

**CITY OF MAPLETON, IOWA**

**INDEPENDENT AUDITORS' REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2013**

CITY OF MAPLETON, IOWA

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**CITY OF MAPLETON**

**OFFICIALS**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Roger Krohn	Mayor	January, 2014
Jerry Bumstead	Council Member	January, 2014
Tom McNamara	Council Member	January, 2016
Becky Nichols	Council Member	January, 2016
Dian Bleil	Council Member	January, 2014
Andy Halter	Council Member	January, 2014
Karla Uhl	City Clerk	Annual
Michael Schmiedt	Attorney	Annual



1009 Iowa Avenue  
P.O. Box 238  
Onawa, IA 51040  
Phone (712) 423-2616  
Fax (712) 423-2626

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Mapleton, 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 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 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 audit 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 – cash basis of the governmental activities, the business-type activities and, each major fund of the City of Mapleton, Iowa, as of June 30, 2013, and the respective changes in financial position – cash basis, thereof for the year then ended in accordance with the basis of accounting as 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. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

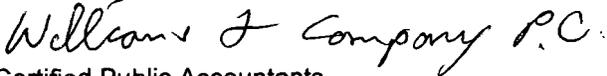
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mapleton's basic financial statements. The other information which includes the budgetary comparison information on pages 15 through 17 and the supplementary information included in Schedules 1 and 2, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other and 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 other and supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014 on our consideration of the City of Mapleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

  
Certified Public Accountants

January 9, 2014  
Onawa, Iowa

**BASIC FINANCIAL STATEMENTS**

**CITY OF MAPLETON, IOWA  
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Services</u>	<u>Operating Grants Contributions and Other Program Revenues</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Public Safety	\$ 257,543	\$ 7,844	\$ 22,847	\$ -
Public Works	932,661	179,747	182,947	890,260
Culture and Recreation	149,374	21,596	24,327	-
Community and Economic Development	48,423	-	1,200	-
General Government	121,146	6,912	1,160	-
Total Governmental Activities	<u>1,509,147</u>	<u>216,099</u>	<u>232,481</u>	<u>890,260</u>
<b>Business-Type Activities:</b>				
Electric System	1,436,808	1,249,451	2,447	-
Water System	281,797	208,203	-	-
Sewer System	178,890	136,305	-	-
Gas System	412,928	397,280	-	-
Total Business-Type Activities	<u>2,310,423</u>	<u>1,991,239</u>	<u>2,447</u>	<u>-</u>
Total Primary Government	<u>\$ 3,819,570</u>	<u>\$ 2,207,338</u>	<u>\$ 234,928</u>	<u>\$ 890,260</u>

**General Receipts:**

Property Taxes  
Tax Increment Financing  
Local Option Sales Tax  
Interest  
Sale of Land  
Miscellaneous  
Total General Revenues and Transfers  
Change in Cash Basis Net Position  
Cash Basis Net Position (Deficit) at Beginning of Year  
Cash Basis Net Position at End of Year

**Cash Basis Net Position**

Restricted:  
Debt Service  
Streets  
Local Option Sales Tax  
Other Purposes  
Unrestricted  
**Total Cash Basis Net Position**

Exhibit A

<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (226,852)		\$ (226,852)
320,293		320,293
(103,451)		(103,451)
(47,223)		(47,223)
<u>(113,074)</u>		<u>(113,074)</u>
<u>(170,307)</u>		<u>(170,307)</u>
	\$ (184,910)	(184,910)
	(73,594)	(73,594)
	(42,585)	(42,585)
	<u>(15,648)</u>	<u>(15,648)</u>
	<u>(316,737)</u>	<u>(316,737)</u>
<u>(170,307)</u>	<u>(316,737)</u>	<u>(487,044)</u>
312,978	-	312,978
24,511	-	24,511
98,905	-	98,905
10,508	3,579	14,087
46,279	-	46,279
20,580	298,921	319,501
<u>513,761</u>	<u>302,500</u>	<u>816,261</u>
343,454	(14,237)	329,217
<u>(191,503)</u>	1,281,554	1,090,051
<u>151,951</u>	<u>1,267,317</u>	<u>1,419,268</u>
36,905	58,210	95,115
243,664	-	243,664
575,315	-	575,315
295,571	-	295,571
<u>(999,504)</u>	1,209,107	209,603
<u>\$ 151,951</u>	<u>\$ 1,267,317</u>	<u>\$ 1,419,268</u>

