



Financial Statements  
June 30, 2014

# City of Asbury, Iowa

Officials .....	1	
Independent Auditor’s Report.....	2	
Management’s Discussion and Analysis.....	5	
Basic Financial Statements		
Government-wide Financial Statement:		
Exhibit A – Statement of Activities and Net Position – Cash Basis .....	13	
Governmental Funds Financial Statement:		
Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.....	14	
Proprietary Funds Financial Statement:		
Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.....	15	
Notes to Financial Statements .....	16	
Other Information		
Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds .....		26
Notes to Other Information – Budgetary Reporting .....	27	
Supplementary Information		
Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Nonmajor Governmental Funds .....		28
Schedule 3 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Nonmajor Enterprise Funds .....		30
Schedule 4 – Schedule of Indebtedness .....		31
Schedule 5 – Bond and Note Maturities .....		32
Schedule 6 – Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds.....		34
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		35
Schedule of Findings and Responses .....		37
Summary Schedule of Prior Findings .....		41

City of Asbury, Iowa  
Officials

---

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Adams	Mayor	January 2016
Bob Reisch	Mayor Pro Tem	January 2016
Dale Krueger	Council Member	January 2016
Craig Miller	Council Member	January 2018
John Richey	Council Member	January 2018
Curt Kiessling	Council Member	January 2018
Elizabeth Bonz	City Administrator, Treasurer	Appointed
Sara Burke	City Clerk	Appointed
Doug Hummel	Deputy City Clerk	Appointed
Peggy Thill	Office Assistant	Appointed
Stephen Juergens	Attorney	Appointed



## **Independent Auditor's Report**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1. This includes determining that 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa, as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### **Basis of Accounting**

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013, and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 5 through 12 and 26 through 27, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Dubuque, Iowa  
August 21, 2014

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

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

### **2014 Financial Highlights**

Receipts of the City increased 6.68%, or approximately \$466,000, from fiscal year 2013 to fiscal year 2014. Tax Increment Financing increased \$216,328. Charges for Services increased approximately \$141,500 for receipts received for additional golf course revenue and an increase in the number of utility accounts. Miscellaneous revenue increased \$132,660 for donations received for the Asbury Library Building Project and developer fees.

Disbursements of the City's activities decreased 12.72%, or approximately \$925,000, from fiscal year 2013 to fiscal year 2014. Capital Projects increased \$206,953. Fiscal year 2014 capital improvements included Asbury Road Phase I construction \$520,792, Meadows Golf Club Improvements \$621,421 and Municipal Building design \$59,257. Disbursements relating to Public Safety increased \$74,000 from the prior year for a vehicle purchase and storm siren purchase. Business type expenditures decreased \$1,173,032 due to the completion of the West Sewerline Extension Project.

The City's total cash basis net position increased 12.70%, or approximately \$1,100,000, from June 2013 to June 2014. Of this amount, the assets of the governmental activities decreased approximately \$500,000 and the assets of the business-type activities increased approximately \$1,600,000.

### **Using This Annual Report**

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

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

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

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

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

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

### **Basis of Accounting**

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

### **Statement of Financial Activities**

The Statement of Activities and Net Position present 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.

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

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

Governmental Activities include:

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

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

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

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

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

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

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

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

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

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

**Governmental Activities**

For the year ended June 30, 2014, the City's governmental activities were funded as follows:

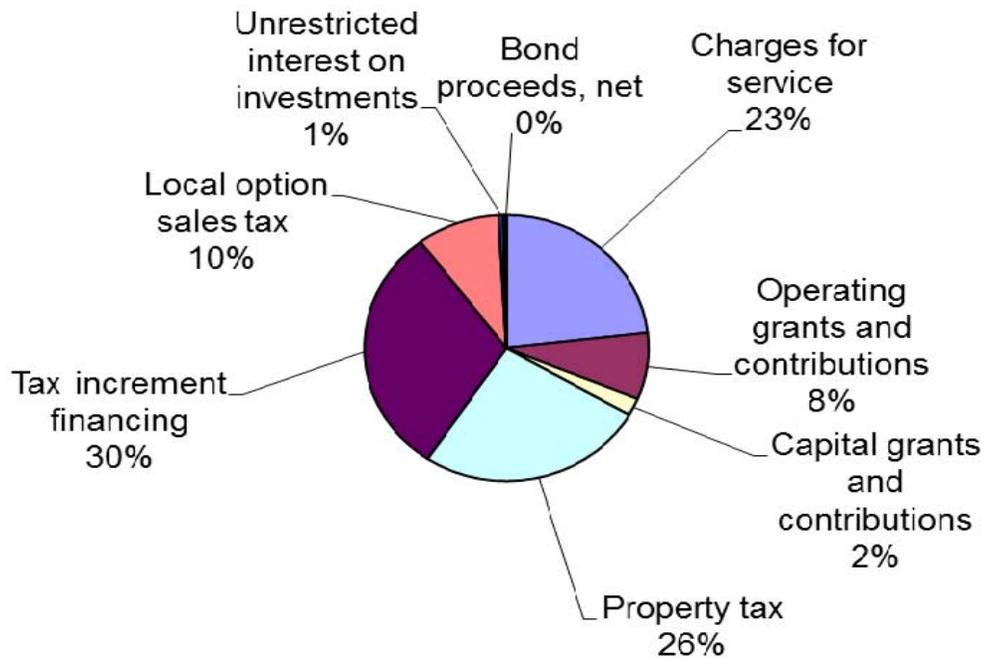
Receipts of the City's governmental activities increased 7.25%, or approximately \$368,000 from fiscal year 2013 to fiscal year 2014. Tax Increment Financing revenue to fund City debt obligations and capital improvements increased \$216,328. Miscellaneous Revenue increased \$132,660.

