

CITY OF PANORA

Panora, Iowa

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

June 30, 2013

With Independent Auditor's Reports

CITY OF PANORA

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CITY OF PANORA
City Officials
June 30, 2013

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------|---------------------|---------------------|
| Pat Parker | Mayor | December 31, 2015 |
| Steve Pote | Mayor Pro Tem | December 31, 2013 |
| Andrew Carson | Council Member | December 31, 2015 |
| Stewart Firebaugh* | Council Member | December 31, 2015 |
| Mike Moore | Council Member | December 31, 2013 |
| Mark Vogel | Council Member | December 31, 2013 |
| Lisa Grossman | Clerk/Administrator | Indefinite |
| Joyce Calmer | Treasurer | Indefinite |
| Jeffrey Bump | Attorney | Indefinite |

*Stewart Firebaugh resigned from the council on November 11, 2012 and was replaced by Kim Smith.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I 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 Panora, 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 of this report.

Management 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 described in Note 1. This includes determining the 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Panora, 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 basis of accounting other than U.S. generally accepted accounting principles. My opinion is not modified with respect to this matter.

Other Matters

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Panora's basic financial statements. I 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 (none of which are presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included on pages 27 through 34 is presented for the purpose 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 my 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 my 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 and budgetary comparison information on pages 4 through 10 and 24 through 26 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 5, 2014 on my consideration of the City of Panora's internal control over financial reporting and my 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 my 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 of Panora's internal control over financial reporting.

S/Stanley E. Siebke

Urbandale, Iowa
March 5, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Panora's annual financial report provides 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

- Revenues of the City's governmental activities increased 47%, or \$476,419, from fiscal 2012 to fiscal 2013. This was due to the financing of capital projects through grants which caused Intergovernmental revenues to increase by \$468,693. Property tax revenues, other city taxes, and special assessments increased \$27,038, \$4,183, and \$6,887 respectively, while use of money and property decreased \$3,985. Other city taxes include the local option sales tax.
- Disbursements increased 329% or \$4,021,847 in fiscal 2013 from fiscal 2012. This was primarily due to multiple capital projects during this fiscal year. Specifically, capital projects increased \$3,728,462. In addition, there were increases in public safety, public works, culture and recreation, community and economic development and debt service by \$43,616, \$3,882, \$17,072, \$16,704, and \$214,623 respectively. There was a slight decrease to general government of \$2,512.
- The City's total cash basis net assets decreased 50%, or \$2,216,354, from June 30, 2012 to June 30, 2013. Of this amount, the assets of the governmental activities decreased \$2,071,615 while the assets of the business type activities decreased by \$144,739. The large decrease was the result of progress on the water treatment plant capital project and the public building complex capital project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The "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 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 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.

- “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 non-major 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 accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORT OF THE CITY’S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the City’s electric utility, water utility, the sanitary sewer system, solid waste/recycling operations, ambulance and the storm sewer. These activities are all financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

Governmental funds account for most of the City’s basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment Funds, 3) the Debt Service Fund, and 4) 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 statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

Proprietary funds account for the City’s Enterprise Funds, which are the City’s business type activities. The City maintains seven Enterprise Funds to provide separate information for the water, sewer, electric, solid waste, landfill, ambulance and storm sewer funds, considered to be major funds of the City. The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City’s cash balance for governmental activities decreased \$2,071,615 from a year ago, from \$2,872,776 to \$801,161. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

| | <u>Years Ended June 30,</u> | |
|--|-----------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Receipts: | | |
| Property tax | \$ 569,523 | 542,485 |
| TIF revenues | 50,368 | 52,379 |
| Other city taxes | 91,859 | 87,676 |
| Licenses and permits | 3,693 | 3,241 |
| Use of money and property | 10,140 | 14,125 |
| Intergovernmental | 687,049 | 218,356 |
| Charges for services | 5,787 | 5,054 |
| Special assessments | 28,276 | 21,389 |
| Miscellaneous | 34,038 | 59,609 |
| Total Receipts | 1,480,733 | 1,004,314 |
| Disbursements: | | |
| Operating: | | |
| Public safety | 267,774 | 224,158 |
| Public works | 118,393 | 114,511 |
| Culture and recreation | 120,304 | 103,232 |
| Community and economic development | 72,866 | 56,162 |
| General government | 65,006 | 67,518 |
| Debt service | 378,735 | 164,112 |
| Capital projects | 4,222,848 | 494,386 |
| Total Disbursements | 5,245,926 | 1,224,079 |
| Deficit of Receipts under Disbursements | (3,765,193) | (219,765) |
| Other Financing Sources | | |
| Proceeds of long-term debt | 1,409,655 | 2,152,644 |
| Transfers | 283,923 | 37,355 |
| Increase (Decrease) in Cash Basis Net Assets | (2,071,615) | 1,970,234 |
| Cash Basis Net Assets at Beginning of Year | 2,872,776 | 902,542 |
| Cash Basis Net Assets at End of Year | \$ 801,161 | 2,872,776 |

The City's total receipts for governmental activities increased by 47%, or \$476,419. The total cost of all programs and services increased by \$4,021,847, or 329%.

The cost of all governmental activities this year was \$5,245,926 compared to \$1,224,079 last year. As shown in the Statement of Activities and Net Position on pages 11-12, the amount taxpayers ultimately financed for these activities was \$4,511,363 because some of the cost was paid by those who directly benefited from the programs (\$9,142) or by other governments and organizations that subsidized certain programs with grants and contributions (\$725,421).

Change in Cash Basis Net Assets of Business Type Activities

| | Years Ended June 30, | |
|--|----------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Operating Receipts: | | |
| Charges for service: | | |
| Water | \$ 530,717 | \$ 474,743 |
| Sewer | 284,411 | 275,055 |
| Electric | 1,482,275 | 1,326,750 |
| Garbage | 50,197 | 50,125 |
| Landfill | 24,834 | 24,777 |
| Ambulance | 378,915 | 353,423 |
| Storm sewer | 72,446 | 68,238 |
| Intergovernmental receipts | 10,215 | 19,894 |
| Total Operating Receipts | 2,834,010 | 2,593,005 |
| Operating Disbursements: | | |
| Business type activities: | | |
| Water | 331,784 | 325,518 |
| Sewer | 228,220 | 215,332 |
| Electric | 1,317,101 | 1,412,569 |
| Garbage | 41,309 | 41,184 |
| Landfill | 20,232 | 20,483 |
| Ambulance | 448,391 | 329,358 |
| Storm sewer | 34,905 | 15,897 |
| Total Operating Disbursements | 2,421,942 | 2,360,341 |
| Excess of Operating Receipts over Operating Disbursements | 412,068 | 232,664 |
| Total Non-Operating Receipts (Disbursements) | (556,807) | (169,920) |
| Net Change in Cash Balances | (144,739) | 62,744 |
| Cash Basis Net Assets at Beginning of Year | 1,549,323 | 1,486,579 |
| Cash Basis Net Assets at End of Year | \$ 1,404,584 | 1,549,323 |

