tax	549,501	526,982
Hotel/motel tax	78,520	68,134
Unrestricted interest on investments	25,582	26,542
Bond proceeds	-	705,000
Miscellaneous	40,812	94,003
Sale of capital assets	123,190	75,474
Total receipts	<u>4,826,441</u>	<u>5,616,778</u>
Disbursements:		
Public safety	1,342,679	1,323,160
Public works	2,110,187	1,829,655
Health and social services	3,915	3,915
Culture and recreation	670,710	739,509
Community and economic development	232,018	330,388
General government	822,820	891,957
Debt service	355,421	1,197,785
Capital projects	29,640	109,173
Total disbursements	<u>5,567,390</u>	<u>6,425,542</u>
Change in cash basis net position before transfers	(740,949)	(808,764)
Transfers, net	<u>1,307,171</u>	<u>1,396,170</u>
Change in cash basis net position	566,222	587,406
Cash basis net position - beginning of year	6,169,327	5,581,921
Prior period adjustment	77,206	-
Cash basis net position - beginning of year, as restated	<u>6,246,533</u>	<u>5,581,921</u>
Cash basis net position - end of year	<u>\$ 6,812,755</u>	<u>\$ 6,169,327</u>

The City's total receipts for governmental activities decreased 14.1%, or approximately \$790,000. The total cost of all programs and services before transfers decreased approximately \$858,000, or 13.4%, with no new programs added this year. The significant decrease in receipts and disbursement was primarily the result of proceeds received from the issuance of refunding general obligation bonds in the prior year and the corresponding debt service payment.

The cost of all governmental activities this year was approximately \$5.567 million compared to approximately \$6.425 million last year. However, as shown in the Statement of Activities and Net Position on pages 10-11, the amount taxpayers ultimately financed for these activities was approximately \$3.986 million because some of the cost was paid by those directly benefited from the programs (approximately \$880,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$700,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$5.617 million to approximately \$4.826 million.

The City's cash balance for business type activities increased from a year ago, increasing from approximately \$5.3 million to approximately \$6.0 million. The analysis that follows focuses on the changes in cash basis net position of business type activities.

Changes in Cash Basis Net Position of Business Type Activites		
	Year Ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,622,038	\$ 1,599,616
Wastewater	1,641,670	1,637,609
Electric	6,416,634	6,034,743
Airport	109,111	95,885
Operating grants, contributions and restricted interest:		
Airport	23,660	2,644
General receipts		
Unrestricted interest on investments	5,831	6,132
Bond Proceeds	1,125,000	-
Other general receipts	-	7,936
Total receipts	<u>10,943,944</u>	<u>9,384,565</u>
Disbursements:		
Water	1,167,404	1,334,483
Wastewater	2,006,738	1,147,895
Electric	5,611,838	4,778,494
Airport	163,972	78,096
Total disbursements	<u>8,949,952</u>	<u>7,338,968</u>
Change in cash basis net position before transfers	1,993,992	2,045,597
Transfers, net	<u>(1,307,171)</u>	<u>(1,396,170)</u>
Change in cash basis net position	686,821	649,427
Cash basis net position - beginning of year	5,397,466	4,748,039
Prior period adjustment	(77,206)	-
Cash basis net position - beginning of year, as restated	<u>5,320,260</u>	<u>4,748,039</u>
Cash basis net position - end of year	<u>\$ 6,007,081</u>	<u>\$ 5,397,466</u>

Total business type activities receipts for the fiscal year were approximately \$10.94 million compared to approximately \$9.4 million last year. This increase was due primarily to the increase in utility rates for electricity and bond proceeds. The cash balance increased approximately \$687,000 from the prior year. Total disbursements for the fiscal year increased 22.0% to approximately \$8.95 million.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

For the year ending June 30, 2013, governmental funds cash balances totaled \$6,369,049. This is an increase of \$329,996 from the June 30, 2012 balance of \$6,039,053.

- The total General Fund cash balance increased \$202,016 from the prior year to \$2,903,524 on June 30, 2013. On June 30, 2013, the General Fund consisted of seven balances. During the fiscal year the undesignated General Fund increased \$102,626 to \$894,353. The assigned Parks & Recreation Revolving Fund increased \$27,967 to \$365,139, the assigned Equipment Revolving Fund increased \$84,124 to \$764,565, the assigned Library – Sanborn Fund increased \$207 to \$236,880, the assigned Library – Pearson Fund increased \$10 to \$19,689, the assigned Police Miscellaneous Fund increased \$371 to \$16,277 and the assigned Economic Development Fund decreased \$13,289 to \$606,621 .
- The Road Use Tax Fund cash balance decreased during the fiscal year by \$160,414 to \$1,801,961 on June 30, 2013.
- The Debt Service Fund cash balance increased \$3,956 during the year to \$113,162 on June 30, 2013.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

For the year ending June 30, 2013, business type funds cash balances totaled \$6,007,081. This is an increase of \$686,821 from the June 30, 2012 balance of \$5,320,260.

- The Water Fund cash balance increased \$147,412 to \$1,305,862 on June 30, 2013.
- The Wastewater Fund cash balance increased \$568,089 to \$1,655,358 on June 30, 2013.
- The Electric Fund cash balance increased \$2,498 to \$3,001,911 on June 30, 2013.

BUDGETARY HIGHLIGHTS

On May 6, 2013, an amendment to the fiscal year 2013 budget was approved for the amount of \$592,450. The amendment authorized capital projects and sale of general obligation bonds.