**CITY OF MAPLETON, 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	
		Tax Increment Financing	Road Use Tax
<b>Receipts:</b>			
Property Tax	\$ 312,978	\$ -	\$ -
Tax Increment Financing	-	24,511	-
Licenses and Permits	5,165	-	-
Use of Money and Property	64,846	46,279	-
Intergovernmental Revenue	684,628	-	117,217
Charges for Services	156,047	-	-
Fines and Forfeits	6,312	-	-
Refunds/Reimbursements	14,707	-	-
Miscellaneous	25,435	-	-
Total Receipts	<u>1,270,118</u>	<u>70,790</u>	<u>117,217</u>
<b>Disbursements:</b>			
Public Safety	257,543	-	-
Public Works	899,370	-	33,291
Culture and Recreation	149,374	-	-
Community and Economic Development	11,849	36,574	-
General Government	121,146	-	-
Total Disbursements	<u>1,439,282</u>	<u>36,574</u>	<u>33,291</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(169,164)</u>	<u>34,216</u>	<u>83,926</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from FEMA Loan	295,571	-	-
Transfers In	26,907	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>322,478</u>	<u>-</u>	<u>-</u>
Change in Cash Balances	153,314	34,216	83,926
Cash Balances (Deficits) at Beginning of Year	(789,380)	(102,083)	159,738
Cash Balances (Deficits) at End of Year	<u>\$ (636,066)</u>	<u>\$ (67,867)</u>	<u>\$ 243,664</u>
<b>Cash Basis Net Position:</b>			
Restricted For:			
Debt Service	\$ -	\$ -	\$ -
Streets	-	-	243,664
Local Option Sales Tax	-	-	-
Other Purposes	295,571	-	-
Unassigned	(931,637)	(67,867)	-
Total Cash Basis Net Position	<u>\$ (636,066)</u>	<u>\$ (67,867)</u>	<u>\$ 243,664</u>

See Accompanying Notes to Financial Statements

Exhibit B

<u>Special Revenue</u>		
<u>Local Option Sales Tax</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 312,978
-	-	24,511
-	-	5,165
-	-	111,125
98,905	-	900,750
-	-	156,047
-	-	6,312
-	-	14,707
-	-	25,435
<u>98,905</u>	<u>-</u>	<u>1,557,030</u>
-	-	257,543
-	-	932,661
-	-	149,374
-	-	48,423
-	-	121,146
<u>-</u>	<u>-</u>	<u>1,509,147</u>
<u>98,905</u>	<u>-</u>	<u>47,883</u>
-	-	295,571
-	-	26,907
<u>(26,907)</u>	<u>-</u>	<u>(26,907)</u>
<u>(26,907)</u>	<u>-</u>	<u>295,571</u>
71,998	-	343,454
503,317	36,905	(191,503)
<u>\$ 575,315</u>	<u>\$ 36,905</u>	<u>\$ 151,951</u>
\$ -	\$ 36,905	\$ 36,905
-	-	243,664
575,315	-	575,315
-	-	295,571
-	-	(999,504)
<u>\$ 575,315</u>	<u>\$ 36,905</u>	<u>\$ 151,951</u>