Total business type activities receipts for the fiscal year were \$2,834,010 compared to \$2,593,005 last year. This increase was due primarily to a rate increase in the electric fund. The receipt of water, sewer, storm water receipts, proceeds of long-term debt and transfers from

governmental funds remained steady from the previous fiscal year. Total disbursements for the fiscal year increased by 7% to a total of \$2,695,376.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Panora completed the year, its governmental funds reported a combined fund balance of \$801,161, a decrease of \$2,071,615 from last year's total of \$2,872,776. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The Capital Projects Fund decreased from \$1,891,868 to \$(42,182), which was the major reason for the decrease in the governmental funds. The decrease was the result of construction of the public building complex and water treatment plant, as well as purchasing two fire trucks, and a utility truck for the electric department.
- The decrease was slightly offset by increases in property tax revenue, other city taxes, licenses and permits, intergovernmental, charges for services, and special assessments. The changes were \$27,038, \$4,183, \$452, \$468,693, \$733, and \$6,887 respectively. The major decreases were in TIF revenues received, use of money and property, and miscellaneous charges, decreases of \$2,011, \$3,985, and \$25,571.
- The General Fund cash balance decreased \$109,914 from the prior year to \$409,907. One reason the General Fund decreased was the transfer out of money to pay for fire equipment and the public building complex.
- The Debt Service Fund increased by \$1,303 to \$89,192 due to assessments being collected from sidewalk improvements done during the Highway 44 project. This revenue will be used to pay down the 2010 GO bond in the future.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by \$31,441 to \$298,662. This was due in part to prepaying debt payments which helped in financing of the new plant upgrades.
- The Sewer Fund cash balance increased by \$38,016 to \$279,489. The additional revenues are being used for planned improvements to the sewer system.
- The Electric Fund cash balance decreased by \$78,199 to \$603,057 due to needed upgrades within the electric system. A significant portion of overhead electric lines were buried in ground which decrease potential outages due to weather.
- The Garbage Fund cash balance increased by \$8,888 to \$71,404 and the Landfill cash balance increased by \$4,602 to \$49,646. These amounts show that the City charges for these services are matching the costs paid to outside contractors.
- The Storm Water cash balance has increased by \$12,656 to \$151,844. This is due to increased storm water rates for planned storm water projects.
- The Ambulance Fund cash balance has decreased by \$(99,261) to (\$49,518). This decrease is a result of changing billing companies and an initial delayed billing cycle. The department also has contracts for service with local towns in addition to charging for services. Rates were also increased slightly to remain competitive with other services in the area.

BUDGETARY HIGHLIGHTS

The City amended its budget for additional disbursements in certain City departments. The amendment was approved on May 28, 2013 and resulted in an increase in operating disbursements related to various operational cost overruns. The City had sufficient cash balances to absorb these additional costs.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$5,549,312 in bonds and other long-term debt, compared to \$4,624,991 last year, as shown below.

| | Outstanding Debt at Year End | |
|--------------------------|------------------------------|----------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
| General obligation bonds | \$ 3,525,000 | 3,790,000 |
| Revenue bonds | 2,024,312 | 834,991 |
| | <u>\$ 5,549,312</u> | <u>4,624,991</u> |

Revenue bond debt increased as a result of new debt being issued for the water treatment plant 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. Because \$1,750,000 of the City's general obligation bonds are considered to be annual appropriation debt, the remaining general obligation debt of \$1,775,000 was below its constitutional debt limit of \$2,686,947.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Panora's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees that will be charged for various City activities. One of these factors is the economy. The unemployment rate in Guthrie County of 4.8% is just above the State's unemployment rate of 4.6% and below the National rate of 7.6%.

Inflation in the State during fiscal year 2013 was similar to the national level. The National CPI increase was 1.75% for the fiscal year 2013.

While property taxes are important to the City, they constitute approximately 13.2% of total program resources excluding other financing sources. TIF revenues comprised 1.2% of revenues. The largest revenue source, at over 66% comes from fees and charges for services which includes utility charges. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly, including periodic cost of service studies for its utility operations. Water rates have been and will be steadily increased, as the City has adopted an ordinance that increases water rates each year for the next several years. Sewer rates also are being raised. Electric rates need to be raised to make up for the losses that the Electric Department has seen due to large increases in the cost of wholesale electricity. Unfortunately, interest revenues were down this year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Grossman, City Administrator, 102 NW 2nd Street, Panora, Iowa.

CITY OF PANORA
Cash Basis Statement of Activities and Net Position
As of and For the Year Ended June 30, 2013

| | <u>Disbursements</u> | <u>Charges for Services</u> | <u>Program Receipts Operating Grants, Contributions and Restricted Interest</u> | <u>Capital Grants, Contributions and Restricted Interest</u> |
|------------------------------------|----------------------|-----------------------------|---|--|
| Function / Programs: | | | | |
| Governmental activities: | | | | |
| Public safety | \$ 267,774 | 3,273 | 57,014 | 0 |
| Public works | 118,393 | 0 | 107,641 | 0 |
| Culture and recreation | 120,304 | 5,749 | 25,690 | 0 |
| Community and economic development | 72,866 | 0 | 8,700 | 0 |
| General government | 65,006 | 120 | 0 | 0 |
| Debt service | 378,735 | 0 | 0 | 0 |
| Capital projects | 4,222,848 | 0 | 0 | 526,376 |
| Total Governmental Activities | <u>5,245,926</u> | <u>9,142</u> | <u>199,045</u> | <u>526,376</u> |
| Business type activities: | | | | |
| Water | 562,158 | 530,717 | 0 | 0 |
| Sewer | 246,395 | 284,411 | 0 | 0 |
| Electric | 1,317,101 | 1,482,275 | 550 | 0 |
| Garbage | 41,309 | 50,197 | 0 | 0 |
| Landfill | 20,232 | 24,834 | 0 | 0 |
| Ambulance | 448,391 | 378,813 | 10,317 | 0 |
| Storm water | 59,790 | 72,446 | 0 | 0 |
| Total Business Type Activities | <u>2,695,376</u> | <u>2,823,693</u> | <u>10,867</u> | <u>0</u> |
| Total | <u>\$ 7,941,302</u> | <u>2,832,835</u> | <u>209,912</u> | <u>526,376</u> |

General Receipts:

- Property tax levied for:
 - General purposes
 - Tax increment financing
 - Debt service
- Local option sales tax
- Unrestricted interest on investments
- Proceeds of long-term debt
- Miscellaneous
- Transfers

Total General Receipts

Change in Cash Basis Net Position

Cash Basis Net Position at Beginning of Year

Cash Basis Net Position at End of Year

Cash Basis Net Position:

- Restricted:
 - Nonexpendable - Permanent Fund
- Expendable:
 - Streets
 - Urban renewal purposes
 - Debt service
 - Other purposes
- Unrestricted

Total Cash Basis Net Position

The accompanying notes are an integral part of these financial statements.