Disbursements of the City's governmental activities increased 5.61% or approximately \$248,000 from fiscal year 2013 to fiscal year 2014. Disbursements relating to Public Safety increased \$74,000 because a new police vehicle was purchased and two storm sirens were replaced. Capital Projects increased \$200,000 because of the Asbury Road Improvement Project Phase I was started spring 2014.

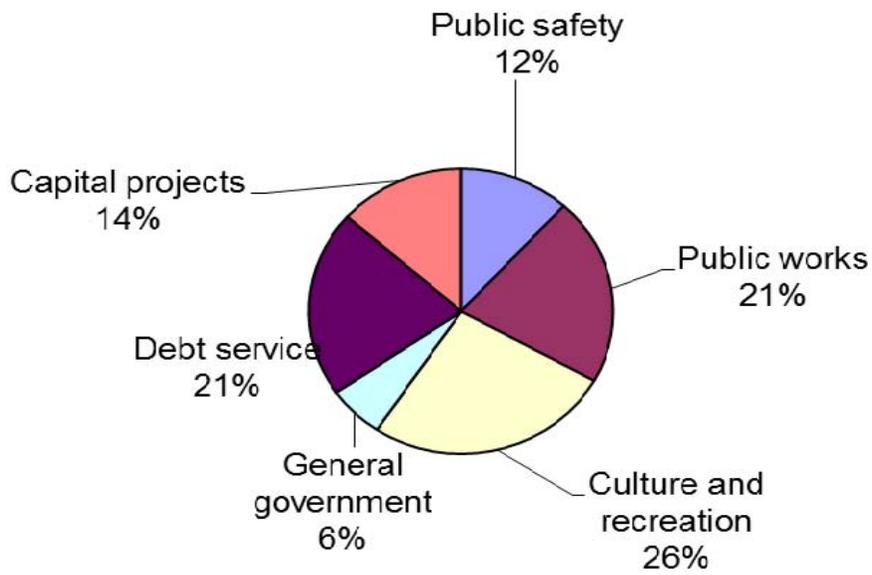
Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	2014	2013
Program Receipts:		
Charges for service	\$ 1,260,789	\$ 1,234,431
Operating grants and contributions	440,063	439,896
Capital grants and contributions	118,066	513
General Receipts:		
Property tax	1,412,300	1,376,477
Tax increment financing	1,650,028	1,433,700
Local option sales tax	515,484	529,380
Unrestricted interest on investments	28,444	52,667
Other general receipts	21,628	11,748
Total receipts	<u>5,446,802</u>	<u>5,078,812</u>
Program Disbursements:		
Public safety	547,478	473,094
Public works	462,248	471,561
Culture and recreation	1,250,345	1,217,369
Community and economic development	20,789	21,803
General government	220,188	241,074
Debt service	952,911	988,160
Capital projects	1,211,029	1,004,077
Total disbursements	<u>4,664,988</u>	<u>4,417,138</u>
Change in Cash Basis Net Position Before Transfers	781,814	661,674
Transfers, Net	<u>(1,282,814)</u>	<u>24,461</u>
Change in Cash Basis Net Position	(501,000)	686,135
Cash Basis Net Position Beginning of Year	5,705,541	5,019,406
Cash Basis Net Position End of Year	<u>\$ 5,204,541</u>	<u>\$ 5,705,541</u>

### Receipts by Source



### Disbursements by Function



**Business-type Activities**

For the year ended June 30, 2014, the City's business-type activities receipts and disbursements were as follows:

Changes in Cash Basis Net Position of Business-Type Activities

	Year Ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service:		
Sewer utility	\$ 803,060	\$ 779,240
Solid waste	242,068	229,723
Water	818,137	738,792
Storm Water	108,115	108,345
General receipts:		
Unrestricted interest on investments	19,282	36,550
Total receipts	1,990,662	1,892,650
Program Disbursements:		
Sewer utility	887,069	1,971,862
Solid waste	213,971	208,316
Water	518,312	626,535
Storm Water	62,346	48,017
Total program disbursements	1,681,698	2,854,730
Change in Cash Basis Net Position Before Transfers	308,964	(962,080)
Transfers, Net	1,282,814	(24,461)
Change in Cash Basis Net Position	1,591,778	(986,541)
Cash Basis Net Position Beginning of Year	2,889,931	3,876,472
Cash Basis Net Position End of Year	\$ 4,481,709	\$ 2,889,931

Receipts of the City's business-type activities increased 5.18%, or approximately \$98,000, from fiscal year 2013 to fiscal year 2014. Revenue increased for charges for services for additional users from new residential construction.