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

	<b>Enterprise Funds</b>				
	<b>Electric System</b>	<b>Water System</b>	<b>Sewer System</b>	<b>Gas System</b>	<b>Total</b>
<b>Operating Receipts:</b>					
Charges for Services	\$1,249,451	\$ 208,203	\$ 136,305	\$ 397,280	\$ 1,991,239
<b>Total Operating Receipts</b>	<u>1,249,451</u>	<u>208,203</u>	<u>136,305</u>	<u>397,280</u>	<u>1,991,239</u>
<b>Operating Disbursements:</b>					
Business-Type Activities	1,436,808	281,797	157,780	351,520	2,227,905
<b>Total Operating Disbursements</b>	<u>1,436,808</u>	<u>281,797</u>	<u>157,780</u>	<u>351,520</u>	<u>2,227,905</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(187,357)</u>	<u>(73,594)</u>	<u>(21,475)</u>	<u>45,760</u>	<u>(236,666)</u>
<b>Non-Operating Receipts (Disbursements):</b>					
Interest Income	3,261	159	159	-	3,579
Sale of Merchandise	2,447	-	-	-	2,447
Insurance Proceeds	-	1,415	986	986	3,387
WIMECA Member Charge Refund	100,240	-	-	-	100,240
Distribution - Mapleton Communications	125,000	-	-	-	125,000
Other Non-Operating Revenues	67,171	1,145	-	1,978	70,294
Principal Payments	-	-	(14,000)	(45,000)	(59,000)
Interest Expense	-	-	(7,110)	(16,408)	(23,518)
<b>Total Non-Operating Receipts (Disbursements):</b>	<u>298,119</u>	<u>2,719</u>	<u>(19,965)</u>	<u>(58,444)</u>	<u>222,429</u>
Change in Cash Balances	110,762	(70,875)	(41,440)	(12,684)	(14,237)
Cash Balances at Beginning of Year	<u>545,699</u>	<u>249,375</u>	<u>316,190</u>	<u>170,290</u>	<u>1,281,554</u>
Cash Balances at End of Year	<u>\$ 656,461</u>	<u>\$ 178,500</u>	<u>\$ 274,750</u>	<u>\$ 157,606</u>	<u>\$ 1,267,317</u>
<b>Cash Basis Net Position:</b>					
Restricted for Debt Service	\$ -	\$ -	\$ -	\$ 58,210	\$ 58,210
Unrestricted	656,461	178,500	274,750	99,396	1,209,107
<b>Total Cash Basis Net Position</b>	<u>\$ 656,461</u>	<u>\$ 178,500</u>	<u>\$ 274,750</u>	<u>\$ 157,606</u>	<u>\$ 1,267,317</u>

**CITY OF MAPLETON, IOWA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mapleton is a political subdivision of the State of Iowa located in Monona County. It was first incorporated in 1878 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, electric, gas and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Mapleton 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 Mapleton 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 and 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: Monona County Assessor's Conference Board, Monona County Emergency Management Commission, Monona County Landfill Commission and Monona County Joint E911 Service Board.

**B. 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/components:

*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 on the preceding category. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

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.

**CITY OF MAPLETON, IOWA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Cont.)**

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.

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 that are not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The Local Option Sales Tax Fund is used to account for the monies received from local option sales tax.

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

The City reports the following major proprietary funds:

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

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

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

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

**C. Measurement Focus and Basis of Accounting**

The City of Mapleton 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.

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.

**CITY OF MAPLETON, IOWA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Cont.)**

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 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:

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.

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 Public Works, Community and Economic Development, General Government, and Business-Type Activities.

**Note 2 – CASH AND POOLED 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.

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

The City had no investments at June 30, 2013; however the City's time deposits were as follows:

	<u>Maturities</u>		
Certificates of Deposit	07/11/13 – 07/11/14		\$ 873,354

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.

**CITY OF MAPLETON, IOWA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 3 – NOTES PAYABLE**

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

	Business-Type Activities
Primary Government	Notes Paid by Enterprise Funds
Notes Payable July 1, 2012	\$ 737,000
Less: Payments	(59,000)
Notes Payable June 30, 2013	678,000
Due Within One Year	\$ 59,000

Annual debt service requirements to maturity for the outstanding debt capital notes are as follows:

Year Ending June 30,	<u>Sewer</u>		<u>Gas</u>		<u>Total</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 14,000	\$ 6,690	\$ 45,000	\$ 13,210	\$ 59,000	\$ 19,900
2015	15,000	6,270	45,000	12,423	60,000	18,693
2016	15,000	5,820	50,000	11,635	65,000	17,455
2017	16,000	5,370	50,000	10,360	66,000	15,730
2018	16,000	4,890	50,000	9,085	66,000	13,975
2019-2023	88,000	16,980	215,000	20,487	303,000	37,467
2024-2028	59,000	3,570	-	-	59,000	3,570
Total	\$ 223,000	\$ 49,590	\$ 455,000	\$ 77,200	\$ 678,000	\$ 126,790

**Revenue Notes**

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$312,000 of sewer revenue notes issued in November 11, 2006. Proceeds from the notes provided financing for the cost of the sewer project. The notes are payable solely from sewer customer net receipts and are payable through 2026. The sewer revenue notes bear an interest rate of 3.00%. The total principal and interest remaining to be paid on the notes is \$272,590. For the current year, principal and interest paid were \$14,000 and \$7,110, respectively.

The City has pledged future gas customer receipts, net of specified operating disbursements, to repay \$500,000 gas revenue notes issued in February 29, 2012. Proceeds from the notes provided financing to purchase the gas system. The notes are payable solely from gas customer net receipts and are payable through 2022. The notes bear an interest rate of 1.75%. The total principal and interest remaining to be paid on the notes is \$532,200. For the current year, principal and interest paid were \$45,000 and \$16,408, respectively.