CITY OF PANORA
Cash Basis Statement of Activities and Net Position
As of and For the Year Ended June 30, 2013

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

| <u>Governmental</u> <u>Activities</u> | <u>Business Type</u> <u>Activities</u> | <u>Total</u> |
|--|---|--------------|
| (207,487) | 0 | (207,487) |
| (10,752) | 0 | (10,752) |
| (88,865) | 0 | (88,865) |
| (64,166) | 0 | (64,166) |
| (64,886) | 0 | (64,886) |
| (378,735) | 0 | (378,735) |
| (3,696,472) | 0 | (3,696,472) |
| (4,511,363) | 0 | (4,511,363) |
| 0 | (31,441) | (31,441) |
| 0 | 38,016 | 38,016 |
| 0 | 165,724 | 165,724 |
| 0 | 8,888 | 8,888 |
| 0 | 4,602 | 4,602 |
| 0 | (59,261) | (59,261) |
| 0 | 12,656 | 12,656 |
| 0 | 139,184 | 139,184 |
| (4,511,363) | 139,184 | (4,372,179) |
| 403,973 | 0 | 403,973 |
| 50,368 | 0 | 50,368 |
| 165,549 | 0 | 165,549 |
| 91,859 | 0 | 91,859 |
| 10,140 | 0 | 10,140 |
| 1,409,655 | 0 | 1,409,655 |
| 24,281 | 0 | 24,281 |
| 283,923 | (283,923) | 0 |
| 2,439,748 | (283,923) | 2,155,825 |
| (2,071,615) | (144,739) | (2,216,354) |
| 2,872,776 | 1,549,323 | 4,422,099 |
| \$ 801,161 | 1,404,584 | 2,205,745 |
| | | |
| \$ 19,524 | 0 | 19,524 |
| 39,735 | 0 | 39,735 |
| 209,497 | 0 | 209,497 |
| 89,192 | 38,928 | 128,120 |
| 75,488 | 0 | 75,488 |
| 367,725 | 1,365,656 | 1,733,381 |
| \$ 801,161 | 1,404,584 | 2,205,745 |

CITY OF PANORA
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and For the Year Ended June 30, 2013

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|--|-------------------|-------------------------|-----------------------------|
| Receipts: | | | |
| Property tax | \$ 295,308 | 165,550 | 0 |
| TIF revenues | 0 | 0 | 0 |
| Other city taxes | 0 | 0 | 0 |
| Licenses and permits | 3,693 | 0 | 0 |
| Use of money and property | 10,140 | 0 | 0 |
| Intergovernmental | 79,457 | 0 | 498,100 |
| Charges for services | 4,634 | 0 | 0 |
| Special assessments | 0 | 0 | 28,276 |
| Miscellaneous | 3,860 | 0 | 7,699 |
| Total Receipts | <u>397,092</u> | <u>165,550</u> | <u>534,075</u> |
| Disbursements: | | | |
| Operating: | | | |
| Public safety | 210,323 | 0 | 0 |
| Public works | 0 | 0 | 0 |
| Culture and recreation | 73,032 | 0 | 0 |
| Community and economic development | 0 | 0 | 0 |
| General government | 59,873 | 0 | 0 |
| Debt service | 0 | 378,735 | 0 |
| Capital projects | 0 | 0 | 4,222,848 |
| Total Disbursements | <u>343,228</u> | <u>378,735</u> | <u>4,222,848</u> |
| Excess (Deficit) of Receipts over (under) Disbursements | <u>53,864</u> | <u>(213,185)</u> | <u>(3,688,773)</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds of long-term debt | 0 | 0 | 1,409,655 |
| Transfers In (Out) | (163,778) | 214,488 | 345,068 |
| Total Other Financing Sources | <u>(163,778)</u> | <u>214,488</u> | <u>1,754,723</u> |
| Net Change in Cash Balances | (109,914) | 1,303 | (1,934,050) |
| Cash Balances at Beginning of Year | 519,821 | 87,889 | 1,891,868 |
| Cash Balances at End of Year | <u>\$ 409,907</u> | <u>89,192</u> | <u>(42,182)</u> |
| Cash Basis Fund Balances: | | | |
| Nonspendable - Permanent Fund | \$ 0 | 0 | 0 |
| Restricted for: | | | |
| Urban renewal purposes | 0 | 0 | 0 |
| Debt service | 0 | 89,192 | 0 |
| Streets | 0 | 0 | 0 |
| Other purposes | 0 | 0 | 0 |
| Unassigned | 409,907 | 0 | (42,182) |
| Total Cash Basis Fund Balances | <u>\$ 409,907</u> | <u>89,192</u> | <u>(42,182)</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF PANORA
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and For the Year Ended June 30, 2013

| Other Nonmajor Governmental Funds | <u>Total</u> |
|--|--------------------|
| 108,665 | 569,523 |
| 50,368 | 50,368 |
| 91,859 | 91,859 |
| 0 | 3,693 |
| 0 | 10,140 |
| 109,492 | 687,049 |
| 1,153 | 5,787 |
| 0 | 28,276 |
| 22,479 | 34,038 |
| <u>384,016</u> | <u>1,480,733</u> |
| | |
| 57,451 | 267,774 |
| 118,393 | 118,393 |
| 47,272 | 120,304 |
| 72,866 | 72,866 |
| 5,133 | 65,006 |
| 0 | 378,735 |
| 0 | 4,222,848 |
| <u>301,115</u> | <u>5,245,926</u> |
| | |
| <u>82,901</u> | <u>(3,765,193)</u> |
| | |
| 0 | 1,409,655 |
| (111,855) | 283,923 |
| <u>(111,855)</u> | <u>1,693,578</u> |
| | |
| (28,954) | (2,071,615) |
| | |
| 373,198 | 2,872,776 |
| <u>344,244</u> | <u>801,161</u> |
| | |
| 19,524 | 19,524 |
| | |
| 209,497 | 209,497 |
| 0 | 89,192 |
| 39,735 | 39,735 |
| 75,488 | 75,488 |
| 0 | 367,725 |
| <u>344,244</u> | <u>801,161</u> |

CITY OF PANORA
Statement of Cash Receipts, Disbursements
and Changes in Cash Balaces - Proprietary Funds
As of and For the Year Ended June 30, 2013

| | <u>Water</u> | <u>Sewer</u> | <u>Electric</u> |
|--|-------------------|-----------------|------------------|
| Operating Receipts: | | | |
| Charges for services | \$ 522,527 | 284,411 | 1,451,427 |
| Intergovernmental receipts | 0 | 0 | 0 |
| Miscellaneous | 8,190 | 0 | 30,848 |
| | <u>530,717</u> | <u>284,411</u> | <u>1,482,275</u> |
| Total Operating Receipts | | | |
| Disbursements: | | | |
| Operating: | | | |
| Business type activities | 331,784 | 228,220 | 1,317,101 |
| | <u>331,784</u> | <u>228,220</u> | <u>1,317,101</u> |
| Total Operating Disbursements | | | |
| Excess (Deficit) of Operating Receipts over (under) Operating Disbursements | <u>198,933</u> | <u>56,191</u> | <u>165,174</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Use of money and property - interest | 0 | 0 | 550 |
| Transfers | 0 | 0 | (243,923) |
| Debt service | (230,374) | (18,175) | 0 |
| | <u>(230,374)</u> | <u>(18,175)</u> | <u>(243,373)</u> |
| Total Non-Operating Receipts (Disbursements) | | | |
| Net Change in Cash Balances | (31,441) | 38,016 | (78,199) |
| Cash Balances at Beginning of Year | 330,103 | 241,473 | 681,256 |
| Cash Balances at End of Year | <u>\$ 298,662</u> | <u>279,489</u> | <u>603,057</u> |
| Cash Basis Fund Balances: | | | |
| Restricted for debt service | \$ 0 | 36,750 | 0 |
| Unrestricted | 298,662 | 242,739 | 603,057 |
| | <u>\$ 298,662</u> | <u>279,489</u> | <u>603,057</u> |
| Total Cash Basis Fund Balances | | | |

The accompanying notes are an integral part of these financial statements.

