

CITY OF BLOOMFIELD, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2014

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS
JUNE 30, 2014

<u>Name</u>	(Before January 2014) <u>Title</u>	<u>Term Expires</u>
Chris Miller	Mayor	January 2014
Jeff Anderson	Mayor Pro Tem	January 2014
Jeff Anderson	Council Member	January 2014
Leah Howk	Council Member	January 2014
Jerry Kincart	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2014
	(After January 2014)	
Chris Miller	Mayor	January 2019
Jerry Kincart	Mayor Pro Tem	January 2016
Jerry Kincart	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Jason Skaggs	Council Member	January 2019
John Hilbert	Council Member	January 2019
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Bloomfield, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa as of and for the year ended June 30, 2014, and the related notes to 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 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 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 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 Bloomfield, Iowa, as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not 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 in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 8 and 21 through 23, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
January 30, 2015

CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Receipts (including transfers) from the City's governmental activities increased 55% or \$1,863,960 from fiscal year 2013 to fiscal 2014.
- Disbursements of the City's governmental activities decreased 3% or \$100,540 from fiscal 2013 to fiscal 2014. Public works disbursements increased \$255,471, public safety disbursements increased \$107,948, community and economic disbursements increased \$167,418 and capital projects disbursements decreased \$628,178.
- The City's total cash basis net position increased 60% or \$2,789,824 from June 30, 2013 to June 30, 2014. Of this amount, the net position of the governmental activities increased \$2,696,428 and the net position of the business type activities increased by \$93,396. This increase is due primarily to an increase in debt proceeds.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation 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 and the City's indebtedness.

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, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial 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 Cash Basis Statement of Activities and Net Position reports information that helps answer this question.

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

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

- **Governmental Activities** include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- **Business Type Activities** include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

Fund Financial Statements

The City has three kinds of funds:

- 1) **Governmental funds** account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits and Other TIF, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

- 2) **Proprietary funds** account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 3) **Fiduciary funds** are used to report assets held in a trust or agency capacity for other which can not be used to support the City's own programs. These fiduciary funds include Trust funds that account for Drug Awareness Resistance Education and Library Memorial to name a few.

The required financial statement for fiduciary funds is a Statement of Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$801,134 to \$3,497,562. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 410,171	\$ 355,159
Operating grants, contributions and restricted interest	396,130	393,697
Capital grants, contributions and restricted interest	625,795	1,240,219
General receipts:		
Property tax	845,602	814,929
Tax increment financing	389,312	358,255
Local option sales tax	232,267	221,461
Debt proceeds	2,345,000	-
Other general receipts	<u>11,216</u>	<u>7,813</u>
Total receipts	<u>5,255,493</u>	<u>3,391,533</u>
Disbursements:		
Public safety	848,623	740,675
Public works	872,497	617,026
Culture and recreation	356,192	358,343
Community and economic development	294,830	127,412
General government	141,254	142,302
Capital projects	<u>920,982</u>	<u>1,549,160</u>
Total disbursements	<u>3,434,378</u>	<u>3,534,918</u>
Change in cash basis net position before transfers	1,821,115	(143,385)
Transfers net	<u>875,313</u>	<u>175,100</u>
Change in cash basis net position	2,696,428	31,715
Cash basis net position beginning of year	<u>801,134</u>	<u>769,419</u>
Cash basis net position end of year	\$ <u>3,497,562</u>	\$ <u>801,134</u>

The City's total receipts for governmental activities increased 55% or \$1,863,960. The increase in receipts was primarily the result of debt proceeds received by the City during the current year.

The total cost (disbursements) of all programs and services decreased by \$100,540 or 3%. The increase in disbursements was primarily the result of less expenditures for capital projects during the current year.

Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Water	\$ 873,369	\$ 890,344
Sewer	573,259	582,585
Electric	3,426,176	3,385,741
Gas	1,158,128	897,962
General receipts:		
Unrestricted interest on investments	16,643	16,016
Other general receipts	<u>47,671</u>	<u>132,989</u>
Total receipts	<u>6,095,246</u>	<u>5,905,637</u>
Disbursements:		
Water	626,983	616,422
Sewer	507,478	426,784
Electric	2,931,680	2,921,299
Gas	<u>1,060,396</u>	<u>709,629</u>
Total disbursements	<u>5,126,537</u>	<u>4,674,134</u>
Change in cash basis net position before transfers	968,709	1,231,503
Transfers, net	<u>(875,313)</u>	<u>(175,100)</u>
Change in cash basis net position	93,396	1,056,403
Cash basis net position beginning of year	<u>3,834,709</u>	<u>2,778,306</u>
Cash basis net position end of year	\$ <u>3,928,105</u>	\$ <u>3,834,709</u>

Total business type activities receipts for the fiscal year increased \$189,609 or 3%. The increase in receipts was primarily the result of an increase in gas collections.