The resolution providing for the issuance of the gas revenue capital loan note includes the following provisions:

- (a) The note will only be redeemed from future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to the gas revenue capital loan note sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due.

**CITY OF MAPLETON, IOWA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 3 – NOTES PAYABLE – (Cont.)**

- (c) The Reserve Fund shall be used to maintain the Reserve Fund Requirement per the resolution. In each month there shall be deposited in the Reserve Fund an amount equal to 25% of the amount required by this Resolution to be deposited in such month in the Sinking Fund.
  
- (d) All funds remaining in the gas account after the maintenance and operating expenses and required transfers are to be used to pay for extraordinary repairs or replacements to the System, or may be used to pay or redeem the Notes, any of them, or for any lawful purpose.

The City complied with these provisions.

**Note 4 – FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) COMMUNITY DISASTER LOAN**

On January 27, 2012, the City entered into a promissory note agreement with FEMA for a community disaster loan they received as a result of the April 9, 2011 tornado. The loan proceeds of \$295,571 were for operating and replacement for loss of revenue. Principal of \$295,571 and accrued interest of \$11,085 may be forgiven or repaid, which will be determined on January 26, 2017. The loan bears an interest rate of 0.75% and any portion of payments may be made at any time. As of June 30, 2013, no amounts have been repaid to the agency.

**Note 5 – PENSION AND RETIREMENT BENEFITS**

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

Most 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. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$43,910, \$48,086 and \$40,264, respectively, equal to the required contributions for each year.

**Note 6 – RISK MANAGEMENT**

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

**Note 7 – COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments to employees at June 30, 2013, is \$22,888.

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

**CITY OF MAPLETON, IOWA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 8 – INTERFUND TRANSFERS**

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Local Option Sales Tax	\$ 26,907

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

**Note 9 – DEFICIT BALANCES**

The deficit in the general fund of \$636,066 will be eliminated by the collection of property taxes.

The deficit in the TIF fund of \$67,867 will be eliminated by future tax increment financial collections.

**Note 10 – CONSTRUCTION COMMITMENT**

In June 2013, the City of Mapleton entered into an agreement with Knife River Midwest, LLC. The agreement is in the amount of \$127,640 for street improvements to begin in September or October 2013. No work or payments have been made to the company as of June 30, 2013.

In March 2013, Mapleton Municipal Electric entered into an agreement with Eaton's Corporation. The agreement is in the amount of \$298,210 for electrical equipment to be installed as part of improvements to be made at the Substation. The improvements to the Substation are scheduled to begin in July or August 2013. The entire project completion should occur no later than November 30, 2013. No work or payments have been made to the company as of June 30, 2013.

In June 2013, Mapleton Municipal Electric entered into an agreement with Harold K. Scholz Co. The Agreement is in the amount of \$205,936 to construct a building as part of improvements to be made at the Substation scheduled to begin in July or August 2013. No work or payments have been made to the company as of June 30, 2013.

**Note 11 – SUBSEQUENT EVENTS**

On August 1, 2013, Mapleton Municipal Electric issued Revenue Capital Loan Notes \$730,000 to finance the improvements to be made on the Substation. The notes will have annual principal payments beginning June 1, 2014 and semi-annual interest payments beginning on December 1, 2013 and are scheduled to mature in June 2028.