Disbursements for business-type activities decreased 41.10%, or approximately \$1,170,000. West Sewerline Extension to service the Legacy Heights and Tuscan Ridge Subdivisions was completed.

### **Individual Major Fund Analysis**

As of June 30, 2014, the City had cash balances on hand of \$5,204,541 in governmental fund types and \$4,481,709 in business-type funds. The governmental fund type decreased \$501,000 and business fund types increased \$1,591,778, respectively, during fiscal year 2013-2014. The increase in governmental fund types is for additional Tax Increment Financing revenue and donations for the Asbury Library Building Project. The increase business type funds on hand are for projects that were completed in the fiscal year.

- The General Fund cash balance decreased \$766,778 from the prior year to \$1,760,179. The decrease is due to transfers to fund capital improvement projects.
- The Special Revenue Fund, Road Use Tax Fund cash balance decreased \$352,836 to \$606,946. This decrease was attributable to transfer to the Asbury Road Improvement Project.
- The Special Revenue Fund, Local Option Sales Tax cash fund balance increased \$21,333 to \$534,339. This increase was attributable to additional funds received due to adjustment for per capita population. The city is required to use this money for the specific purpose of police and fire protection, street lighting, snow and ice control, insurance and street improvements.
- The Special Revenue Fund, Tax Increment Financing Fund was established to account for major urban renewal projects. This fund balance is required to be used for tax increment funded projects.
- Other Nonmajor Governmental Funds, the cash fund balance increased \$56,401.
- The Debt Service Fund cash balance increased \$1,281 to \$23,214.

### **Individual Major Business Type Fund Analysis**

- The Enterprise, Sewer Utility Fund cash balance increased \$1,206,862 to \$1,875,378. This increase is due to a funding transfer from the Tax Increment Financing Fund to fund the construction of the West Sewerline.
- The Enterprise, Water Fund cash balance increased \$309,374 to \$2,198,669. This increase was due to an increase in the number of utility users and less than normal repairs, maintenance, utility and consulting expenses.

### **Budgetary Highlights**

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

For the year ended June 30, 2014, total actual receipts were \$187,781 over the final budget while total actual disbursements were \$2,759,291 under the final budget. The large difference for budgeted and actual expenditures occurred because of capital projects for road improvements and utility projects that were budgeted and not completed in the current fiscal year.

**Debt Outstanding**

As of year end, the City had \$10,123,202 debt outstanding compared to \$11,055,221 in 2013.

	Outstanding Debt at Year-End	
	June 30,	
	2014	2013
General Obligation Notes:		
2007 Street improvements	\$ -	\$ 50,000
General Obligation Bonds:		
2008 Golf course acquisition	400,000	525,000
2011 Seippel Road	2,785,000	2,895,000
2012A Refunding	2,140,000	2,140,000
2012B Refunding	525,000	525,000
2012C Refunding	2,280,000	2,610,000
Total General Obligation Bonds	8,130,000	8,695,000
Revenue Notes:		
2001 Water improvements	120,000	180,000
2006 Sewer improvements	1,018,000	1,161,000
2010 Water improvements	835,000	920,000
Total Revenue Notes	1,973,000	2,261,000
Purchase Agreement:		
2009 Yamaha Golf Carts	20,202	49,221
Total	\$ 10,123,202	\$ 11,055,221

The City as of June 30, 2014 is at 44.65% of its bonding capacity. The City's outstanding general obligation debt limit was \$18,253,774.

**Economic Factors**

While property taxes are important to the City, they represent less than 20% of revenue sources excluding other financing sources. TIF revenues comprise 22% of total revenues. Charges for services comprise 40% of total revenues. The City continues to grow and add residential housing at a robust pace. This has added to the property tax base and increased the number of utility users in the community.

### **Next Year's Budget and Rates**

For the year ending June 30, 2015, the City will complete construction of Asbury Road Phase I from Radford to Heacock. Asbury Road Phase II – Heacock to Briarwood is planned to be started in the Spring of 2015. In addition, Hales Mill Road – North of Autumn Drive to the north city limits will also be started in the Spring of 2015. Construction will begin on the Community Services Campus that will be the new site for library, city hall and police services. Development of the new park property will continue with plans for a splash pad and restrooms as the first amenities to be constructed. A new water tower and well project are in the design phase and construction is expected to begin in 2015 for both projects. Improvements planned for the Meadows Golf Course include cart paths and building improvements. The trail system for the City continues to be a priority to link neighborhoods and provide a method of safe pedestrian travel within the community. The city will perform the annual review of the Capital Improvement Plan. All future plans will require the City Council and Mayor to balance the growth of the community with an appropriate tax levy and charge for services. These projects will be financed with a combination of revenue and general obligation bonds. While the City had a corporate tax levy of \$10.30 in 2014 the Fiscal Year 2015 total corporate tax levy will again be \$10.30.