Total disbursements during the fiscal year did not exceed the authorized budget as amended.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$3,560,000 in general obligation bonds outstanding compared to \$2,680,000 the year before. The balance on a lease-purchase agreement for the purchase of a fire pumper truck decreased from \$174,079 on June 30, 2012 to \$148,026 on June 30, 2013. The total City debt increased from \$2,854,079 on June 30, 2012 to \$3,708,026 on June 30, 2013.

Debt increased as a result of issuing general obligation bonds for a wastewater construction project.

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 of \$3,560,000 is significantly below its constitutional debt limit. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The budget for fiscal year ending June 30, 2014, includes an increase in disbursements of approximately \$807,888 (4%). The primary reasons for the increased budget are increases in capital equipment for the wastewater department and increased wholesale power costs for electric.

The property tax levy remains at \$16.50 per \$1,000 of taxable valuation. The budgeted fund balance for the General Fund declines by approximately \$214,858.

The City is very fortunate the Local Option Sales Tax (LOST) referendum was approved in August 2008. The revenue generated by LOST supports General Fund activities and provides funds for community betterment projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Elizabeth Burton, City Clerk, 2 North 7th Street, Estherville, Iowa 51334 or telephone (712) 362-7771.

BASIC FINANCIAL STATEMENTS

**CITY OF ESTHERVILLE, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,342,679	\$ 9,401	\$ 44,833	\$ 11,000
Public Works	2,110,187	721,537	615,022	-
Health and Social Services	3,915	-	-	-
Culture and Recreation	670,710	31,497	20,504	9,185
Community and Economic Development	232,018	-	-	-
General Government	822,820	117,960	-	-
Debt Service	355,421	-	-	-
Capital Projects	29,640	-	-	-
Total Governmental Activities	<u>5,567,390</u>	<u>880,395</u>	<u>680,359</u>	<u>20,185</u>
Business-Type Activities:				
Water	1,167,404	1,622,038	-	-
Wastewater	2,006,738	1,641,670	-	-
Electric	5,611,838	6,416,634	-	-
Airport	163,972	109,111	23,660	-
Total Business-Type Activities	<u>8,949,952</u>	<u>9,789,453</u>	<u>23,660</u>	<u>-</u>
Total Primary Government	<u>\$ 14,517,342</u>	<u>\$ 10,669,848</u>	<u>\$ 704,019</u>	<u>\$ 20,185</u>

General Receipts:

Property and Other City Tax Levied for:
 General Purposes
 Debt Service
 Tax Increment Financing
 Local Option Sales Tax
 Hotel/Motel Tax
 Unrestricted interest on investments
 Bond proceeds
 Miscellaneous
 Sale of Assets
 Transfers

Total General Receipts and Transfers

Change in Cash Basis Net Position

Cash Basis Net Position at Beginning of Year

Prior Period Adjustment

Cash Basis Net Position at Beginning of Year, as Restated

Cash Basis Net Position at End of Year

Cash Basis Net Position

Restricted:

Nonexpendable:

Library Trust

Expendable:

Streets

Debt Service

Other Purposes

Unrestricted

Total Cash Basis Net Position

**Net (Disbursements) Receipts
and Changes in Cash Basis Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,277,445)		\$ (1,277,445)
(773,628)		(773,628)
(3,915)		(3,915)
(609,524)		(609,524)
(232,018)		(232,018)
(704,860)		(704,860)
(355,421)		(355,421)
(29,640)		(29,640)
<u>(3,986,451)</u>		<u>(3,986,451)</u>
	\$ 454,634	454,634
	(365,068)	(365,068)
	804,796	804,796
	(31,201)	(31,201)
	<u>863,161</u>	<u>863,161</u>
<u>(3,986,451)</u>	<u>863,161</u>	<u>(3,123,290)</u>
2,113,923	-	2,113,923
183,722	-	183,722
130,252	-	130,252
549,501	-	549,501
78,520	-	78,520
25,582	5,831	31,413
-	1,125,000	1,125,000
40,812	-	40,812
123,190	-	123,190
1,307,171	(1,307,171)	-
<u>4,552,673</u>	<u>(176,340)</u>	<u>4,376,333</u>
566,222	686,821	1,253,043
6,169,327	5,397,466	11,566,793
77,206	(77,206)	-
<u>6,246,533</u>	<u>5,320,260</u>	<u>11,566,793</u>
<u>6,812,755</u>	<u>6,007,081</u>	<u>12,819,836</u>
57,574	-	57,574
1,801,961	-	1,801,961
113,162	-	113,162
1,492,828	-	1,492,828
3,347,230	6,007,081	9,354,311
<u>\$ 6,812,755</u>	<u>\$ 6,007,081</u>	<u>\$ 12,819,836</u>