Total business type activities disbursements increased \$452,403 or 10% from the prior year. This resulted primarily from an increase in disbursements by the Gas Fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$3,497,562, an increase of 337% from last year's total of \$801,134. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$76,544 from the prior year to \$241,667 due to a decrease in transfers out during the current year (prior year increase was \$91,881).
- The Other TIF Fund cash balance increased \$35,354 from the prior year primarily due to a decrease in transfers out.
- The Employee Benefits Fund cash balance increased \$12,619 from the prior year to \$268,117 due to a decrease in expenditures in the current year.
- The Friends of the Bloomfield Library Fund cash balance increased \$15,174 from the prior year to \$200,201 due to a decrease in receipts compared to the prior year (prior year increase was \$5,024).
- The Water and Sewer CDBG Fund cash balance increased \$167,975 from the prior year due to an increase in transfers in.
- The East Franklin Fund cash balance increased \$2,241,505 from the prior year to \$2,241,505 due to debt proceeds.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$258,070 to \$313,106 due to an increase in transfers out.
- The Sewer Fund cash balance decreased \$278,261 to \$319,116 due to an increase in transfers out.
- The Electric Fund cash balance increased \$498,974 to \$2,094,079 due to an increase in charges for service (prior year increase was \$612,309).
- The Gas Fund cash balance increased \$130,753 to \$1,201,804 due to an increase in transfers out (prior year increase was \$312,631).

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2014, the City amended its budget once resulting in an increase in budgeted income of \$354,366, and expenditures of \$145,261. Actual receipts exceeded the amount budgeted by \$76,874 including charges for service by \$175,592. Actual expenditures were \$266,178 less than the amounts budgeted including capital projects by \$258,871. The City exceeded the amounts budgeted in the public works function for the year ended June 30, 2014.

DEBT ADMINISTRATION

At June 30, 2014, the City had \$2,714,914 of notes and other long-term debt outstanding, compared to \$492,853 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	<u>2014</u>	<u>2013</u>
General obligation capital loan notes series 2014A	\$ 2,345,000	\$ -
Urban renewal tax increment financing revenue notes	<u>369,914</u>	<u>492,853</u>
	<u>\$ 2,714,914</u>	<u>\$ 492,853</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation of \$2,714,914 is below its constitutional debt limit of \$2,854,705. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 5.3% (June 2014) versus 5.7% a year ago. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

Inflation in the Midwest is lower than the national Consumer Price Index. The Midwest had a CPI increase of 3.615% for fiscal year 2014 compared with the national increase of 4.839%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for expenditure in FY 2015 are expected to decrease \$811,167 compared to the final FY 2014 budget. Expenditures in the FY 2015 budget are expected to increase \$2,351,953 compared to the final FY 2014 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to decrease \$515,254 by the end of FY 2015.

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 Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 1,047,316	\$ 57,012	\$ 22,780	\$ -
Public works	645,132	194,016	270,619	-
Culture and recreation	384,864	105,244	49,283	-
Community and economic development	294,830	2,176	53,448	-
General government	141,254	51,723	-	-
Capital projects	920,982	-	-	625,795
Total governmental activities	<u>3,434,378</u>	<u>410,171</u>	<u>396,130</u>	<u>625,795</u>
Business type activities:				
Water	626,983	873,369	-	-
Sewer	507,478	573,259	-	-
Electric	2,931,680	3,426,176	-	-
Gas	1,060,396	1,158,128	-	-
Total business type activities	<u>5,126,537</u>	<u>6,030,932</u>	<u>-</u>	<u>-</u>
Total	\$ <u>8,560,915</u>	\$ <u>6,441,103</u>	\$ <u>396,130</u>	\$ <u>625,795</u>

General receipts and transfers:
Property and other city tax levied for:
 General purposes
Tax increment financing
Local option sales tax
Debt proceeds
Unrestricted interest on investments
Miscellaneous
Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