### **Financial Contact**

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

Elizabeth Bonz  
City Administrator



Basic Financial Statements  
June 30, 2014

# City of Asbury, Iowa

(This page left blank intentionally.)

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Public safety	\$ 547,478	\$ 107,205	\$ -	\$ -
Public works	462,248	-	435,063	-
Culture and recreation	1,250,345	1,007,538	5,000	-
Community and economic development	20,789	-	-	-
General government	220,188	104,149	-	-
Debt service	952,911	-	-	-
Capital projects	1,211,029	41,897	-	118,066
Total governmental activities	<u>4,664,988</u>	<u>1,260,789</u>	<u>440,063</u>	<u>118,066</u>
Business-type activities:				
Sewer utility	887,069	803,060	-	-
Solid waste	213,971	242,068	-	-
Water	518,312	818,137	-	-
Storm Water	62,346	108,115	-	-
Total business-type activities	<u>1,681,698</u>	<u>1,971,380</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,346,686</u>	<u>\$ 3,232,169</u>	<u>\$ 440,063</u>	<u>\$ 118,066</u>
General Receipts and Transfers:				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Other general receipts				
Transfers, net				
Total general receipts and transfers				
Change in Cash Basis Net Position				
Cash Basis Net Position Beginning of Year				
Cash Basis Net Position End of Year				
Cash Basis Net Position				
Restricted:				
Streets				
Debt service				
Urban renewal purposes				
Other purposes				
Unrestricted				
Total cash basis net position				

See Notes to Financial Statements

City of Asbury, Iowa  
 Exhibit A – Statement of Activities and Net Position – Cash Basis  
 As of and for the Year Ended June 30, 2014

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business-type Activities	Total
\$ (440,273)	\$ -	\$ (440,273)
(27,185)	-	(27,185)
(237,807)	-	(237,807)
(20,789)	-	(20,789)
(116,039)	-	(116,039)
(952,911)	-	(952,911)
(1,051,066)	-	(1,051,066)
(2,846,070)	-	(2,846,070)
-	(84,009)	(84,009)
-	28,097	28,097
-	299,825	299,825
-	45,769	45,769
-	289,682	289,682
(2,846,070)	289,682	(2,556,388)
1,165,237	-	1,165,237
247,063	-	247,063
1,650,028	-	1,650,028
515,484	-	515,484
28,444	19,282	47,726
21,628	-	21,628
(1,282,814)	1,282,814	-
2,345,070	1,302,096	3,647,166
(501,000)	1,591,778	1,090,778
5,705,541	2,889,931	8,595,472
\$ 5,204,541	\$ 4,481,709	\$ 9,686,250
\$ 606,946	\$ -	\$ 606,946
23,214	162,000	185,214
657,135	-	657,135
753,758	-	753,758
3,163,488	4,319,709	7,483,197
\$ 5,204,541	\$ 4,481,709	\$ 9,686,250

	General	Special Revenue		
		Road Use Tax	Local Option Sales Tax	Tax Increment Financing (TIF)
<b>Receipts:</b>				
Property tax	\$ 1,086,245	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	1,650,028
Other City tax	-	-	515,484	-
Licenses and permits	200,440	-	-	-
Use of money and property	16,556	-	2,984	5,230
Intergovernmental	-	435,063	-	-
Charges for service	1,018,363	-	-	-
Special assessments	-	-	-	-
Miscellaneous	23,525	-	-	-
<b>Total receipts</b>	<b>2,345,129</b>	<b>435,063</b>	<b>518,468</b>	<b>1,655,258</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	547,478	-	-	-
Public works	249,349	212,899	-	-
Culture and recreation	1,250,345	-	-	-
Community and economic development	20,789	-	-	-
General government	220,188	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
<b>Total disbursements</b>	<b>2,288,149</b>	<b>212,899</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Receipts over (Under) Disbursements	56,980	222,164	518,468	1,655,258
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,046,678	-	-	-
Transfers out	(2,870,436)	(575,000)	(497,135)	(2,162,603)
<b>Total other financing sources (uses)</b>	<b>(823,758)</b>	<b>(575,000)</b>	<b>(497,135)</b>	<b>(2,162,603)</b>
Net Change in Cash Balances	(766,778)	(352,836)	21,333	(507,345)
Cash Balances Beginning of Year	2,526,957	959,782	513,006	1,164,480
<b>Cash Balances End of Year</b>	<b>\$ 1,760,179</b>	<b>\$ 606,946</b>	<b>\$ 534,339</b>	<b>\$ 657,135</b>
<b>Cash Basis Fund Balances</b>				
Restricted	\$ -	\$ 606,946	\$ 534,339	\$ 657,135
Assigned	981,430	-	-	-
Unassigned	778,749	-	-	-
<b>Total cash basis fund balances</b>	<b>\$ 1,760,179</b>	<b>\$ 606,946</b>	<b>\$ 534,339</b>	<b>\$ 657,135</b>