See Accompanying Notes to Financial Statements

CITY OF ESTHERVILLE, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	General	Special Revenue Road Use Tax	Debt Service	Nonmajor	Total
Receipts					
Property Tax	\$ 1,201,990	\$ -	\$ 182,311	\$ 892,942	\$ 2,277,243
Tax Increment Financing	-	-	-	130,252	130,252
Other City Tax	90,526	-	1,411	556,486	648,423
Licenses and Permits	77,561	-	-	-	77,561
Use of Money and Property	31,039	-	136	1,057	32,232
Intergovernmental	79,323	609,071	-	-	688,394
Charges for Services	708,096	-	-	-	708,096
Special Assessments	69,213	-	-	-	69,213
Miscellaneous	71,837	-	-	-	71,837
Total Receipts	<u>2,329,585</u>	<u>609,071</u>	<u>183,858</u>	<u>1,580,737</u>	<u>4,703,251</u>
Disbursements					
Operating:					
Public Safety	1,003,510	-	-	416,997	1,420,507
Public Works	1,209,089	769,485	-	196,278	2,174,852
Health and Social Services	3,915	-	-	-	3,915
Culture and Recreation	526,315	-	-	194,961	721,276
Community and Economic Development	80,240	-	-	151,778	232,018
General Government	713,570	-	-	152,417	865,987
Debt Service	-	-	355,421	-	355,421
Capital Projects	-	-	-	29,640	29,640
Total Disbursements	<u>3,536,639</u>	<u>769,485</u>	<u>355,421</u>	<u>1,142,071</u>	<u>5,803,616</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	<u>(1,207,054)</u>	<u>(160,414)</u>	<u>(171,563)</u>	<u>438,666</u>	<u>(1,100,365)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	40,300	-	-	82,890	123,190
Operating Transfers In	1,403,219	-	175,519	102,994	1,681,732
Operating Transfers (Out)	(34,449)	-	-	(340,112)	(374,561)
Total Other Financing Sources (Uses)	<u>1,409,070</u>	<u>-</u>	<u>175,519</u>	<u>(154,228)</u>	<u>1,430,361</u>
Change in Cash Balances	202,016	(160,414)	3,956	284,438	329,996
Cash Balances at Beginning of Year	<u>2,701,508</u>	<u>1,962,375</u>	<u>109,206</u>	<u>1,265,964</u>	<u>6,039,053</u>
Cash Balances at End of Year	<u>\$ 2,903,524</u>	<u>\$ 1,801,961</u>	<u>\$ 113,162</u>	<u>\$ 1,550,402</u>	<u>\$ 6,369,049</u>
Cash Basis Fund Balance					
Nonspendable - Library Trust	\$ -	\$ -	\$ -	\$ 57,574	\$ 57,574
Restricted for:					
Streets	-	1,801,961	-	-	1,801,961
Debt Service	-	-	113,162	-	113,162
Other Purposes	-	-	-	1,492,828	1,492,828
Assigned for:					
Parks and Recreation	365,139	-	-	-	365,139
Equipment	764,565	-	-	-	764,565
Library	256,569	-	-	-	256,569
Police	16,277	-	-	-	16,277
Economic Development	606,621	-	-	-	606,621
Unassigned	894,353	-	-	-	894,353
Total Cash Basis Fund Balance	<u>\$ 2,903,524</u>	<u>\$ 1,801,961</u>	<u>\$ 113,162</u>	<u>\$ 1,550,402</u>	<u>\$ 6,369,049</u>

See Accompanying Notes to Financial Statements

CITY OF ESTHERVILLE
RECONCILIATION OF THE STATEMENT OF CASH
RECEIPTS , DISBURSEMENTS, AND CHANGES IN CASH BALANCES
TO THE STATEMENT OF ACTIVITIES AND NET POSITION -
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Cash Balance- Governmental Funds (Page 12)	\$ 6,369,049
The Garage Fund is used by management to account for costs associated with the City's use of vehicles. The assets of the Garage Fund are included in governmental activities in the Statement of Activities and Net Position.	51,317
The Self-Funded Insurance Fund is used by management to charge costs of partial self funding of the City's health insurance benefit plan to individual funds. The assets of the Self-Funded Insurance Fund are included in governmental activities in the Statement of Activities and Net Position.	392,389
Cash Basis Net Assets of Governmental Activities (Page 11)	6,812,755

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Net Change in Governmental Funds Cash Balances (Page 12)	\$ 329,996
The Self-Funded Insurance Fund is used by management to charge costs of partial self funding of the City's health insurance benefit plan to individual funds. The change in net position of the Self-Funded Insurance Fund is included in governmental activities in the Statement of Activities and Net Position.	235,846
The Computer Clearing Fund is used by management to record customer checks returned due to non-sufficient funds. The change in net assets of the Computer Clearing Fund is included in governmental activities in the Statement of Activities and Net Position.	380
Change in Cash Basis Net Position of Governmental Activities (Page 11)	\$ 965,392

CITY OF ESTHERVILLE, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise					Internal Service Funds
	Water	Wastewater	Electric	Nonmajor Proprietary Funds	Total	
Operating Receipts:						
Charges for Services	\$ 1,622,038	\$ 1,641,670	\$ 6,363,993	\$ 25,326	\$ 9,653,027	\$ 1,135,469
Intergovernmental	-	-	-	23,660	23,660	-
Miscellaneous	-	-	52,641	-	52,641	7,276
Total Operating Receipts	<u>1,622,038</u>	<u>1,641,670</u>	<u>6,416,634</u>	<u>48,986</u>	<u>9,729,328</u>	<u>1,142,745</u>
Operating Disbursements:						
Capital Projects	-	698,956	-	51,574	750,530	-
Business Type Activities	1,167,404	1,307,782	5,611,838	112,398	8,199,422	907,135
Total Operating Disbursements	<u>1,167,404</u>	<u>2,006,738</u>	<u>5,611,838</u>	<u>163,972</u>	<u>8,949,952</u>	<u>907,135</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	454,634	(365,068)	804,796	(114,986)	779,376	235,610
Non-Operating Receipts:						
Interest Income	814	431	4,563	23	5,831	616
Lease Income	-	-	-	83,785	83,785	-
Total Non-Operating Receipts	<u>814</u>	<u>431</u>	<u>4,563</u>	<u>83,808</u>	<u>89,616</u>	<u>616</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	455,448	(364,637)	809,359	(31,178)	868,992	236,226
Other Financing Sources (Uses)						
Bond Proceeds	-	1,125,000	-	-	1,125,000	-
Operating Transfers In	-	-	207,175	-	207,175	-
Operating Transfers (Out)	(308,036)	(192,274)	(1,014,036)	-	(1,514,346)	-
Total Other Financing Sources (Uses)	<u>(308,036)</u>	<u>932,726</u>	<u>(806,861)</u>	<u>-</u>	<u>(182,171)</u>	<u>-</u>
Net Change in Cash Balances	147,412	568,089	2,498	(31,178)	686,821	236,226
Cash Balances at Beginning of Year	<u>1,158,450</u>	<u>1,087,269</u>	<u>3,001,911</u>	<u>72,630</u>	<u>5,320,260</u>	<u>207,480</u>
Cash Balances at End of Year	<u>\$ 1,305,862</u>	<u>\$ 1,655,358</u>	<u>\$ 3,004,409</u>	<u>\$ 41,452</u>	<u>\$ 6,007,081</u>	<u>\$ 443,706</u>
Cash Basis Fund Balances						
Unrestricted	1,305,862	1,655,358	3,004,409	41,452	6,007,081	443,706
Total Cash Basis Fund Balances	<u>\$ 1,305,862</u>	<u>\$ 1,655,358</u>	<u>\$ 3,004,409</u>	<u>\$ 41,452</u>	<u>\$ 6,007,081</u>	<u>\$ 443,706</u>