**OTHER INFORMATION**

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

	<b>Governmental Funds Actual</b>	<b>Proprietary Funds Actual</b>	<b>Total</b>
<b>Receipts:</b>			
Property Tax	\$ 312,978	\$ -	\$ 312,978
Tax Increment Financing	24,511	-	24,511
Licenses and Permits	5,165	-	5,165
Use of Money and Property	111,125	3,579	114,704
Intergovernmental Revenue	900,750	-	900,750
Charges for Services	156,047	1,991,239	2,147,286
Fines and Forfeits	6,312	-	6,312
Refunds/Reimbursements	14,707	-	14,707
Insurance Proceeds	-	3,387	3,387
Miscellaneous	25,435	297,981	323,416
Total Receipts	<u>1,557,030</u>	<u>2,296,186</u>	<u>3,853,216</u>
<b>Disbursements:</b>			
Public Safety	257,543	-	257,543
Public Works	932,661	-	932,661
Culture and Recreation	149,374	-	149,374
Community and Economic Development	48,423	-	48,423
General Government	121,146	-	121,146
Business-Type Activities	-	2,310,423	2,310,423
Total Disbursements	<u>1,509,147</u>	<u>2,310,423</u>	<u>3,819,570</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>47,883</u>	<u>(14,237)</u>	<u>33,646</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from FEMA Loan	295,571	-	295,571
Interfund Transfers In	26,907	-	26,907
Interfund Transfers (Out)	(26,907)	-	(26,907)
Total Other Financing Sources (Uses)	<u>295,571</u>	<u>-</u>	<u>295,571</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	<u>343,454</u>	<u>(14,237)</u>	<u>329,217</u>
Cash Balances (Deficits) at Beginning of Year	<u>(191,503)</u>	<u>1,281,554</u>	<u>1,090,051</u>
Cash Balances at End of Year	<u>\$ 151,951</u>	<u>\$ 1,267,317</u>	<u>\$ 1,419,268</u>

Budgeted Amounts		Final To
Original	Final	Net
		Variance
\$ 314,507	\$ 314,507	\$ (1,529)
60,000	60,000	(35,489)
-	-	5,165
82,394	82,394	32,310
702,700	702,700	198,050
2,300,524	2,300,524	(153,238)
-	-	6,312
-	-	14,707
-	-	3,387
89,606	89,606	233,810
<u>3,549,731</u>	<u>3,549,731</u>	<u>303,485</u>
287,159	287,159	29,616
817,950	817,950	(114,711)
198,366	198,366	48,992
38,000	38,000	(10,423)
90,041	90,041	(31,105)
2,171,643	2,171,643	(138,780)
<u>3,603,159</u>	<u>3,603,159</u>	<u>(216,411)</u>
<u>(53,428)</u>	<u>(53,428)</u>	<u>87,074</u>
-	-	(295,571)
160,463	160,463	133,556
<u>(160,463)</u>	<u>(160,463)</u>	<u>(133,556)</u>
<u>-</u>	<u>-</u>	<u>(295,571)</u>
(53,428)	(53,428)	(208,497)
<u>1,351,040</u>	<u>1,351,040</u>	<u>(260,989)</u>
<u>\$ 1,297,612</u>	<u>\$ 1,297,612</u>	<u>\$ (469,486)</u>

**CITY OF MAPLETON, IOWA  
NOTES TO OTHER INFORMATION –  
BUDGETARY REPORTING  
JUNE 30, 2013**

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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 or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the adopted budget document presents function disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the Public Works, Community and Economic Development, General Government, and Business-Type Activities functions.

**SUPPLEMENTARY INFORMATION**

**CITY OF MAPLETON, IOWA  
 SCHEDULE OF INDEBTEDNESS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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<b>Obligation</b>	<b>Date of Issue</b>	<b>Interest Rate</b>	<b>Amount Originally Issued</b>	<b>Balance Beginning of Year</b>	<b>Issued During Year</b>
Federal Emergency Management Agency Community Disaster Loan	January 27, 2012	0.75%	\$ 295,571	\$ -	\$ 295,571
Taxable Gas Revenue Capital Loan Note	February 29, 2012	1.75%	500,000	500,000	-
Iowa Finance Authority Sewer Revenue Note	November 21, 2006	3.00%	312,000	237,000	-
<b>Total</b>			<u>\$ 1,107,571</u>	<u>\$ 737,000</u>	<u>\$ 295,571</u>

See Accompanying Independent Auditors' Report

<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ -	\$ 295,571	\$ -	\$ -
45,000	455,000	16,408	-
14,000	223,000	7,110	-
<u>\$ 59,000</u>	<u>\$ 973,571</u>	<u>\$ 23,518</u>	<u>\$ -</u>

**CITY OF MAPLETON, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Schedule 2**

Grantor/Program	CFDA Number	Project/Contract Number	Federal Expenditures
<b>Direct:</b>			
U.S. Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106	AIP #3-19-0054-004-2012	\$ 544,901
U.S. Department of Homeland Security Federal Emergency Management Agency Community Disaster Loan Program	97.030	70-0703-0-1-453	295,571 *
<b>Indirect:</b>			
U.S. Department of Homeland Security Passed through the Iowa Homeland Security and Emergency Management Division: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1977-DR-IA	57,997
Total Expenditures of Federal Awards			\$ 898,469

\* This is a Community Disaster Loan received as a result of the April 9, 2011 tornado. FEMA will review the operating and replacement for potential loss of revenue beginning January 27, 2012 through January 26, 2017. This is the amount that may be forgiven or may be repaid which will be determined on January 26, 2017. As of June 30, 2013 the loan proceeds had not been expended.