 Nonexpendable - Cemetery perpetual care

 Expendable:

 Streets

 Urban renewal purposes

 Other purposes

Unrestricted

Total cash basis net position

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

Governmental Activities	Business Type Activities	Total
\$ (967,524)	\$ -	\$ (967,524)
(180,497)	-	(180,497)
(230,337)	-	(230,337)
(239,206)	-	(239,206)
(89,531)	-	(89,531)
(295,187)	-	(295,187)
<u>(2,002,282)</u>	<u>-</u>	<u>(2,002,282)</u>
-	246,386	246,386
-	65,781	65,781
-	494,496	494,496
-	<u>97,732</u>	<u>97,732</u>
<u>-</u>	<u>904,395</u>	<u>904,395</u>
<u>(2,002,282)</u>	<u>904,395</u>	<u>(1,097,887)</u>
845,602	-	845,602
389,312	-	389,312
232,267	-	232,267
2,345,000	-	2,345,000
2,913	16,643	19,556
8,303	47,671	55,974
<u>875,313</u>	<u>(875,313)</u>	<u>-</u>
<u>4,698,710</u>	<u>(810,999)</u>	<u>3,887,711</u>
2,696,428	93,396	2,789,824
<u>801,134</u>	<u>3,834,709</u>	<u>4,635,843</u>
\$ <u>3,497,562</u>	\$ <u>3,928,105</u>	\$ <u>7,425,667</u>
\$ 130,129	\$ -	\$ 130,129
2,283,465	-	2,283,465
43,753	-	43,753
798,548	-	798,548
<u>241,667</u>	<u>3,928,105</u>	<u>4,169,772</u>
\$ <u>3,497,562</u>	\$ <u>3,928,105</u>	\$ <u>7,425,667</u>

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue		Capital Projects		Nonmajor	Total
	General	Other TIF	Employee Benefits	Friends of the Bloomfield Library		
RECEIPTS:						
Property tax	\$ 514,670	\$ -	\$ 330,932	\$ -	\$ -	\$ 845,602
Tax increment financing	-	389,312	-	-	-	389,312
Other City tax	-	-	-	-	274,763	274,763
Licenses and permits	39,183	-	-	-	-	39,183
Use of money and property	14,893	-	-	1,722	-	17,592
Intergovernmental	42,539	-	-	-	447,252	944,948
Charges for service	309,400	-	-	-	-	309,400
Miscellaneous	60,831	-	-	16,606	-	87,693
Total receipts	<u>981,516</u>	<u>389,312</u>	<u>330,932</u>	<u>18,328</u>	<u>455,157</u>	<u>2,908,493</u>
DISBURSEMENTS:						
Operating:						
Public safety	633,989	-	214,634	-	-	1,047,316
Public works	317,611	-	45,076	-	-	645,132
Culture and recreation	303,373	-	36,448	3,154	-	384,864
Community and economic development	47,900	191,458	-	-	-	294,830
General government	119,099	-	22,155	-	-	141,254
Capital projects	-	-	-	-	887,182	920,982
Total disbursements	<u>1,421,972</u>	<u>191,458</u>	<u>318,313</u>	<u>3,154</u>	<u>887,182</u>	<u>3,434,378</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(440,456)</u>	<u>197,854</u>	<u>12,619</u>	<u>15,174</u>	<u>(432,025)</u>	<u>(525,885)</u>
Other financing sources (uses):						
Debt proceeds	-	-	-	-	2,345,000	2,345,000
Sale of capital assets	2,000	-	-	-	-	2,000
Transfers in	515,000	-	-	-	600,000	1,347,438
Transfers out	-	(162,500)	-	-	-	(309,625)
Total other financing sources (uses)	<u>517,000</u>	<u>(162,500)</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>3,222,313</u>
Change in cash balances	76,544	35,354	12,619	15,174	167,975	2,696,428
CASH BALANCES - Beginning of year	<u>165,123</u>	<u>8,155</u>	<u>255,498</u>	<u>185,027</u>	<u>8,509</u>	<u>801,134</u>
CASH BALANCES - End of year	<u>\$ 241,667</u>	<u>\$ 43,509</u>	<u>\$ 268,117</u>	<u>\$ 200,201</u>	<u>\$ 176,484</u>	<u>\$ 3,497,562</u>
Cash Basis Fund Balances						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,129
Restricted for:						
Urban renewal purposes	-	43,509	-	-	-	43,753
Streets	-	-	-	-	2,241,505	2,283,465
Other purposes	-	-	268,117	200,201	176,484	798,548
Unassigned	241,667	-	-	-	-	241,667
Total cash basis fund balances	<u>\$ 241,667</u>	<u>\$ 43,509</u>	<u>\$ 268,117</u>	<u>\$ 200,201</u>	<u>\$ 176,484</u>	<u>\$ 3,497,562</u>