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Estherville is a political subdivision of the State of Iowa located in Emmet County. It was first incorporated in 1881 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides electric, water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Estherville 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 of Estherville 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: Emmet County Council of Governments, Emmet County E911 Service Board, Emmet County Assessor's Conference Board, and Northwest Iowa Planning and Development Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulation which require the cash balance to be maintained permanently by the City, including a portion of the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on cash balances 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 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 from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

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 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.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system and the accumulation of funds for expenditures for the City in case of a water emergency.

The Wastewater Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system and the accumulation of funds for expenditures for the City in case of a wastewater emergency. It also includes the Wastewater Digester capital project.

The Electric Fund accounts for the operation and maintenance of the City's electrical system and the accumulation of funds for expenditures for the City in case of an electrical emergency. It also accounts for Enterprise Equipment Revolving funds that are set aside for capital equipment expenditures.

The City also reports the following additional proprietary funds:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

The Garage Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

The Computer Clearing Fund is utilized to account for customer checks returned due to non-sufficient funds.

The Self-Funded Insurance Fund is utilized to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements which is an other comprehensive basis of accounting 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 as well as fixed assets. 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.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the business type activities function.

Note 2 – CASH AND POOLED 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.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 – CASH AND POOLED INVESTMENTS (Continued)

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.

At June 30, 2013, the City had the following investments:

Type	Carrying Amount	Fair Value	Maturity
U.S. Treasury Note	<u>\$33,392</u>	<u>\$33,884</u>	September 2014
U.S. Treasury Note	<u>\$10,056</u>	<u>\$10,029</u>	December 2013
U.S. Treasury Note	<u>\$14,244</u>	<u>\$14,160</u>	February 2014

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 LEASES PAYABLE

The following is a summary of bond and lease transactions of the City for the year ended June 30, 2013:

<u>Primary Government</u>	<u>Governmental Activities Bonds and Lease Payable by Debt Service Fund</u>
Bonds and Leases Payable July 1, 2012	\$ 2,854,079
Plus: Bonds and Leases Issued	1,125,000
Less: Payments	(271,053)
Bonds and Leases Payable June 30, 2013	<u>3,708,026</u>
Due Within One Year	<u>\$ 382,171</u>

**CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3 – BONDS AND LEASES PAYABLE (Continued)

The City of Estherville had the following outstanding bonds and leases as of June 30, 2013:

Bond/Lease	Date of Issue	Interest Rate	Final Due Date	Annual Principal Payments	Amount Originally Issued	Outstanding June 30, 2013	Due Within One Year
General Obligation-Series 2010	6/1/2010	1.00-4.15%	2025	\$135,000 - \$200,000	\$ 2,350,000	\$ 1,960,000	\$ 135,000
General Obligation-Series 2011	12/22/2011	0.45-1.45%	2017	\$115,000 - \$120,000	705,000	475,000	115,000
General Obligation-Series 2013	3/1/2013	0.40-1.90%	2023	\$105,000 - \$120,000	1,125,000	1,125,000	105,000
Pumper Truck Lease	12/21/2007	4.29%	2018	\$27,000 - \$33,000	268,000	148,026	27,171
Total Bonds/Lease Due					\$ 4,448,000	\$ 3,708,026	\$ 382,171

Annual debt service requirements to maturity of General Obligation Bonds and Leases are as follows:

Interest Rate Year Ended June 30	2010		2011		2013		2007		Total	
	G.O. Water & Wastewater Bonds		G.O. Refunding Bonds		G.O. Sanitary Sewer Bonds		Pumper Truck Lease		Governmental	
	1.00% - 4.15%		0.45%1.45%		0.40% - 1.90%		4.29%			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 135,000	\$ 67,448	\$115,000	\$ 5,300	\$ 105,000	\$15,994	\$ 27,171	\$ 6,353	\$ 382,171	\$ 95,094
2015	135,000	64,748	120,000	4,380	105,000	12,375	28,337	5,187	388,337	86,689
2016	140,000	61,643	120,000	3,180	110,000	11,850	29,553	3,971	399,553	80,643
2017	145,000	57,933	120,000	1,740	110,000	11,190	30,821	2,702	405,821	73,565
2018	155,000	53,583			110,000	10,310	32,144	1,380	297,144	65,272
2019-2023	860,000	183,413			585,000	29,920			1,445,000	213,333
2024-2025	390,000	24,390							390,000	24,390
Total	\$1,960,000	\$513,155	\$475,000	\$14,600	\$1,125,000	\$91,639	\$148,026	\$19,593	\$3,708,026	\$638,986

The amount of interest paid on the bonds and lease during the year ending June 30, 2013 was \$83,119.