See Notes to Financial Statements

City of Asbury, Iowa  
 Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
 Governmental Funds  
 As of and for the Year Ended June 30, 2014

Capital Projects			Other Nonmajor Governmental Funds	Total
Street Improvement Fund	Golf Course Improvement	Debt Service		
\$ -	\$ -	\$ 247,063	\$ 78,992	\$ 1,412,300
-	-	-	-	1,650,028
-	-	-	-	515,484
-	-	-	-	200,440
661	42	241	2,730	28,444
-	-	-	-	435,063
-	-	-	-	1,018,363
-	-	-	41,897	41,897
-	-	-	121,258	144,783
<u>661</u>	<u>42</u>	<u>247,304</u>	<u>244,877</u>	<u>5,446,802</u>
-	-	-	-	547,478
-	-	-	-	462,248
-	-	-	-	1,250,345
-	-	-	-	20,789
-	-	-	-	220,188
-	-	675,000	-	675,000
-	-	277,911	-	277,911
520,792	621,421	-	68,816	1,211,029
<u>520,792</u>	<u>621,421</u>	<u>952,911</u>	<u>68,816</u>	<u>4,664,988</u>
<u>(520,131)</u>	<u>(621,379)</u>	<u>(705,607)</u>	<u>176,061</u>	<u>781,814</u>
1,342,225	846,229	706,888	371,000	5,313,020
-	-	-	(490,660)	(6,595,834)
<u>1,342,225</u>	<u>846,229</u>	<u>706,888</u>	<u>(119,660)</u>	<u>(1,282,814)</u>
822,094	224,850	1,281	56,401	(501,000)
-	(176,910)	21,933	696,293	5,705,541
<u>\$ 822,094</u>	<u>\$ 47,940</u>	<u>\$ 23,214</u>	<u>\$ 752,694</u>	<u>\$ 5,204,541</u>
\$ -	\$ -	\$ 23,214	\$ 219,419	\$ 2,041,053
822,094	47,940	-	533,275	2,384,739
-	-	-	-	778,749
<u>\$ 822,094</u>	<u>\$ 47,940</u>	<u>\$ 23,214</u>	<u>\$ 752,694</u>	<u>\$ 5,204,541</u>

City of Asbury, Iowa  
 Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
 Proprietary Funds  
 As of and for the Year Ended June 30, 2014

	Enterprise Funds			
	Sewer Utility	Water	Nonmajor	Total
<b>Operating Receipts:</b>				
Charges for service	\$ 803,060	\$ 818,137	\$ 350,183	\$ 1,971,380
Use of money and property	8,057	9,549	1,676	19,282
Total operating receipts	<u>811,117</u>	<u>827,686</u>	<u>351,859</u>	<u>1,990,662</u>
<b>Operating Disbursements:</b>				
Business-type activities:				
Salaries and wages	94,090	81,639	28,000	203,729
Employee benefits and costs	29,572	28,426	7,677	65,675
Staff development	487	2,244	1,754	4,485
Repair, maintenance, and utilities	196,761	102,332	-	299,093
Contractual services	126,336	123,539	229,830	479,705
Commodities	2,189	51,401	3,548	57,138
Capital outlay	259,804	17,593	5,508	282,905
Total operating disbursements	<u>709,239</u>	<u>407,174</u>	<u>276,317</u>	<u>1,392,730</u>
Excess of Operating Receipts over Operating Disbursements	101,878	420,512	75,542	597,932
<b>Non-Operating Disbursements:</b>				
Debt service	<u>(177,830)</u>	<u>(111,138)</u>	<u>-</u>	<u>(288,968)</u>
Excess (deficiency) of Receipts over (under) Disbursements	(75,952)	309,374	75,542	308,964
<b>Other Financing Sources:</b>				
Transfers in	<u>1,282,814</u>	<u>-</u>	<u>-</u>	<u>1,282,814</u>
Net Change in Cash Balances	1,206,862	309,374	75,542	1,591,778
Cash Balances Beginning of Year	<u>668,516</u>	<u>1,889,295</u>	<u>332,120</u>	<u>2,889,931</u>
Cash Balances End of Year	<u>\$ 1,875,378</u>	<u>\$ 2,198,669</u>	<u>\$ 407,662</u>	<u>\$ 4,481,709</u>
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ -	\$ 162,000	\$ -	\$ 162,000
Unrestricted	<u>1,875,378</u>	<u>2,036,669</u>	<u>407,662</u>	<u>4,319,709</u>
Total cash basis fund balances	<u>\$ 1,875,378</u>	<u>\$ 2,198,669</u>	<u>\$ 407,662</u>	<u>\$ 4,481,709</u>

## **Note 1 - Significant Accounting Policies**

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

### **Reporting Entity**

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

### **Jointly Governed Organizations**

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

### **Basis of Presentation**

#### Government-wide Financial Statement

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

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

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

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

The Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

### **Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

### **Special Revenue**

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

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

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

### **Capital Projects**

The Street Improvement fund is used to account for proceeds and expenses of the Asbury Road Reconstruction project.