CITY OF PANORA
Statement of Cash Receipts, Disbursements
and Changes in Cash Balaces - Proprietary Funds
As of and For the Year Ended June 30, 2013

Enterprise Funds

| <u>Garbage</u> | <u>Landfill</u> | <u>Ambulance</u> | <u>Storm Water</u> | <u>Total</u> |
|----------------|-----------------|------------------|--------------------|------------------|
| 50,197 | 24,834 | 343,993 | 72,446 | 2,749,835 |
| 0 | 0 | 10,215 | 0 | 10,215 |
| 0 | 0 | 34,922 | 0 | 73,960 |
| <u>50,197</u> | <u>24,834</u> | <u>389,130</u> | <u>72,446</u> | <u>2,834,010</u> |
| 41,309 | 20,232 | 448,391 | 34,905 | 2,421,942 |
| <u>41,309</u> | <u>20,232</u> | <u>448,391</u> | <u>34,905</u> | <u>2,421,942</u> |
| <u>8,888</u> | <u>4,602</u> | <u>(59,261)</u> | <u>37,541</u> | <u>412,068</u> |
| 0 | 0 | 0 | 0 | 550 |
| 0 | 0 | (40,000) | 0 | (283,923) |
| 0 | 0 | 0 | (24,885) | (273,434) |
| <u>0</u> | <u>0</u> | <u>(40,000)</u> | <u>(24,885)</u> | <u>(556,807)</u> |
| 8,888 | 4,602 | (99,261) | 12,656 | (144,739) |
| 62,516 | 45,044 | 49,743 | 139,188 | 1,549,323 |
| <u>71,404</u> | <u>49,646</u> | <u>(49,518)</u> | <u>151,844</u> | <u>1,404,584</u> |
| 0 | 0 | 0 | 2,178 | 38,928 |
| 71,404 | 49,646 | (49,518) | 149,666 | 1,365,656 |
| <u>71,404</u> | <u>49,646</u> | <u>(49,518)</u> | <u>151,844</u> | <u>1,404,584</u> |

CITY OF PANORA
Notes to the Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

The City of Panora is a political subdivision of the State of Iowa located in Guthrie County. 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 its citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, electric, garbage collection, recycling and storm water utilities for its citizens as well as providing ambulance service.

Reporting Entity

For financial reporting purposes, the City of Panora has included all funds, organizations, account groups, 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 relationships 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 Panora has no component units.

The City also participates in jointly governed organizations that provide goods or services to the citizens 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 commission: Guthrie County Regional Airport Authority.

Basis of Presentation

Government-wide Financial Statements

The Cash Basis 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 services.

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

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

Expendable restricted net position results when constraints placed on the use of net position use 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 preceding categories. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

CITY OF PANORA

Notes to the Financial Statements – Continued

The Cash Basis 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:

General Fund – 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 improvements costs that are not paid through other funds.

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

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used for the acquisition or construction of capital facilities.

The City reports the following major proprietary funds:

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

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

Electric Fund – The Electric Fund accounts for the operation and maintenance of the City's electric utility system.

Ambulance Fund – The Ambulance fund accounts for the operation and maintenance of the City's rescue unit.

Measurement Focus and Basis of Accounting

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

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.

CITY OF PANORA
Notes to the Financial Statements – Continued

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services 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.

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 grantors, creditors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in other spendable classifications.

Budgets 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 public works, community and economic development and debt service functions.

(2) Pooled Deposits and Investments

The City's deposits 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.

Funds that have deficit cash in bank balances are considered to have borrowed cash from other 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 and the Treasurer of the State of Iowa; 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.

CITY OF PANORA
Notes to the Financial Statements – Continued

(3) Long-Term Debt

A summary of the City's June 30, 2013 general obligation and revenue bond indebtedness is as follows:

| Year Ending June 30. | Interest Rates | General Obligation | | Water Revenue | | Sewer Revenue | | Storm Water | | Total |
|-------------------------------|-------------------|---------------------|----------------|------------------|----------------|----------------|---------------|----------------|----------------|------------------|
| | | Bonds | | Bonds | | Bond | | Revenue Note | | |
| | | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2014 | 1.75 - 4.00% | \$ 310,000 | 108,000 | 85,000 | 28,957 | 13,000 | 5,340 | 26,410 | 13,427 | 590,134 |
| 2015 | 1.75 - 4.00 | 260,000 | 101,026 | 86,000 | 29,570 | 13,000 | 4,950 | 45,790 | 23,286 | 563,622 |
| 2016 | 1.75 - 4.00 | 250,000 | 94,276 | 75,000 | 27,615 | 13,000 | 4,560 | 52,420 | 21,303 | 538,174 |
| 2017 | 1.75 - 4.00 | 255,000 | 87,713 | 75,000 | 26,303 | 14,000 | 4,170 | 54,550 | 19,167 | 535,903 |
| 2018 | | 260,000 | 80,675 | 80,000 | 24,990 | 14,000 | 3,750 | 56,780 | 16,945 | 537,140 |
| | | <u>1,335,000</u> | <u>471,690</u> | <u>401,000</u> | <u>137,435</u> | <u>67,000</u> | <u>22,770</u> | <u>235,950</u> | <u>94,128</u> | <u>2,764,973</u> |
| 2019-2023 | 1.75 - 4.00 | 1,460,000 | 281,189 | 405,000 | 104,055 | 77,000 | 12,120 | 320,530 | 48,082 | 2,707,976 |
| 2024-2028 | 1.75 - 4.00 | 730,000 | 53,290 | 448,000 | 67,130 | 34,000 | 1,530 | 72,150 | 1,573 | 1,407,673 |
| 2029-2033 | 1.75 | 0 | 0 | 495,000 | 26,337 | 0 | 0 | 0 | 0 | 521,337 |
| Less amounts not yet received | | | | (170,589) | | | | (360,729) | | |
| | | <u>\$ 3,525,000</u> | <u>806,169</u> | <u>1,578,411</u> | <u>334,957</u> | <u>178,000</u> | <u>36,420</u> | <u>267,901</u> | <u>143,783</u> | <u>7,401,959</u> |

Interest paid on General Obligation Bonds amounted to \$112,735, interest paid on Water Revenue Bonds amounted to \$20,312, interest paid on Sewer Revenue Bonds amounted to \$5,700, and interest paid on Storm Water Revenue Notes amounted to \$8,897. All of these amounts were charged to expense.