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.

**CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 4 – PENSION AND RETIREMENT BENEFITS (Continued)

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 annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate, except police employees who are covered by the Municipal Fire and Police Retirement System of Iowa (see below). Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$183,616, \$173,985, and \$151,837, respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement system of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 26.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012, and 2011 were \$163,516, \$149,693, and \$115,662, respectively, which met the required contribution rate for each year.

Note 5 – CONTRACT RECEIVABLE

The City has provided the funding for Tax Increment Financing (TIF) projects. The City will be repaid through the collection of real estate taxes which are generated by the projects funded. Outstanding receivables for TIF projects at June 30, 2013 are as follows:

<u>Project</u>	<u>Balance</u>	<u>Interest Rate/Security</u>
Hy-Vee	\$ 314	6.00/Unsecured
Iowa Lakes Electric Cooperative	21,541	6.00/Unsecured
WWTP Improvements	134,665	6.00/Unsecured
Industrial Park	5,035	5.00/Unsecured

Note 6 – SELF-FUNDED INSURANCE

Plan Description. The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits and dental insurance for retirees and their spouses. Police officers do not participate in the dental plan. There are 48 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a self-funded insurance plan. First Administrators Inc. is the third party administrator for the plan. National Pharmaceutical Services is the third party benefit manager for the prescription drug portion of the program. The City is responsible for the first \$25,000 of claims after the deductible has been paid for each member covered under the plan. Specific stop loss reinsurance provides coverage after \$25,000 of claims has been paid. The City also has an aggregate stop loss, above a certain total of claims paid.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6 – SELF-FUNDED INSURANCE (Continued)

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

Funding Policy. The contribution requirements of plan members are contained in the collective bargaining agreements. The City currently finances the retiree benefit on a pay-as-you-go basis. Retirees and their spouse pay the entire premium if they choose to continue under the City's plan. The City offers two medical/prescription plans. The most recent active member monthly premiums for the City and plan members are \$623 for single coverage and \$1,339 for family coverage and the alternate plan is \$696 for single coverage and \$1,739 for family coverage. The same monthly premiums apply to retirees.

For the year ended June 30, 2013, the City contributed \$588,046 and plan members eligible for benefits contributed \$172,798 to the plan.

The dental premiums for fiscal year 2013 were \$19 per month for single coverage and \$52 per month for family coverage. For the year ended June 30, 2013, the City contributed \$16,319 and plan members eligible for benefits contributed \$6,108.

Note 7 – RISK MANAGEMENT

The City 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 8 – CONSTRUCTION COMMITMENTS

The City has entered into a contract totaling \$99,679 for the airport apron project engineering. As of June 30, 2013, costs of \$51,574 on the project have been paid. The remaining balance of \$48,105 will be paid as work on the project progresses.

The City has entered into a contract totaling \$1,142,708 for the wastewater digester project. As of June 30, 2013, costs of \$833,154 on the project have been paid. The remaining balance of \$309,554 will be paid as work on the project progresses.

The City has entered into a contract totaling \$93,669 for the 2013 water main improvements on 5th Ave North. As of June 30, 2013, costs of \$0 on the project have been paid. The remaining balance of \$93,669 will be paid as work on the project progresses.

The City has entered into a contract totaling \$160,404 for the 2013 curbs and gutter improvements. As of June 30, 2013, costs of \$0 on the project have been paid. The remaining balance of \$160,404 will be paid as work on the project progresses.

**CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9 – OPERATING LEASE

The City of Estherville originally entered into an operating lease agreement on May 31, 2001 with Estherville Housing, Inc. to lease office space. The city's total rent expense for the year ending June 30, 2013 was \$16,000.

On February 4, 2013, the City entered into a new operating lease agreement with Estherville Housing, Inc. to lease office space. Beginning July 1, 2013, the annual rent expense is \$16,600. Rental adjustments in the amount of \$600 will occur annually beginning on July 1, 2014 and continue through June 30, 2018. After June 30, 2018, the lease amount may be renewed upon the same terms and conditions or upon any such other terms as mutually agreed upon. The lease may be terminated by either party at any time upon three years written notice to the other party by registered mail or in person.

<u>Future Minimum Rental Payments</u>	
<u>Year Ending</u>	
<u>June 30,</u>	<u>Amount</u>
2014	\$ 16,600
2015	17,200
2016	17,800
2017	18,400
2018	19,000

Note 10 – JOINT VENTURE

On November 4, 1997, the City entered into a joint venture agreement pursuant to the provisions of Chapter 390 of the Code of Iowa with the Municipal Electric Utility of the City of Cedar Falls, Algona Municipal Utilities, the City of Ellsworth, Westfield Municipal Utilities, Montezuma Light and Power, and the City of Fonda.

This joint venture agreement is a collaborative effort of the parties above, the U.S. Department of Energy ("DOE"), and the Electric Power Research Institute ("EPRI") to develop, construct and operate a wind-powered electric generation facility (Iowa Distributed Wind Generation Project – "IDWGP"). The project is partially funded by a grant from EPRI consisting of 47.42% of construction and operating expenses for 1999 and 2000 funded by EPRI.

The City of Estherville owns an 8% interest in the project. The energy produced by the IDWGP will be apportioned among the parties based on their percentages of ownership. Currently, Algona Municipal Utilities is purchasing the generated power at their avoided cost which has been determined to be \$.014282/KWH, effective January of 2013. It has not been determined how long this arrangement will continue.