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ 873,369	\$ 573,259	\$ 3,426,176	\$ 1,158,128	\$ 6,030,932
<u>Operating disbursements:</u>					
Business type activities	626,983	507,478	2,931,680	1,060,396	5,126,537
Excess of operating receipts over operating disbursements	246,386	65,781	494,496	97,732	904,395
<u>Non-operating receipts:</u>					
Interest on investments	2,620	3,502	6,514	4,007	16,643
Miscellaneous	21,299	6,706	12,777	6,889	47,671
Total non-operating receipts	23,919	10,208	19,291	10,896	64,314
Excess of receipts over disbursements	270,305	75,989	513,787	108,628	968,709
Transfers in			442,125	222,125	664,250
Transfers out	(528,375)	(354,250)	(456,938)	(200,000)	(1,539,563)
Change in cash balances	(258,070)	(278,261)	498,974	130,753	93,396
<u>CASH BALANCES - Beginning of year</u>	<u>571,176</u>	<u>597,377</u>	<u>1,595,105</u>	<u>1,071,051</u>	<u>3,834,709</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 313,106</u>	<u>\$ 319,116</u>	<u>\$ 2,094,079</u>	<u>\$ 1,201,804</u>	<u>\$ 3,928,105</u>
<u>Cash Basis Fund Balances</u>					
Unrestricted	\$ 313,106	\$ 319,116	\$ 2,094,079	\$ 1,201,804	\$ 3,928,105

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Expendable Trusts				
	<u>Avenue of Flags</u>	<u>Drug Awareness Resistance Education</u>	<u>Library Memorial</u>	<u>South Cemetery</u>	<u>Total</u>
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 4	\$ 3,556	\$ 54	\$ 3,614
Miscellaneous:					
Donations	-	-	1,770	-	1,770
Total additions	<u>-</u>	<u>4</u>	<u>5,326</u>	<u>54</u>	<u>5,384</u>
<u>Deductions:</u>					
Public safety	-	1,049	-	-	1,049
Culture and recreation	-	-	4,183	-	4,183
Total Disbursements	<u>-</u>	<u>1,049</u>	<u>4,183</u>	<u>-</u>	<u>5,232</u>
Net change in cash balances	-	(1,045)	1,143	54	152
<u>CASH BALANCES - Beginning of year</u>	<u>47</u>	<u>672</u>	<u>505,459</u>	<u>12,024</u>	<u>518,202</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 47</u>	<u>\$ (373)</u>	<u>\$ 506,602</u>	<u>\$ 12,078</u>	<u>\$ 518,354</u>
<u>Cash Basis Fund Balances</u>					
Restricted for special purpose	47	-	506,602	12,078	518,727
Unrestricted	-	(373)	-	-	(373)
Total cash basis fund balances	<u>\$ 47</u>	<u>\$ (373)</u>	<u>\$ 506,602</u>	<u>\$ 12,078</u>	<u>\$ 518,354</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

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

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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:

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue – The Other TIF fund is used to account for the receipt of tax increment financing collections. The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library.

Capital Projects – The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds. The East Franklin Fund is used to account for the repair/maintenance of city streets.

The City reports the following major proprietary funds:

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

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

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

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

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City also reports fiduciary funds which focus on changes on cash basis net position. The City's fiduciary funds include the following:

The Private Purpose Expendable Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with 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 are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

D. Governmental Cash Basis Fund Balances:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceed the amounts budgeted in the public works function.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 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 ensure there will be no loss of public funds.