Assets restricted for the payment of bonds and notes at June 30, 2013 are as follows:

| <u>Type of Indebtedness</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| General Obligation Bonds | \$ 89,192 |
| Sewer Revenue Bonds | 36,750 |
| | <u>\$ 125,942</u> |

CITY OF PANORA

Notes to the Financial Statements – Continued

The Water Revenue Bonds provide for annual transfers to the Water Sinking Fund from the Water Revenue Fund sufficient to cover the annual principal and interest payments on the Water Revenue Bonds. The Sewer Revenue Bond provides for annual transfers from the Sewer Revenue Fund to the Sewer Sinking Fund sufficient to cover the annual principal and interest payments on the Sewer Revenue Bond. The Storm Sewer Revenue Note provides for annual transfers from the Storm Water Revenue Fund to the Storm Water Sinking Fund sufficient to cover the annual principal and interest payments on the Storm Water Revenue Note. Minimum annual sinking fund requirements are as follows:

| Year Ending <u>June 30,</u> | <u>Water</u> | <u>Sewer</u> | <u>Storm Water</u> |
|-----------------------------------|--------------|--------------|------------------------|
| 2014 | \$ 113,957 | 18,340 | 39,837 |
| 2015 | 115,570 | 17,950 | 69,076 |
| 2016 | 102,615 | 17,560 | 73,723 |
| 2017 | 101,303 | 18,170 | 73,717 |
| 2018 | 104,990 | 17,750 | 73,725 |
| | <hr/> | <hr/> | <hr/> |
| | 538,435 | 89,770 | 330,078 |
| 2019-2023 | 509,055 | 89,120 | 368,612 |
| 2024-2028 | 515,130 | 35,530 | 73,723 |
| 2029-2033 | 521,337 | 0 | 0 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 2,083,957 | 214,420 | 772,413 |

(4) Retirement System – IPERS

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 salary and the City is required to contribute 8.67% of annual covered payroll. 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 contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$70,477, \$60,516, and \$50,396, respectively, equal to the required contributions for each year.

(5) General Long-Term Debt Account Group

Changes in the general long-term debt account group for the year ended June 30, 2013 are as follows:

| | |
|------------------------------------|--------------|
| Balance at beginning of the year | \$ 3,790,000 |
| New loans issued | 0 |
| Principal payments during the year | (265,000) |
| Balance at end of the year | <hr/> <hr/> |
| | \$ 3,525,000 |

CITY OF PANORA

Notes to the Financial Statements – Continued

(6) Compensated Absences

City employees accumulate vacation, sick leave and personal leave hours for subsequent use or vacation may be paid upon termination, retirement or death. These accumulations are not recognized as expenditures by the City until used or paid. The City's approximate maximum liability for unrecognized accrued employee benefits at June 30, 2013 is as follows:

| <u>Type of Benefit</u> | <u>Amount</u> |
|------------------------|------------------|
| Sick leave | \$117,674 |
| Vacation | 34,183 |
| Personal leave | 39,066 |
| | <u>\$190,923</u> |

The liability has been computed based on rates of pay as of June 30, 2013.

(7) Risk Management

The City of Panora 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.

(8) Property Tax Calendar

Property taxes are collected and remitted to the City by the county government. Taxes are levied annually on July 1 based on an assessment as of January 1. Taxes are due one-half on September 30 in the year following the levy and one-half on the subsequent March 31. The lien date is July 1. Current and delinquent tax payments are recognized as receipts by the City when received.

(9) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the function level. During the year ended June 30, 2013, disbursements in the public works, community and economic development and debt service programs exceeded the amounts budgeted.

(10) Commitments

At June 30, 2013, the City had commitments on open construction contracts totaling approximately \$575,000.

CITY OF PANORA
Notes to the Financial Statements – Continued

(11) Interfund Transfers

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

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|-----------------------|------------------------|--------------------------|
| TIF - Low/Mod Housing | TIF - NW | \$ 97,502 |
| | TIF - NW Terra Vista | 11,187 |
| | | <u>108,689</u> |
| Debt Service | General | 35,642 |
| | Local Option Sales Tax | 87,802 |
| | TIF - NE | 3,266 |
| | TIF - Central | 20,787 |
| | Electric Revenue | 46,991 |
| | Ambulance Revenue | 20,000 |
| | | <u>214,488</u> |
| Capital Projects | General | 123,536 |
| | Electric Revenue | 201,532 |
| | Ambulance Revenue | 20,000 |
| | | <u>345,068</u> |
| Electric Revenue | General | <u>4,600</u> |
| | | <u><u>\$ 672,845</u></u> |

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

CITY OF PANORA
 Budgetary Comparison Schedule of Receipts, Disbursements
 and Changes in Cash Balances - Budget and Actual (Cash Basis)
 All Governmental Funds and Proprietary Funds
 Year Ended June 30, 2013

| | Governmental Funds | Proprietary Funds | Total |
|--|--------------------------|-------------------------|-------------------------|
| Receipts: | | | |
| Property tax | \$ 569,523 | 0 | 569,523 |
| TIF revenues | 50,368 | 0 | 50,368 |
| Other city taxes | 91,859 | 0 | 91,859 |
| Licenses and permits | 3,693 | 0 | 3,693 |
| Use of money and property | 10,140 | 550 | 10,690 |
| Intergovernmental | 687,049 | 10,215 | 697,264 |
| Charges for services | 5,787 | 2,823,795 | 2,829,582 |
| Special assessments | 28,276 | 0 | 28,276 |
| Miscellaneous | 34,038 | 0 | 34,038 |
| Other financing sources | 1,693,578 | 0 | 1,693,578 |
| Total Receipts | <u>3,174,311</u> | <u>2,834,560</u> | <u>6,008,871</u> |
| Disbursements: | | | |
| Public safety | 267,774 | 0 | 267,774 |
| Public works | 118,393 | 0 | 118,393 |
| Culture and recreation | 120,304 | 0 | 120,304 |
| Community and economic development | 72,866 | 0 | 72,866 |
| General government | 65,006 | 0 | 65,006 |
| Debt service | 378,735 | 0 | 378,735 |
| Capital projects | 4,222,848 | 0 | 4,222,848 |
| Business type activities | 0 | 2,695,376 | 2,695,376 |
| Other financing uses | 0 | 283,923 | 283,923 |
| Total Disbursements | <u>5,245,926</u> | <u>2,979,299</u> | <u>8,225,225</u> |
| Excess (Deficit) of Receipts over (under) Disbursements | (2,071,615) | (144,739) | (2,216,354) |
| Balances at Beginning of Year | 2,872,776 | 1,549,323 | 4,422,099 |
| Balances at End of Year | <u>\$ 801,161</u> | <u>1,404,584</u> | <u>2,205,745</u> |