The City receives 8% of the income and pays 8% of the expenses generated by IDWGP. Generally, expenses exceed income.

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 11 – GENERAL FUND – ASSIGNED BALANCES

The City had assigned part of the balance of the general fund for specific future uses. The balance which has been assigned as Parks and Recreation Revolving is for funding future parks and recreation projects. The Equipment Revolving balance is for future purchases of equipment needed for the general fund. The Library – Pearson and Library – Sanborn are for library disbursements. The Forfeiture is for deterring criminal activity.

<u>Assigned Balances at June 30, 2013</u>	<u>Amount</u>
Parks and Recreation Revolving	\$ 365,139
Equipment Revolving	764,565
Library – Pearson	19,688
Library – Sanborn	236,881
Forfeiture	16,277
Economic Development	<u>606,621</u>
 Total Assigned Balances	 <u>\$2,009,171</u>

Note 12 – LITIGATION

The City is a defendant in a lawsuit. The City has referred the matter to their insurance company. At the present time, the outcome of the matter is uncertain and the amount of loss, if any, cannot be reasonably estimated.

Note 13 – INTERFUND TRANSFERS

The City had numerous interfund transfers during the year ended June 30, 2013. The transfers generally move resources from funds with available resources to those funds with available resources to those funds with expenses that need to be paid.

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Electric</u>	
General	\$ -	\$ -	\$ 34,449	\$ -	\$ 34,449
Nonmajor Governmental	152,702	94,269	-	93,141	340,112
Water	213,126	81,000	-	13,910	308,036
Wastewater	91,900	250	-	100,124	192,274
Electric	945,491	-	68,545	-	1,014,036
Total	<u>\$1,403,219</u>	<u>\$175,519</u>	<u>\$ 102,994</u>	<u>\$207,175</u>	<u>\$1,888,907</u>

CITY OF ESTHERVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 14 – PRIOR PERIOD ADJUSTMENT

In the previous fiscal year, the Internal Service funds were consolidated with both the governmental activities and the business-type activities. According to Governmental Auditing Standards, the Internal Service funds are to be consolidated with the funds that primarily benefit from their services. The funds that primarily benefit from the services are those reported as governmental activities. The \$77,206 is the cash balance of the Internal Services funds that was allocated to the business-type activities in the previous year.

OTHER INFORMATION

CITY OF ESTHERVILLE, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS)
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budget		Final to Actual Variance
				Original	Final	
Receipts						
Property Tax	\$ 2,277,243	\$ -	\$ 2,277,243	\$ 2,272,826	\$ 2,272,826	\$ 4,417
Tax Increment Financing	130,252	-	130,252	133,135	133,135	(2,883)
Other City Tax	648,423	-	648,423	634,211	634,211	14,212
Licenses and Permits	77,561	-	77,561	10,775	10,775	66,786
Use of Money and Property	32,232	90,232	122,464	39,230	39,230	83,234
Intergovernmental	688,394	23,660	712,054	1,170,700	1,175,200	(463,146)
Charges for Services	708,096	10,788,496	11,496,592	10,304,395	10,304,395	1,192,197
Special Assessments	69,213	-	69,213	5,000	5,000	64,213
Miscellaneous	71,837	59,917	131,754	90,380	99,380	32,374
Total Receipts	4,703,251	10,962,305	15,665,556	14,660,652	14,674,152	991,404
Disbursements						
Public Safety	1,420,507	-	1,420,507	1,428,250	1,445,150	24,643
Public Works	2,174,852	-	2,174,852	1,999,080	2,339,680	164,828
Health and Social Services	3,915	-	3,915	4,700	4,700	785
Culture and Recreation	721,276	-	721,276	777,325	800,325	79,049
Community and Economic Development	232,018	-	232,018	886,900	976,900	744,882
General Government	865,987	-	865,987	920,900	948,600	82,613
Debt Service	355,421	-	355,421	356,172	356,672	1,251
Capital Projects	29,640	750,530	780,170	343,700	1,165,400	385,230
Business Type Activities	-	9,106,557	9,106,557	8,465,929	8,876,479	(230,078)
Total Disbursements	5,803,616	9,857,087	15,660,703	15,182,956	16,913,906	1,253,203
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,100,365)	1,105,218	4,853	(522,304)	(2,239,754)	2,244,607
Other Financing Sources (Uses)						
Proceeds of Debt	-	1,125,000	1,125,000	-	1,125,000	-
Proceeds from Sale of Fixed Assets	123,190	-	123,190	42,750	42,750	80,440
Operating Transfers From Other Funds	1,681,732	207,175	1,888,907	2,829,486	2,829,486	(940,579)
Operating Transfers to Other Funds	(374,561)	(1,514,346)	(1,888,907)	(2,829,486)	(2,829,486)	940,579
Total Other Financing Sources (Uses)	1,430,361	(182,171)	1,248,190	42,750	1,167,750	80,440
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	329,996	923,047	1,253,043	(479,554)	(1,072,004)	2,325,047
Balances at Beginning of Year	6,039,053	5,527,740	11,566,793	11,566,793	11,566,793	-
Balances at End of Year	\$ 6,369,049	\$ 6,450,787	\$ 12,819,836	\$ 11,087,239	\$ 10,494,789	\$ 2,325,047

CITY OF ESTHERVILLE
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated functional level, not by fund. During the year, one budget amendment increased budgeted revenues by \$1,138,500 and budgeted disbursements by \$1,730,950. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements in the business type activities function exceeded the amounts budgeted.