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

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

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and urban renewal tax increment financing notes are as follows:

Year Ending June 30,	General Obligation Bonds		Urban Renewal Tax Increment Financing Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 205,000	\$ 34,179	\$ 369,914	\$ 22,195	\$ 574,914	\$ 56,374
2016	205,000	34,743	-	-	205,000	34,743
2017	205,000	33,717	-	-	205,000	33,717
2018	205,000	32,078	-	-	205,000	32,078
2019	205,000	29,823	-	-	205,000	29,823
2020 - 2024	1,090,000	96,695	-	-	1,090,000	96,695
2025	<u>230,000</u>	<u>5,520</u>	-	-	<u>230,000</u>	<u>5,520</u>
Total	\$ <u>2,345,000</u>	\$ <u>266,755</u>	\$ <u>369,914</u>	\$ <u>22,195</u>	\$ <u>2,714,914</u>	\$ <u>288,950</u>

Urban Renewal Tax Increment Financing Revenue Notes – The City issued \$534,023 of urban renewal tax increment financing (TIF) revenue notes in April 2011 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Other TIF Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue notes shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The notes are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the notes is \$392,109, payable through April 2015. For the current year, interest paid and total TIF receipts were \$27,061 and \$389,312, respectively.

NOTE 4: PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$103,998, \$97,411, and \$83,918, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 27 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$492 for single coverage and \$1,237 for family coverage. For the year ended June 30, 2014, the City contributed \$249,577 and plan members eligible for benefits contributed \$40,286 to the plan.

NOTE 6: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave 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, compensatory time, sick leave, and casual leave payments payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 47,386
Compensatory time	9,226
Sick leave	88,610
Casual leave	<u>7,945</u>
Total	\$ <u>153,167</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2014.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Hotel/Motel Tax	\$ 30,000
	Enterprise: Water	15,000
	Sewer	10,000
	Electric	260,000
	Gas	<u>200,000</u>
		<u>515,000</u>
Capital Projects: Lake Project	Enterprise: Water	<u>35,500</u>
Capital Projects: Spec Building	Enterprise: Electric	<u>14,695</u>
Capital Projects: Sidewalk	Enterprise: Electric	<u>50,000</u>
Enterprise: Gas	Enterprise: Water	177,875
	Sewer	<u>44,250</u>
		<u>222,125</u>
Capital Projects: E. Franklin St.	Enterprise: Electric	<u>103,000</u>
Capital Projects: Water & Sewer CDBG	Enterprise: Water	300,000
	Sewer	<u>300,000</u>
		<u>600,000</u>
Enterprise: Electric	Special Revenue: Other TIF	162,500
	Road Use Tax	45,000
	Local Option Sales Tax	200,000
	Farm to Market	<u>34,625</u>
		<u>442,125</u>
Capital Projects: Airport 2014	Enterprise: Electric	<u>29,243</u>
		\$ <u>2,011,688</u>

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

NOTE 8: RISK MANAGEMENT

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

NOTE 9: DEFICIT BALANCE

This fund had a deficit balances at June 30, 2014. This deficit will be eliminated with future program receipts.

- Drug Awareness Resistance Education \$ 373

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan. Under the self-funded plan, the City will reimburse eligible employee's for a portion of their deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	Deductible	
	Single	Family
Employee	\$ 500	\$ 1,000
	Out-of-Pocket	
	Single	Family
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$141,000. As of June 30, 2014 there is a remaining maximum liability commitment of \$95,894.

NOTE 11: CONSTRUCTION COMMITMENTS

Prior to June 30, 2014, the City had signed two construction contracts that are summarized below:

Total commitments	\$ 1,923,209
Less amounts paid	<u>233,824</u>
Remaining commitments	\$ <u>1,689,385</u>

These commitments are for water and airport projects. The remaining balance at June 30, 2014 will be paid as work on the projects progress.

NOTE 12: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

NOTE 13: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2013 have been reclassified to conform with June 30, 2014 presentation.

NOTE 14: SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 30, 2015 the date statements were available to be issued.

Subsequent to June 30, 2014, the City has taken steps to pay the remaining portion of the loan with Success Bank as payments become due. The payments will be made from TIF collections. The city has also taken steps to issue two Water Revenue Capital Loan Notes for expected water projects. The expected loan amounts are \$3,500,000 and \$1,500,000, respectively.