**Note 1 - Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mapleton, Iowa, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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



1009 Iowa Avenue  
P.O. Box 238  
Onawa, IA 51040  
Phone (712) 423-2616  
Fax (712) 423-2626

**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 Mapleton, Iowa  
Mapleton, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the City of Mapleton, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Mapleton's basic financial statements and have issued our report thereon dated January 9, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Mapleton'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 Mapleton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mapleton's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as items II-A-13 II-B-13 and II-C-13 to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mapleton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards*. We also noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

### City of Mapleton, Iowa's Response to Findings

City of Mapleton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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, the 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 Mapleton, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

  
Certified Public Accountants

Onawa, Iowa  
January 9, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133



1009 Iowa Avenue  
P.O. Box 238  
Onawa, IA 51040  
Phone (712) 423-2616  
Fax (712) 423-2626

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Mapleton, Iowa's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2013. The City's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

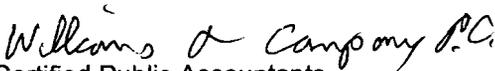
The management of the City of Mapleton, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on the major federal program to determine our auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the City of Mapleton's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined below.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Certified Public Accountants

Onawa, Iowa  
January 9, 2014

**CITY OF MAPLETON, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Part I: Summary of the Independent Auditors' Results**

- (a) Unmodified opinions were 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) 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.
- (d) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (e) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The audit disclosed no significant deficiencies or material weaknesses in internal control over major programs.
- (g) The major program was CFDA Number 21.106 – Disaster Grant – Public Assistance (Presidentially Declared Disaster).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Mapleton, Iowa did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

**No matters were reported.**

**MATERIAL WEAKNESSES:**

**II-A-13      Financial Accounting - Segregation of Duties**

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that employees who handle cash receipts are also involved with the preparation of bank reconciliations and the posting of payments.

Recommendations – We realize with a limited number of personnel, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

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

Conclusion – Response accepted.

**CITY OF MAPLETON, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Part II: Findings Related to the Financial Statements – (Cont.)**

**II-B-13      Financial Reporting**

Observation – During the audit, we identified transactions that needed to be reclassified in the City's financial statements. Adjustments were subsequent made by the City to properly report these amounts in the City's financial statements.

Recommendations – The City should implement procedures to ensure that all postings are properly recorded in the City's financial statements.

Response – We will double check this in the future to avoid posting errors.

Conclusion – Response accepted.

**II-C-13      Countersignature of Checks**

Observation – During the audit, we identified a check with only one authorized signature. The City requires nonrecurring checks over \$200 to be signed by two authorized individuals.

Recommendations – Checks should be prepared and signed by one individual and then the supporting documentation should be made available along with the check to a second independent individual for review and countersignature.

Response – We will follow procedures for two signatures on all checks.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards - None**

**Part IV: Other Findings Related to Required Statutory Reporting**

**IV-A-13      Certified Budget** – Disbursements during the fiscal year ended June 30, 2013 exceeded the amount budgeted in the Public Works, Community and Economic Development, General Government, and Business-Type Activities functions.

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.

**IV-B-13      Questionable Disbursement** – We noted no disbursements that did not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.

**IV-C-13      Travel Expense** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF MAPLETON, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Part IV: Other Findings Related to Required Statutory Reporting – (Cont.)**

**IV-D-13**     **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>
Tom McNamara, Council Member Owner of Mac's Chevrolet	Pickup Sale	\$ 26,289

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

**IV-E-13**     **Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

**IV-F-13**     **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

**IV-G-13**     **Revenue Notes** – The City was in compliance with the requirements of its revenue notes.

**IV-H-13**     **Deposits and Investments** – No instances of noncompliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policies were noted.

**IV-I-13**     **Urban Renewal Annual Report** – The urban renewal annual report was not approved or certified to the Iowa Department of Management on or before December 1. The report was filed in July 2013.

Recommendation – The City should file the urban renewal annual report timely.

Response – Given this is a new requirement, we were allowed to submit these as soon as possible, however in the future we will file the urban renewal annual report timely.

Conclusion – Response accepted.