SUPPLEMENTARY INFORMATION

CITY OF ESTHERVILLE, IOWA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue						
	Group Insurance	Police Retirement	Employee Benefits	Emergency Levy	Local Option Sales Tax	Industrial Park TIF	Oakridge TIF
Receipts							
Property Tax	\$ 477,565	\$ 184,060	\$ 194,426	\$ 36,891	\$ -	\$ -	\$ -
Tax Increment Financing	-	-	-	-	-	2,195	83,445
Other City Tax	3,735	1,439	1,520	291	549,501	-	-
Use of Money and Property	-	-	-	-	37	-	-
Total Receipts	<u>481,300</u>	<u>185,499</u>	<u>195,946</u>	<u>37,182</u>	<u>549,538</u>	<u>2,195</u>	<u>83,445</u>
Disbursements							
Operating:							
Public Safety	158,303	163,516	8,092	-	87,086	-	-
Public Works	125,417	-	61,714	-	9,147	-	-
Culture and Recreation	98,072	-	37,715	-	59,174	-	-
Community and Economic Development	-	-	-	-	132,578	4,809	-
General Government	83,721	-	68,696	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Disbursements	<u>465,513</u>	<u>163,516</u>	<u>176,217</u>	<u>-</u>	<u>287,985</u>	<u>4,809</u>	<u>-</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	15,787	21,983	19,729	37,182	261,553	(2,614)	83,445
Other Financing Sources (Uses)							
Sale of Capital Assets	-	-	-	-	82,890	-	-
Operating Transfers In	-	-	-	-	-	4,809	60,745
Operating Transfers Out	-	-	-	(37,182)	(118,524)	(2,195)	(144,190)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,182)</u>	<u>(35,634)</u>	<u>2,614</u>	<u>(83,445)</u>
Net Change in Cash Balances	15,787	21,983	19,729	-	225,919	-	-
Cash Balances at Beginning of Year	<u>547,142</u>	<u>103,486</u>	<u>128,275</u>	<u>-</u>	<u>378,347</u>	<u>-</u>	<u>-</u>
Cash Balances at End of Year	<u>\$ 562,929</u>	<u>\$ 125,469</u>	<u>\$ 148,004</u>	<u>\$ -</u>	<u>\$ 604,266</u>	<u>\$ -</u>	<u>\$ -</u>
Nonspendable - Library Trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:							
Other Purposes	562,929	125,469	148,004	-	604,266	-	-
Total Cash Basis Fund Balance	<u>\$ 562,929</u>	<u>\$ 125,469</u>	<u>\$ 148,004</u>	<u>\$ -</u>	<u>\$ 604,266</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		Capital Projects	Permanent		
Morrell TIF	Hy-Vee TIF	Parks & Recreation Construction	Library Trust		Total
\$ -	\$ -	\$ -	\$ -	\$	892,942
16,287	28,325	-	-	-	130,252
-	-	-	-	-	556,486
-	-	-	1,020	-	1,057
16,287	28,325	-	1,020	-	1,580,737
-	-	-	-	-	416,997
-	-	-	-	-	196,278
-	-	-	-	-	194,961
14,391	-	-	-	-	151,778
-	-	-	-	-	152,417
-	-	29,640	-	-	29,640
14,391	-	29,640	-	-	1,142,071
1,896	28,325	(29,640)	1,020	-	438,666
-	-	-	-	-	82,890
7,800	-	29,640	-	-	102,994
(9,696)	(28,325)	-	-	-	(340,112)
(1,896)	(28,325)	29,640	-	-	(154,228)
-	-	-	1,020	-	284,438
-	-	-	108,714	-	1,265,964
\$ -	\$ -	\$ -	\$ 109,734	\$	\$ 1,550,402
\$ -	\$ -	\$ -	\$ 57,574	\$	\$ 57,574
-	-	-	52,160	-	1,492,828
\$ -	\$ -	\$ -	\$ 109,734	\$	\$ 1,550,402

CITY OF ESTHERVILLE, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
INTERNAL SERVICE FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	Garage Fund	Self-funded Insurance Fund	Computer Clearing Fund	Total
Operating Receipts:				
Charges for Services	\$ 374,626	\$ 760,843	\$ -	\$ 1,135,469
Miscellaneous	-	-	7,276	7,276
Total Receipts	<u>374,626</u>	<u>760,843</u>	<u>7,276</u>	<u>1,142,745</u>
Operating Disbursements:				
Salaries and Wages	49,265	-	-	49,265
Employee Benefits	27,540	-	-	27,540
Repairs, Maintenance, and Utilities	132,668	-	-	132,668
Contractual Services	156,617	45,207	6,896	208,720
Supplies	-	670	-	670
Claims Expense and Insurance Premiums	-	479,736	-	479,736
Capital Outlay	8,536	-	-	8,536
Total Disbursements	<u>374,626</u>	<u>525,613</u>	<u>6,896</u>	<u>907,135</u>
Excess of Operating Receipts over Operating Disbursements	-	235,230	380	235,610
Non-Operating Receipts:				
Interest Income	-	616	-	616
Total Non-Operating Receipts	<u>-</u>	<u>616</u>	<u>-</u>	<u>616</u>
Net Change in Cash Balances	-	235,846	380	236,226
Cash Balances (Deficits) at Beginning of Year	<u>51,317</u>	<u>156,543</u>	<u>(380)</u>	<u>207,480</u>
Cash Balances at End of Year	<u>\$ 51,317</u>	<u>\$ 392,389</u>	<u>\$ -</u>	<u>\$ 443,706</u>