OTHER INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION
YEAR ENDED JUNE 30, 2014

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<u>RECEIPTS:</u>			
Property tax	\$ 845,602	\$ -	\$ -
Tax increment financing	389,312	-	-
Other City tax	274,763	-	-
License and permits	39,183	-	-
Use of money and property	17,592	16,643	1,722
Intergovernmental	944,948	-	-
Charges for service	309,400	6,030,932	-
Miscellaneous	87,693	47,671	24,686
Total receipts	<u>2,908,493</u>	<u>6,095,246</u>	<u>26,408</u>
<u>DISBURSEMENTS:</u>			
Public safety	1,047,316	-	-
Public works	645,132	-	-
Culture and recreation	384,864	-	14,502
Community and economic development	294,830	-	-
General government	141,254	-	-
Capital projects	920,982	-	-
Business type activities	-	5,126,537	-
Total disbursements	<u>3,434,378</u>	<u>5,126,537</u>	<u>14,502</u>
Excess (deficiency) of receipts over (under) disbursements	(525,885)	968,709	11,906
Other financing sources (uses), net	<u>3,222,313</u>	<u>(875,313)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,696,428	93,396	11,906
<u>BALANCES</u> - Beginning of year	<u>801,134</u>	<u>3,834,709</u>	<u>190,350</u>
<u>BALANCES</u> - End of year	\$ <u>3,497,562</u>	\$ <u>3,928,105</u>	\$ <u>202,256</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 845,602	\$ 841,636	\$ 841,847	\$ 3,755
389,312	412,929	412,929	(23,617)
274,763	240,211	265,128	9,635
39,183	36,825	36,825	2,358
32,513	13,270	13,270	19,243
944,948	884,500	1,081,138	(136,190)
6,340,332	6,058,740	6,167,740	172,592
110,678	57,980	81,580	29,098
<u>8,977,331</u>	<u>8,546,091</u>	<u>8,900,457</u>	<u>76,874</u>
848,623	817,615	862,615	13,992
872,497	573,940	577,940	(294,557)
341,690	372,020	399,495	57,805
294,830	284,500	327,983	33,153
141,254	150,560	152,560	11,306
920,982	1,370,000	1,179,853	258,871
<u>5,126,537</u>	<u>5,098,695</u>	<u>5,312,145</u>	<u>185,608</u>
<u>8,546,413</u>	<u>8,667,330</u>	<u>8,812,591</u>	<u>266,178</u>
430,918	(121,239)	87,866	343,052
<u>2,347,000</u>	<u>-</u>	<u>-</u>	<u>2,347,000</u>
2,777,918	(121,239)	87,866	2,690,052
<u>4,445,493</u>	<u>4,112,046</u>	<u>4,112,046</u>	<u>333,447</u>
\$ <u>7,223,411</u>	\$ <u>3,990,807</u>	\$ <u>4,199,912</u>	\$ <u>3,023,499</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2014

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 except the for blended component units. The annual budget may be amended during the year utilizing similar statutory prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds 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 disbursements by \$145,621. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the public works function.

SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

Special Revenue

	Local Option Sales Tax	Road Use Tax	Chevron Tax Increment Financing	Farm to Market	Local Housing Assistance Program	FD Grant	Hotel/ Motel Tax	Parks & Recreation
RECEIPTS:								
Other City tax	\$ 232,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,496	\$ -
Use of money and property	-	-	-	-	-	-	-	-
Intergovernmental	-	263,614	-	-	-	3,000	-	-
Miscellaneous	-	-	-	-	-	-	-	8,080
Total receipts	<u>232,267</u>	<u>263,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>42,496</u>	<u>8,080</u>
DISBURSEMENTS:								
Operating:								
Public works	-	204,041	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	11,348
Community and economic development	-	-	-	-	-	9,995	6,982	-
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>204,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,995</u>	<u>6,982</u>	<u>11,348</u>
Excess (deficiency) of receipts over (under) disbursements	<u>232,267</u>	<u>59,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,995)</u>	<u>35,514</u>	<u>(3,268)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(200,000)	(45,000)	-	(34,625)	-	-	(30,000)	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>(34,625)</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Change in cash balances	32,267	14,573	-	(34,625)	-	(6,995)	5,514	(3,268)
CASH BALANCES - Beginning of year	<u>40,630</u>	<u>27,214</u>	<u>244</u>	<u>34,625</u>	<u>1,148</u>	<u>7,000</u>	<u>55,234</u>	<u>5,323</u>
CASH BALANCES - End of year	<u>\$ 72,897</u>	<u>\$ 41,787</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 5</u>	<u>\$ 60,748</u>	<u>\$ 2,055</u>
Cash Basis Fund Balances								
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:								
Urban renewal	-	-	244	-	-	-	-	-
Streets	-	41,787	-	-	-	-	-	-
Other purposes	72,897	-	-	-	1,148	5	60,748	2,055
	<u>\$ 72,897</u>	<u>\$ 41,787</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 5</u>	<u>\$ 60,748</u>	<u>\$ 2,055</u>