The Golf Course Improvement fund is used to account for proceeds and expenses of the Golf Course Renovations.

### **Debt Service**

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

The City reports the following major proprietary funds:

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

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

### **Measurement Focus and Basis of Accounting**

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

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

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

### **Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, no disbursements exceeded the amounts budgeted.

### **Property Tax Receipts**

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

### **Fund Equity**

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

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

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

## **Note 2 - Cash and Investments**

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

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

The City had no investments during the year ended June 30, 2014.

### **Interest Rate Risk**

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

**Note 3 - Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		Revenue Notes	
	Principal	Interest	Principal	Interest
	2015	\$ 640,000	\$ 240,284	\$ 295,000
2016	655,000	229,645	302,000	52,728
2017	670,000	217,709	249,000	42,280
2018	720,000	156,336	251,000	35,310
2019	740,000	144,018	259,000	28,030
2020-2024	2,660,000	513,938	617,000	36,765
2025-2029	1,605,000	238,782	-	-
2030-2031	440,000	26,600	-	-
	<u>\$ 8,130,000</u>	<u>\$ 1,767,312</u>	<u>\$ 1,973,000</u>	<u>\$ 257,891</u>

Year Ending June 30,	Golf Cart Purchase Agreement		Total	
	Principal	Interest	Principal	Interest
	2015	\$ 20,202	\$ 199	\$ 955,202
2016	-	-	\$ 957,000	\$ 282,373
2017	-	-	\$ 919,000	\$ 259,989
2018	-	-	\$ 971,000	\$ 191,646
2019	-	-	\$ 999,000	\$ 172,048
2020-2024	-	-	\$ 3,277,000	\$ 550,703
2025-2029	-	-	\$ 1,605,000	\$ 238,782
2030-2031	-	-	\$ 440,000	\$ 26,600
	<u>\$ 20,202</u>	<u>\$ 199</u>	<u>\$ 10,123,202</u>	<u>\$ 2,025,402</u>

**Revenue Notes**

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$900,000 of a water revenue note issued in May 2001 and \$1,160,000 of a water revenue note issued in August 2010. Proceeds from the note issued in May 2001 provided financing for the purchase of private water systems. Proceeds from the note issued in August 2010 provided financing for the West Waterline Extension project. The total principal and interest remaining to be paid on the notes is \$1,092,651. For the current year, principal and interest paid and total customer net receipts were \$111,138 and \$428,556, respectively. The 2001 note is payable from TIF funds and is payable through 2016. The 2010 note is payable solely from water funds and is payable through 2022.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,100,000 of a sewer revenue note issued in June 2006. Proceeds from the note provided financing for the construction of improvements to the sewer treatment plant. The note is payable solely from sewer customer net receipts and is payable through 2021. The total principal and interest remaining to be paid on the note is \$1,138,240. For the current year, principal and interest paid and total customer net receipts were \$177,830 and \$353,625, respectively.

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

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

#### **Note 4 - Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.95% 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 \$78,325, \$74,579, and \$62,942, respectively, equal to the required contributions for each year.

#### **Note 5 - Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 15 active and no retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$402 for single coverage and \$907 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2014, there were no participants and no contributions to the plan.

**Note 6 - Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's liability for earned compensated absences payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ <u>3,907</u>

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

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

**Note 7 - Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax Tax Increment Financing Nonmajor Governmental Funds	\$ 237,635 1,729,043 80,000 <u>2,046,678</u>
Street Improvement	General Special Revenue: Road Use Tax Local Option Sales Tax Nonmajor Governmental	305,000 525,000 101,565 410,660 <u>1,342,225</u>
Golf Course Improvement	General	<u>846,229</u>

Transfer to	Transfer from	Amount
Debt Service	General	\$ 115,393
	Special Revenue:	
	Tax Increment Financing	433,560
	Local Option Sales Tax	157,935
		<u>706,888</u>
Nonmajor Governmental Funds	General	321,000
	Special Revenue:	
	Road Use Tax	50,000
		<u>371,000</u>
Sewer	General	<u>1,282,814</u>
		<u>\$ 6,595,834</u>

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

**Note 8 - Risk Management**

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

**Note 9 - Commitments and Contingency**

The City had active construction projects at June 30, 2014. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Payments-to-Date</u>	<u>Remaining Commitment</u>
Asbury Road - Radford to Heacock (Phase 1)	\$ 2,070,211	\$ 379,955	\$ 1,690,256
Hales Mill - Lift Station Pump Improvements	\$ 419,037	-	419,037

**Note 10 - Conduit Debt**

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

As of June 30, 2014, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,954,167.