CITY OF PANORA
 Budgetary Comparison Schedule of Receipts, Disbursements
 and Changes in Cash Balances - Budget and Actual (Cash Basis)
 All Governmental Funds and Proprietary Funds
 Year Ended June 30, 2013

| <u>Budgeted Amounts</u> | | <u>Variance to Final</u> |
|-------------------------|----------------|------------------------------|
| <u>Original</u> | <u>Amended</u> | |
| 568,934 | 568,934 | 589 |
| 44,400 | 46,400 | 3,968 |
| 95,841 | 95,841 | (3,982) |
| 3,150 | 3,150 | 543 |
| 21,925 | 21,925 | (11,235) |
| 183,256 | 683,256 | 14,008 |
| 2,632,738 | 2,652,738 | 176,844 |
| 15,000 | 20,000 | 8,276 |
| 23,000 | 23,000 | 11,038 |
| 1,188,924 | 2,336,924 | (643,346) |
| 4,777,168 | 6,452,168 | (443,297) |
| 283,229 | 338,729 | 70,955 |
| 115,195 | 117,195 | (1,198) |
| 122,470 | 125,070 | 4,766 |
| 40,000 | 68,800 | (4,066) |
| 72,516 | 77,916 | 12,910 |
| 167,000 | 378,636 | (99) |
| 975,000 | 4,356,889 | 134,041 |
| 2,484,519 | 2,764,519 | 69,143 |
| 378,924 | 472,557 | 188,634 |
| 4,638,853 | 8,700,311 | 475,086 |
| 138,315 | (2,248,143) | 31,789 |
| 2,640,876 | 4,430,419 | (8,320) |
| 2,779,191 | 2,182,276 | 23,469 |

CITY OF PANORA

Notes to Other Information – Budgetary Reporting
June 30, 2013

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. 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 functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, The Special Revenue Funds, The Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$1,675,000 and budgeted disbursements by \$4,061,458. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded amounts budgeted in the public works, community and economic development and debt service functions.

CITY OF PANORA
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds
As of and For the Year Ended June 30, 2013

| | <u>Road Use Tax</u> | <u>Veterans Auditorium</u> | <u>Police Forfeiture</u> | <u>Employee Benefits</u> | <u>Special Local Option Sales Tax</u> |
|--|-------------------------|--------------------------------|------------------------------|------------------------------|---|
| Receipts: | | | | | |
| Property tax | 0 | 19,832 | 0 | 88,833 | 0 |
| TIF revenues | 0 | 0 | 0 | 0 | 0 |
| Other city taxes | 0 | 0 | 0 | 0 | 91,859 |
| Intergovernmental | 107,641 | 0 | 0 | 0 | 0 |
| Charges for services | 0 | 1,153 | 0 | 0 | 0 |
| Miscellaneous | 566 | 0 | 3,198 | 8,319 | 0 |
| Total Receipts | <u>108,207</u> | <u>20,985</u> | <u>3,198</u> | <u>97,152</u> | <u>91,859</u> |
| Disbursements: | | | | | |
| Operating: | | | | | |
| Public safety | 0 | 0 | 2,508 | 54,943 | 0 |
| Public works | 102,897 | 0 | 0 | 15,496 | 0 |
| Culture and recreation | 0 | 18,434 | 0 | 19,001 | 0 |
| Community and economic development | 0 | 0 | 0 | 0 | 4,738 |
| General government | 0 | 0 | 0 | 5,133 | 0 |
| Total Disbursements | <u>102,897</u> | <u>18,434</u> | <u>2,508</u> | <u>94,573</u> | <u>4,738</u> |
| Excess (Deficit) of Receipts over (under) Disbursements | 5,310 | 2,551 | 690 | 2,579 | 87,121 |
| Operating transfers in (out) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(87,802)</u> |
| Net Change in Cash Balances | 5,310 | 2,551 | 690 | 2,579 | (681) |
| Cash Balances at Beginning of Year | 34,425 | 29,910 | 823 | 16,580 | 23,036 |
| Cash Balances at End of Year | <u>\$ 39,735</u> | <u>32,461</u> | <u>1,513</u> | <u>19,159</u> | <u>22,355</u> |
| Cash Basis Fund Balances: | | | | | |
| Nonspendable - Permanent Fund | \$ 0 | 0 | 0 | 0 | 0 |
| Restricted for: | | | | | |
| Urban renewal purposes | 0 | 0 | 0 | 0 | 0 |
| Other purposes | 39,735 | 32,461 | 1,513 | 19,159 | 22,355 |
| | <u>\$ 39,735</u> | <u>32,461</u> | <u>1,513</u> | <u>19,159</u> | <u>22,355</u> |

CITY OF PANORA
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds
As of and For the Year Ended June 30, 2013

| <u>Revenue</u> | | | | | | <u>Permanent</u> | |
|-----------------|--|-----------------|---------------------------------------|----------------------|---------------------------------------|-----------------------------------|------------------|
| <u>TIF - NW</u> | <u>TIF - Low/Mod</u> <u>Housing</u> | <u>TIF - NE</u> | <u>TIF - NW</u> <u>Terra Vista</u> | <u>TIF - Central</u> | <u>Economic</u> <u>Development</u> | <u>Trust and</u> <u>Agency</u> | <u>Total</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 108,665 |
| 0 | 0 | 2,888 | 26,886 | 20,594 | 0 | 0 | 50,368 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 91,859 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,851 | 109,492 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,153 |
| 0 | 0 | 0 | 0 | 0 | 8,700 | 1,696 | 22,479 |
| <u>0</u> | <u>0</u> | <u>2,888</u> | <u>26,886</u> | <u>20,594</u> | <u>8,700</u> | <u>3,547</u> | <u>384,016</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 57,451 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 118,393 |
| 0 | 0 | 0 | 0 | 0 | 0 | 9,837 | 47,272 |
| 0 | 870 | 0 | 17,278 | 0 | 49,980 | 0 | 72,866 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,133 |
| <u>0</u> | <u>870</u> | <u>0</u> | <u>17,278</u> | <u>0</u> | <u>49,980</u> | <u>9,837</u> | <u>301,115</u> |
| 0 | (870) | 2,888 | 9,608 | 20,594 | (41,280) | (6,290) | 82,901 |
| <u>(97,502)</u> | <u>108,689</u> | <u>(3,266)</u> | <u>(11,187)</u> | <u>(20,787)</u> | <u>0</u> | <u>0</u> | <u>(111,855)</u> |
| (97,502) | 107,819 | (378) | (1,579) | (193) | (41,280) | (6,290) | (28,954) |
| 97,502 | 94,613 | 482 | 1,579 | 1,360 | 47,074 | 25,814 | 373,198 |
| <u>0</u> | <u>202,432</u> | <u>104</u> | <u>0</u> | <u>1,167</u> | <u>5,794</u> | <u>19,524</u> | <u>344,244</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 19,524 | 19,524 |
| 0 | 202,432 | 104 | 0 | 1,167 | 5,794 | 0 | 209,497 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 115,223 |
| <u>0</u> | <u>202,432</u> | <u>104</u> | <u>0</u> | <u>1,167</u> | <u>5,794</u> | <u>19,524</u> | <u>344,244</u> |