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CITY OF ESTHERVILLE, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	2013	2012	2011	2010	2009
Receipts					
Property Tax	\$ 2,277,243	\$ 2,232,308	\$ 2,202,283	\$ 2,012,054	\$ 1,874,028
Tax Increment Financing	130,252	121,024	142,914	164,369	353,698
Other City Tax	648,423	615,569	645,934	511,508	248,999
Licenses and Permits	77,561	78,322	79,104	82,977	78,378
Use of Money and Property	32,232	29,797	43,260	94,722	157,040
Intergovernmental	688,394	801,511	879,999	1,371,750	735,551
Charges for Service	708,096	714,680	697,076	679,051	689,896
Special Assessments	69,213	54,245	79,612	20,049	57,244
Miscellaneous	71,837	187,426	109,537	48,384	52,081
Total	<u>\$ 4,703,251</u>	<u>\$ 4,834,882</u>	<u>\$ 4,879,719</u>	<u>\$ 4,984,864</u>	<u>\$ 4,246,915</u>
Disbursements					
Operating					
Public Safety	\$ 1,420,507	\$ 1,323,160	\$ 1,268,132	\$ 1,315,489	\$ 1,088,479
Public Works	2,174,852	1,829,655	2,082,442	1,643,183	2,570,899
Health and Social Services	3,915	3,915	4,223	5,237	5,297
Culture and Recreation	721,276	739,509	678,704	660,497	648,557
Community and Economic Development	232,018	330,388	376,493	334,115	254,250
General Government	865,987	891,957	838,737	883,670	853,777
Debt Service	355,421	1,197,785	478,909	272,851	269,456
Capital Projects	29,640	109,173	1,171,869	1,994,359	24,430
Total	<u>\$ 5,803,616</u>	<u>\$ 6,425,542</u>	<u>\$ 6,899,509</u>	<u>\$ 7,109,401</u>	<u>\$ 5,715,145</u>

	2008	2007	2006	2005	2004
\$	1,841,129	\$ 1,847,308	\$ 1,798,834	\$ 1,674,273	\$ 1,706,875
	206,847	279,748	320,731	577,443	168,656
	108,342	97,023	64,722	25,691	22,517
	80,157	72,341	70,507	76,644	83,891
	242,809	300,481	226,331	116,872	80,634
	691,222	651,060	719,839	865,068	1,453,906
	608,147	566,992	559,609	563,944	537,278
	11,366	16,708	26,083	87,700	79,995
	105,863	40,918	120,661	518,983	136,524
\$	3,895,882	\$ 3,872,579	\$ 3,907,317	\$ 4,506,618	\$ 4,270,276

\$	1,454,875	\$ 1,066,190	\$ 1,136,265	\$ 974,212	\$ 916,293
	1,473,098	1,606,151	1,177,067	1,745,394	1,658,703
	4,923	5,727	3,807	2,817	5,165
	600,593	729,999	598,914	511,257	536,188
	195,775	190,272	288,216	187,524	212,978
	803,714	836,076	820,453	723,623	692,456
	237,058	242,925	343,096	226,495	580,835
	78,194	29,749	471,702	200,947	1,214,255
\$	4,848,230	\$ 4,707,089	\$ 4,839,520	\$ 4,572,269	\$ 5,816,873

See Accompanying Independent Auditors' Report.

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**Independent Auditors' 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 Estherville
Estherville, IA

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 Estherville, Iowa as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 30, 2013. The financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Estherville'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 of Estherville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Estherville'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, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings as items 13-II-A and 13-II-B to be material weaknesses.

Compliance and Other Matters

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

City of Estherville's Response to Findings

The City of Estherville's response to the findings identified in our audit is described in the accompanying schedule of findings. The City's responses were not subject 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on 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.

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

Spencer, Iowa
October 30, 2013

Williams + Company, P.C.
Certified Public Accountants

**CITY OF ESTHERVILLE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

PART I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

- (A) An unqualified opinion was issued on the financial statements.
- (B) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INSTANCES OF NON-COMPLIANCE: No matters were reported.

MATERIAL WEAKNESSES:

13-II-A Financial Reporting

Observation – During our audit, we identified a material amount of receipts improperly recorded in the Road Use Tax Fund instead of the General Fund as well as an immaterial amount of disbursements related to the bond issuance that had not been recorded properly. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receipts and disbursements are recorded properly in the City’s financial statements.

Response – We will double check these in the future to avoid improperly recording receipts and disbursements.

Conclusion – Response accepted.

13-II-B Segregation of Duties

Observation – During our review of internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the City’s financial statements. We noted that employees who handle cash receipts are also involved with the preparation of bank reconciliations and the posting of payments.

Recommendation – We realize with a limited number of personnel, segregation of duties is difficult. However, the City should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

**CITY OF ESTHERVILLE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

Response – The City feels that additional personnel would not be cost effective. However, management will review procedures and investigate available alternatives.

Conclusion – Response accepted.

PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

13-III-A: Certified Budget – Disbursements for the year ended June 30, 2013 exceeded the amounts budgeted in the business type activities function. Chapter 384.2 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

13-III-B: Questionable Disbursements – No disbursements did not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

13-III-C: Travel Expense – No expenditures of the City of Estherville were for travel expenses of spouses of City officials or employees.

13-III-D: Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Ann Goebel, Council Member, Owner of Riverside Hills Boarding	Boarding Dogs	\$ 500
Dale Bradley, Employee At Power Plant, Owner Bradley Performance	Miscellaneous Repairs and Supplies	\$ 795

13-III-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 insure the coverage is adequate for current operations.

**CITY OF ESTHERVILLE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

- 13-III-F: Council Minutes – No transactions were found that we believe should have been approved by the Council minutes but were not.
- 13-III-G: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 13-III-H Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management before December 1 and no exceptions were noted.