**Note 11 - Litigation**

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

**Note 12 - Fund Balance Reporting**

The detail of the City's cash basis fund balances at June 30, 2014, is as follows:

	General	Debt Service	Capital Projects	Special Revenue	Total
Restricted For					
Road improvements	\$ -	\$ -	\$ -	\$ 606,946	\$ 606,946
Police	-	-	-	96,181	96,181
Street lighting	-	-	-	58,777	58,777
Fire services	-	-	-	32,060	32,060
Snow	-	-	-	53,434	53,434
Insurance	-	-	-	80,151	80,151
Street maintenance	-	-	-	213,736	213,736
TIF	-	-	-	657,135	657,135
Debt service	-	23,214	-	-	23,214
Special levies	-	-	-	1,498	1,498
Trail contribution	-	-	-	2,632	2,632
K-9 fund	-	-	-	346	346
Tax increment financing	-	-	-	214,943	214,943
Total restricted	<u>-</u>	<u>23,214</u>	<u>-</u>	<u>2,017,839</u>	<u>2,041,053</u>

	General	Debt Service	Capital Projects	Special Revenue	Total
Assigned To					
Economic development	\$ -	\$ -	\$ -	\$ -	\$ -
Street improvement	-	-	822,094	-	822,094
Golf course improvements			47,940		47,940
Asbury intersection			87,830		87,830
Burr Oak reconstruction	-	-	2,293	-	2,293
Asbury walking trail	-	-	1,334	-	1,334
Sidewalk assessment	-	-	8,075	-	8,075
Municipal building			57,809		57,809
Asbury road			49,957		49,957
Park expansion project	-	-	321,121	-	321,121
Seippel road	-	-	4,856	-	4,856
Total assigned	<u>-</u>	<u>-</u>	<u>1,403,309</u>	<u>-</u>	<u>1,403,309</u>
Unassigned	<u>778,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,749</u>
Total Fund Balances	<u>\$ 778,749</u>	<u>\$ 23,214</u>	<u>\$ 1,403,309</u>	<u>\$ 2,017,839</u>	<u>\$ 4,223,111</u>

### Note 13 - Prospective Accounting Changes

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

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

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

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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



Other Information  
June 30, 2014

# City of Asbury, Iowa

(This page left blank intentionally.)

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Property tax	\$ 1,412,300	\$ -	\$ 1,412,300
Tax increment financing	1,650,028	-	1,650,028
Other City tax	515,484	-	515,484
Licenses and permits	200,440	-	200,440
Use of money and property	28,444	19,282	47,726
Intergovernmental	435,063	-	435,063
Charges for service	1,018,363	1,971,380	2,989,743
Special assessments	41,897	-	41,897
Miscellaneous	144,783	-	144,783
Total receipts	<u>5,446,802</u>	<u>1,990,662</u>	<u>7,437,464</u>
Disbursements:			
Public safety	547,478	-	547,478
Public works	462,248	-	462,248
Culture and recreation	1,250,345	-	1,250,345
Community and economic development	20,789	-	20,789
General government	220,188	-	220,188
Debt service	952,911	-	952,911
Capital projects	1,211,029	-	1,211,029
Business-type activities	-	1,681,698	1,681,698
Total disbursements	<u>4,664,988</u>	<u>1,681,698</u>	<u>6,346,686</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	781,814	308,964	1,090,778
Other Financing Sources, Net	<u>(1,282,814)</u>	<u>1,282,814</u>	<u>-</u>
Excess of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	(501,000)	1,591,778	1,090,778
Balances Beginning of Year	<u>5,705,541</u>	<u>2,889,931</u>	<u>8,595,472</u>
Balances End of Year	<u>\$ 5,204,541</u>	<u>\$ 4,481,709</u>	<u>\$ 9,686,250</u>

City of Asbury, Iowa

Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances –  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds  
 Other Information  
 Year Ended June 30, 2014

Budgeted Amounts		Final to Actual
Original	Final	Variance- Positive (Negative)
\$ 1,423,443	\$ 1,423,443	\$ (11,143)
1,650,000	1,650,000	28
455,076	455,076	60,408
138,935	138,935	61,505
45,500	45,500	2,226
409,558	409,558	25,505
3,049,191	3,104,191	(114,448)
-	-	41,897
23,000	23,000	121,783
<u>7,194,703</u>	<u>7,249,703</u>	<u>187,761</u>
595,440	652,440	104,962
541,079	562,079	99,831
1,398,768	1,429,652	179,307
36,025	36,025	15,236
298,640	298,640	78,452
953,911	953,911	1,000
2,286,000	2,806,000	1,594,971
2,032,230	2,367,230	685,532
<u>8,142,093</u>	<u>9,105,977</u>	<u>2,759,291</u>
(947,390)	(1,856,274)	2,947,052
<u>-</u>	<u>-</u>	<u>-</u>
(947,390)	(1,856,274)	2,947,052
<u>8,182,896</u>	<u>8,595,472</u>	<u>-</u>
<u>\$ 7,235,506</u>	<u>\$ 6,739,198</u>	<u>\$ 2,947,052</u>

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

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$963,884. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.