Capital Projects								Permanent		
Spec Building	Mainstreet	Sidewalk/ Streetscape	Park Improvements	Airport 2014	Lake Project	Airport Runway Project	CDBG Downtown Revitalization	IOOF Cemetery Perpetual Care	Library Bequest	Total
\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 151,200	\$ 19,438	\$ 952	\$ 25	\$ 274,763
-	-	-	-	-	-	-	-	2,176	-	977
-	10,000	-	-	-	-	151,200	19,438	3,128	25	447,252
-	-	-	-	-	-	-	-	-	-	10,256
-	10,000	-	-	-	-	151,200	19,438	3,128	25	733,248
-	-	49,975	-	28,429	-	28,672	-	1,869	-	282,445
-	-	-	-	-	-	-	-	-	-	41,889
14,923	426	-	3,708	-	-	-	19,438	-	-	55,472
-	-	-	-	-	25,998	-	-	-	-	25,998
14,923	426	49,975	3,708	28,429	25,998	28,672	19,438	1,869	-	405,804
(14,923)	9,574	(49,975)	(3,708)	(28,429)	(25,998)	122,528	-	1,259	25	327,444
14,695	-	50,000	-	29,243	35,500	-	-	-	-	129,438
-	-	-	-	-	-	-	-	-	-	(309,625)
14,695	-	50,000	-	29,243	35,500	-	-	-	-	(180,187)
(228)	9,574	25	(3,708)	814	9,502	122,528	-	1,259	25	147,257
230	-	-	4,560	-	(9,386)	(122,380)	-	128,870	5,510	178,822
\$ 2	\$ 9,574	\$ 25	\$ 852	\$ 814	\$ 116	\$ 148	\$ -	\$ 130,129	\$ 5,535	\$ 326,079
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,129	\$ -	\$ 130,129
-	-	-	-	-	-	-	-	-	-	244
-	-	25	-	-	-	148	-	-	-	41,960
2	9,574	-	852	814	116	-	-	-	5,535	153,746
\$ 2	\$ 9,574	\$ 25	\$ 852	\$ 814	\$ 116	\$ 148	\$ -	\$ 130,129	\$ 5,535	\$ 326,079

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2014

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
Urban Renewal Tax Increment Notes: I-Jobs	April 28, 2011	6.00%	\$ 534,023
General Obligation Capital Loan Notes: Series 2014A	June 15, 2014	0.40 - 2.40%	<u>2,345,000</u>
			\$ <u>2,879,023</u>

SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed/ Cancelled During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 492,853	\$ -	\$ 122,939	\$ 369,914	\$ 27,061	\$ -
<u>-</u>	<u>2,345,000</u>	<u>-</u>	<u>2,345,000</u>	<u>-</u>	<u>-</u>
\$ <u>492,853</u>	\$ <u>2,345,000</u>	\$ <u>122,939</u>	\$ <u>2,714,914</u>	\$ <u>27,061</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES
YEAR ENDED JUNE 30, 2014

Year Ending June 30,	Urban Renewal Tax Increment Financing Revenue Notes Issued Apr 28, 2011	
	Interest Rates	Amount
2015	6.00%	\$ <u>369,914</u>
Total		\$ <u>369,914</u>