CITY OF PANORA
Schedule of Long-Term Debt and Interest
June 30, 2013

| <u>Obligation</u> | <u>Date of Issue</u> | <u>Interest Rates</u> | <u>Amount Originally Issued</u> |
|-------------------------------------|----------------------|-----------------------|---------------------------------|
| General Obligation Bonds and Notes: | | | |
| General Obligation Bonds | January 12, 2010 | 2.00 - 4.00% | \$ 2,060,000 |
| Annual Appropriation Bond | June 7, 2012 | 2.25 - 3.60 | 2,100,000 |
| Total General Obligation Bonds | | | |
| Revenue Bonds: | | | |
| Water | May 1, 2001 | 4.20 - 4.90 | 750,000 |
| Water SRF | February 6, 2003 | 3.00 | 393,000 |
| Water SRF Planning and Design | November 12, 2009 | 3.00 | 155,000 |
| Panora State Bank | December 15, 2011 | 3.50 | 30,000 |
| 2009 SRF Construction | | 3.00 | |
| Sewer SRF | May 23, 2005 | 3.00 | 265,000 |
| Storm Water Panora State Bank | April 3, 2007 | 4.75 | 290,000 |
| Panora State Bank | May 23, 2013 | 4 | 628,630 |
| Total Revenue Bonds | | | |
| Total | | | |

CITY OF PANORA
Schedule of Long-Term Debt and Interest
June 30, 2013

| <u>Balance</u> <u>June 30, 2012</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance</u> <u>June 30, 2013</u> | <u>Interest</u> <u>Paid</u> |
|--|------------------|-----------------|--|--------------------------------|
| \$ 1,690,000 | 0 | 110,000 | 1,580,000 | 56,513 |
| 2,100,000 | 0 | 155,000 | 1,945,000 | 56,222 |
| <u>3,790,000</u> | <u>0</u> | <u>265,000</u> | <u>3,525,000</u> | <u>112,735</u> |
| 145,000 | 0 | 145,000 | 0 | 7,035 |
| 105,000 | 0 | 34,000 | 71,000 | 3,150 |
| 155,000 | 0 | 155,000 | 0 | 8,901 |
| 30,000 | 0 | 30,000 | 0 | 1,226 |
| 0 | 1,507,411 | 0 | 1,507,411 | 0 |
| <u>435,000</u> | <u>1,507,411</u> | <u>364,000</u> | <u>1,578,411</u> | <u>20,312</u> |
| <u>190,000</u> | <u>0</u> | <u>12,000</u> | <u>178,000</u> | <u>5,700</u> |
| 209,991 | 0 | 209,991 | 0 | 8,897 |
| 0 | 267,901 | 0 | 267,901 | 0 |
| <u>209,991</u> | <u>267,901</u> | <u>209,991</u> | <u>267,901</u> | <u>8,897</u> |
| <u>834,991</u> | <u>1,775,312</u> | <u>585,991</u> | <u>2,024,312</u> | <u>34,909</u> |
| <u>\$ 4,624,991</u> | <u>1,775,312</u> | <u>850,991</u> | <u>5,549,312</u> | <u>147,644</u> |

CITY OF PANORA
Bond and Note Maturities
June 30, 2013

| <u>Year</u> <u>Ending</u> <u>June 30,</u> | <u>Issued 1-12-10</u> | | <u>Annual Appropriation Bond</u> | | <u>Total</u> |
|---|---------------------------------|---------------------|----------------------------------|------------------|------------------|
| | <u>Interest</u> <u>Rates</u> | <u>Amount</u> | <u>Interest</u> <u>Rates</u> | <u>Amount</u> | |
| 2014 | 2.250% | \$ 115,000 | 2.25 | 195,000 | 310,000 |
| 2015 | 3.000 | 120,000 | 2.25 | 140,000 | 260,000 |
| 2016 | 3.000 | 125,000 | 2.25 | 125,000 | 250,000 |
| 2017 | 3.250 | 130,000 | 2.25 | 125,000 | 255,000 |
| 2018 | 3.250 | 135,000 | 2.25 | 125,000 | 260,000 |
| 2019 | 3.375 | 140,000 | 2.25 | 130,000 | 270,000 |
| 2020 | 3.625 | 150,000 | 2.50 | 130,000 | 280,000 |
| 2021 | 3.750 | 155,000 | 2.75 | 140,000 | 295,000 |
| 2022 | 3.750 | 160,000 | 3.00 | 140,000 | 300,000 |
| 2023 | 3.875 | 170,000 | 3.15 | 145,000 | 315,000 |
| 2024 | 4.000 | 180,000 | 3.30 | 150,000 | 330,000 |
| 2025 | -- | -- | 3.40 | 155,000 | 155,000 |
| 2026 | -- | -- | 3.50 | 120,000 | 120,000 |
| 2027 | -- | -- | 3.60 | 125,000 | 125,000 |
| | | <u>\$ 1,580,000</u> | | <u>1,945,000</u> | <u>3,525,000</u> |

| <u>Year</u> <u>Ending</u> <u>June 30,</u> | <u>2003 SRF</u> | | <u>2009 SRF</u> | | <u>Total</u> |
|---|---------------------------------|------------------|---------------------------------|------------------|------------------|
| | <u>Interest</u> <u>Rates</u> | <u>Amount</u> | <u>Interest</u> <u>Rates</u> | <u>Amount</u> | |
| 2014 | 3.00% | \$ 35,000 | 1.75 | 50,000 | 85,000 |
| 2015 | 3.00 | 36,000 | 1.75 | 50,000 | 86,000 |
| 2016 | -- | -- | 1.75 | 75,000 | 75,000 |
| 2017 | -- | -- | 1.75 | 75,000 | 75,000 |
| 2018 | -- | -- | 1.75 | 80,000 | 80,000 |
| 2019 | -- | -- | 1.75 | 78,000 | 78,000 |
| 2020 | -- | -- | 1.75 | 79,000 | 79,000 |
| 2021 | -- | -- | 1.75 | 81,000 | 81,000 |
| 2022 | -- | -- | 1.75 | 83,000 | 83,000 |
| 2023 | -- | -- | 1.75 | 84,000 | 84,000 |
| 2024 | -- | -- | 1.75 | 86,000 | 86,000 |
| 2025 | -- | -- | 1.75 | 88,000 | 88,000 |
| 2026 | -- | -- | 1.75 | 90,000 | 90,000 |
| 2027 | -- | -- | 1.75 | 91,000 | 91,000 |
| 2028 | -- | -- | 1.75 | 93,000 | 93,000 |
| 2029 | -- | -- | 1.75 | 95,000 | 95,000 |
| 2030 | -- | -- | 1.75 | 97,000 | 97,000 |
| 2031 | -- | -- | 1.75 | 99,000 | 99,000 |
| 2032 | -- | -- | 1.75 | 101,000 | 101,000 |
| 2033 | -- | -- | 1.75 | 103,000 | 103,000 |
| | | <u>\$ 71,000</u> | | <u>1,678,000</u> | <u>1,749,000</u> |

CITY OF PANORA
Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

| | <u>Years Ended June 30</u> | | | |
|------------------------------------|----------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Receipts: | | | | |
| Property tax | \$ 569,523 | 542,485 | 512,449 | 507,787 |
| TIF revenues | 50,368 | 52,379 | 127,835 | 150,037 |
| Other city taxes | 91,859 | 87,676 | 71,809 | 84,333 |
| Licenses and permits | 3,693 | 3,241 | 3,908 | 5,334 |
| Use of money and property | 10,140 | 14,125 | 19,560 | 32,181 |
| Intergovernmental | 687,049 | 218,356 | 202,474 | 160,822 |
| Charges for services | 5,787 | 5,054 | 5,744 | 254,280 |
| Special assessments | 28,276 | 21,389 | 52,262 | 37,859 |
| Miscellaneous | 34,038 | 59,609 | 223,446 | 152,531 |
| Total Receipts | <u>\$ 1,480,733</u> | <u>1,004,314</u> | <u>1,219,487</u> | <u>1,385,164</u> |
| Disbursements: | | | | |
| Public safety | \$ 267,774 | 224,158 | 254,085 | 458,661 |
| Public works | 118,393 | 114,511 | 152,265 | 138,520 |
| Culture and recreation | 120,304 | 103,232 | 103,754 | 102,013 |
| Community and economic development | 72,866 | 56,162 | 56,352 | 64,030 |
| General government | 65,006 | 67,518 | 63,440 | 53,801 |
| Debt service | 378,735 | 164,112 | 161,062 | 1,009,655 |
| Capital projects | 4,222,848 | 494,386 | 242,629 | 1,358,593 |
| Total Disbursements | <u>\$ 5,245,926</u> | <u>1,224,079</u> | <u>1,033,587</u> | <u>3,185,273</u> |

CITY OF PANORA
Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|------------------|------------------|------------------|------------------|----------------|----------------|
| 501,249 | 476,040 | 464,399 | 425,105 | 444,863 | 427,169 |
| 114,485 | 130,558 | 116,406 | 102,883 | 88,637 | 77,625 |
| 79,835 | 76,002 | 104,390 | 108,819 | 78,978 | 9,030 |
| 2,630 | 3,178 | 6,736 | 10,131 | 6,669 | 4,798 |
| 38,866 | 45,219 | 37,654 | 39,248 | 30,878 | 17,908 |
| 240,596 | 227,321 | 292,020 | 215,729 | 212,240 | 159,865 |
| 190,304 | 150,418 | 79,111 | 61,506 | 38,231 | 39,742 |
| 61,415 | 32,736 | 19,780 | 19,356 | 20,174 | 20,992 |
| 104,787 | 47,810 | 20,169 | 22,557 | 29,560 | 12,880 |
| <u>1,334,167</u> | <u>1,189,282</u> | <u>1,140,665</u> | <u>1,005,334</u> | <u>950,230</u> | <u>770,009</u> |
| 484,837 | 372,386 | 306,271 | 251,007 | 242,114 | 259,610 |
| 175,342 | 188,907 | 129,862 | 163,879 | 136,035 | 139,149 |
| 134,204 | 186,068 | 119,611 | 160,321 | 99,237 | 100,852 |
| 78,317 | 95,575 | 146,287 | 104,469 | 84,081 | 49,755 |
| 39,079 | 71,433 | 37,908 | 25,042 | 31,790 | 28,306 |
| 196,744 | 144,905 | 150,702 | 151,223 | 151,465 | 165,916 |
| 242,965 | 1,182,071 | 128,191 | 38,580 | 82,142 | 0 |
| <u>1,351,488</u> | <u>2,241,345</u> | <u>1,018,832</u> | <u>894,521</u> | <u>826,864</u> | <u>743,588</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 Panora, Iowa

I have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Panora, Iowa, as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued my report thereon dated March 5, 2014. My report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Panora's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the City of Panora's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Panora's internal control over financial reporting.

My 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 significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies but none that I 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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Panora's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Panora's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Panora's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my 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. Prior year statutory comments have been resolved except for items 13-III-A, 13-III-F and 13-III-H.

The City of Panora's Responses to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

S/Stanley E. Siebke

Urbandale, Iowa

March 5, 2014

CITY OF PANORA
Schedule of Findings
Year Ended June 30, 2013

Part I: Summary of the Independent Auditor's Results

- (a) An unmodified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, but the item was not considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF PANORA
Schedule of Findings
Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance

No matters were noted.

Significant Deficiency

13-II-A Segregation of Duties

One important aspect of the internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one employee is involved in cash receipts, bank deposits, utility billings, cash disbursements, general ledger accounting and bank reconciliations.

I realize that with the limited number of employees, improvement of these controls is not economically feasible. However, I believe that management of the City should be aware of the situation.

Response: The Council is aware of the situation.

Conclusion: Response accepted.

CITY OF PANORA
Schedule of Findings
Year Ended June 30, 2013

Part III: Other Findings Related to Statutory Reporting

13-III-A Certified Budget

City expenditures during the year ended June 30, 2013 exceeded amounts budgeted therefore in the public works, community and economic development and debt service programs. Chapter 384 of the Code of Iowa prohibits such budget overruns. City officials should carefully monitor expenditures and prepare budget amendments when necessary.

Response: We will carefully monitor expenditures to avoid budget overruns.

Conclusion: Response accepted.

13-III-B Questionable Disbursements

I noted no expenditures for parties, banquets or other entertainment for employees that I believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

13-III-C Travel Expense

No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

13-III-D Business Transactions

During the year ended June 30, 2013, the City made the following business transactions with City officials:

| | | |
|------------------------|---|--------|
| Joyce Calmer | | \$ 763 |
| Scott's Outdoor Supply | Scott Calmer, spouse of Joyce Calmer | 1,663 |

Since these purchases do not exceed \$2,500, they do not violate Chapter 362.5(11) of the Code of Iowa.

13-III-E Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

13-III-F Council Minutes

No transactions were found that I believe should have been approved in the Council minutes but were not.

I did note occasions when the Council minutes were not published within fifteen days of the Council meeting in accordance with Chapter 372.13(b) of the Code of Iowa. In addition, the published Council minutes did not include the amount of disbursements from each fund or the summary of receipts. The City should publish the Council minutes and required information within fifteen days of the Council meeting.

Response: We will attempt to publish the Council minutes within fifteen days of the meeting and include all required items.

Conclusion: Response accepted.

CITY OF PANORA
Schedule of Findings
Year Ended June 30, 2013

13-III-G Water, Sewer, and Storm Water Revenue Bonds

The provisions of the resolutions for the issuance of the revenue bonds relating to funding of the sinking funds were followed.

13-III-H Deposits and Investments

The City has adopted an appropriate resolution regarding the deposit of public funds in an approved financial institution. During the year ended June 30, 2013, the maximum deposit amount specified in the resolution was exceeded. I noted no other instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa.

Response: The maximum deposit amounts were increased in anticipation of higher deposit amounts but not by enough to meet needs during the current year. It is anticipated that the maximum deposit amount is sufficient for the foreseeable future.

Conclusion: Response accepted.