Year Ending June 30,	General Obligation Capital Loan Notes Series 2014 A Issued June 15, 2014	
	Interest Rates	Principal
2015	0.40%	\$ 205,000
2016	0.50%	205,000
2017	0.80%	205,000
2018	1.10%	205,000
2019	1.35%	205,000
2020	1.60%	210,000
2021	1.80%	215,000
2022	2.00%	220,000
2023	2.15%	220,000
2024	2.30%	225,000
2025	2.40%	<u>230,000</u>
Total		\$ <u>2,345,000</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>RECEIPTS:</u>				
Property tax	\$ 845,602	\$ 814,929	\$ 766,138	\$ 742,459
Tax increment financing	389,312	358,255	349,999	331,049
Other City tax	274,763	261,866	233,036	226,184
Licenses and permits	39,183	38,590	38,011	29,456
Use of money and property	17,592	10,503	11,859	20,014
Intergovernmental	944,948	1,568,953	917,290	764,773
Charges for service	309,400	293,741	278,377	277,143
Miscellaneous	87,693	44,551	121,068	176,536
Total	\$ <u>2,908,493</u>	\$ <u>3,391,388</u>	\$ <u>2,715,778</u>	\$ <u>2,567,614</u>
<u>DISBURSEMENTS:</u>				
Operating:				
Public safety	\$ 848,623	\$ 740,675	\$ 705,974	\$ 700,429
Public works	872,497	617,026	867,334	686,137
Culture and recreation	356,192	358,343	360,449	399,727
Community and economic development	294,830	127,412	117,653	207,620
General government	141,254	142,302	146,189	117,912
Capital projects	920,982	1,549,160	459,915	1,301,895
Total	\$ <u>3,434,378</u>	\$ <u>3,534,918</u>	\$ <u>2,657,514</u>	\$ <u>3,413,720</u>

SCHEDULE 4

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 687,520	\$ 670,808	\$ 648,956	\$ 648,869	\$ 677,166	\$ 700,028
341,642	337,333	229,279	195,389	48,809	72,923
264,442	260,230	222,356	214,790	207,427	202,659
38,537	39,893	6,383	34,314	37,308	5,715
16,337	34,472	86,602	75,362	63,639	54,844
597,863	322,455	704,311	344,541	453,287	847,035
296,742	299,455	250,983	248,742	261,650	266,904
87,598	186,714	149,039	188,282	63,940	50,232
<u>\$ 2,330,681</u>	<u>\$ 2,151,360</u>	<u>\$ 2,297,909</u>	<u>\$ 1,950,289</u>	<u>\$ 1,813,226</u>	<u>\$ 2,200,340</u>
\$ 911,793	\$ 813,615	\$ 712,514	\$ 566,472	\$ 571,870	\$ 535,694
601,284	669,967	747,352	924,508	477,861	520,585
367,633	413,019	290,368	262,538	307,765	262,042
137,729	282,121	202,406	206,898	95,360	471,511
134,076	126,002	106,464	112,061	104,437	104,241
2,028,762	901,765	117,499	27,720	2,356,824	819,655
<u>\$ 4,181,277</u>	<u>\$ 3,206,489</u>	<u>\$ 2,176,603</u>	<u>\$ 2,100,197</u>	<u>\$ 3,914,117</u>	<u>\$ 2,713,728</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 Mayor and City Council
City of Bloomfield, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the City of Bloomfield, Iowa's basic financial statements and have issued our report thereon dated January 30, 2015. Our 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 our audit of the financial statements, we considered the City of Bloomfield, Iowa's internal control over financial reporting to determine the audit procedures 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 Bloomfield, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 as item II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-14 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 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 test 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.

The City of Bloomfield, Iowa's Response to Findings

The City of Bloomfield, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The City of Bloomfield, Iowa's responses were not subjected 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, this communication is not suitable for any other purpose.

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

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
January 30, 2015

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Summary of the Independent Auditor's 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) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

- II-A-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. 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 – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-14 Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will consider this.

Conclusion – Response accepted.

Instances of Noncompliance:

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting

- III-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the public works function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

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

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-B-14 Questionable Disbursements – No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-14 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-14 Business Transactions – No business transactions between the City and City officials or employees were noted.

III-E-14 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-14 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within 15 days of the Council meeting. The minutes for the meetings held July 18, 2013 and September 19, 2013, were not published within 15 days of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

III-G-14 Deposits and Investments – An instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy was noted. The City does not have public funds custodial agreements with all of the financial institutions the City does business with as required by Chapter 128.10C of the Code of Iowa.

Recommendation – The City should obtain public funds custodial agreements for all of the City's depositories.

Response – We will do so.

Conclusion – Response accepted.

III-H-14 Financial Condition – The Drug Awareness Resistance Education fund had a deficit balance at June 30, 2014.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit will be eliminated with future receipts.

Conclusion – Response acknowledged.

III-I-14 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.

III-J-14 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.