Supplementary Information  
June 30, 2014

# City of Asbury, Iowa

(This page left blank intentionally.)

Capital Projects

	Asbury Intersection Project	Burr Oak Reconstruction	Asbury Walking Trail	Sidewalk Assessment Fund
Receipts:				
Property tax	\$ -	\$ -	\$ -	\$ -
Use of money and property	475	-	-	-
Special assessments	-	-	1,334	-
Miscellaneous	-	-	-	3,192
Total receipts	<u>475</u>	<u>-</u>	<u>1,334</u>	<u>3,192</u>
Disbursements:				
Current:				
Operating:				
Capital projects	9,476	-	-	-
Total disbursements	<u>9,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(9,001)</u>	<u>-</u>	<u>1,334</u>	<u>3,192</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Balances	(9,001)	-	1,334	3,192
Cash Balances Beginning of Year	<u>96,831</u>	<u>2,293</u>	<u>-</u>	<u>4,883</u>
Cash Balances End of Year	<u>\$ 87,830</u>	<u>\$ 2,293</u>	<u>\$ 1,334</u>	<u>\$ 8,075</u>
Cash Basis Fund Balances				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	<u>87,830</u>	<u>2,293</u>	<u>1,334</u>	<u>8,075</u>
Total cash basis fund balances	<u>\$ 87,830</u>	<u>\$ 2,293</u>	<u>\$ 1,334</u>	<u>\$ 8,075</u>

City of Asbury, Iowa  
Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the Year Ended June 30, 2014

Capital Projects			
Municipal Building Fund	Asbury Road Overlay	Park Expansion Project	Seippel Road Project
\$ -	\$ -	\$ -	\$ -
-	40	121	1,143
-	-	-	40,563
117,066	-	-	-
<u>117,066</u>	<u>40</u>	<u>121</u>	<u>41,706</u>
59,257	83	-	-
<u>59,257</u>	<u>83</u>	<u>-</u>	<u>-</u>
57,809	(43)	121	41,706
-	50,000	321,000	-
-	-	-	(410,660)
-	50,000	321,000	(410,660)
57,809	49,957	321,121	(368,954)
-	-	-	373,810
<u>\$ 57,809</u>	<u>\$ 49,957</u>	<u>\$ 321,121</u>	<u>\$ 4,856</u>
\$ -	\$ -	\$ -	\$ -
<u>57,809</u>	<u>49,957</u>	<u>321,121</u>	<u>4,856</u>
<u>\$ 57,809</u>	<u>\$ 49,957</u>	<u>\$ 321,121</u>	<u>\$ 4,856</u>

City of Asbury, Iowa  
Schedule 2 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the Year Ended June 30, 2014

	Special Revenue			Total
	Special Levies	Special Projects	Low Moderate Income	
Receipts:				
Property tax	\$ 78,992	\$ -	\$ -	\$ 78,992
Use of money and property	-	-	951	2,730
Special assessments	-	-	-	41,897
Miscellaneous	-	1,000	-	121,258
Total receipts	<u>78,992</u>	<u>1,000</u>	<u>951</u>	<u>244,877</u>
Disbursements:				
Operating:				
Capital projects	-	-	-	68,816
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,816</u>
Excess (deficiency) of Receipts over (under) Disbursements	<u>78,992</u>	<u>1,000</u>	<u>951</u>	<u>176,061</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	371,000
Transfers out	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(490,660)</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(119,660)</u>
Net Change in Cash Balances	(1,008)	1,000	951	56,401
Cash Balances Beginning of Year	<u>2,506</u>	<u>1,978</u>	<u>213,992</u>	<u>696,293</u>
Cash Balances End of Year	<u>\$ 1,498</u>	<u>\$ 2,978</u>	<u>\$ 214,943</u>	<u>\$ 752,694</u>
Cash Basis Fund Balances				
Restricted	\$ 1,498	\$ 2,978	\$ 214,943	\$ 219,419
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,275</u>
Total cash basis fund balances	<u>\$ 1,498</u>	<u>\$ 2,978</u>	<u>\$ 214,943</u>	<u>\$ 752,694</u>

City of Asbury, Iowa  
Schedule 3 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
Nonmajor Enterprise Funds  
As of and for the Year Ended June 30, 2014

	Enterprise Funds		
	Solid Waste	Storm Water	Total
Operating Receipts:			
Charges for service	\$ 242,068	\$ 108,115	\$ 350,183
Use of money and property	1,308	368	1,676
Total operating receipts	<u>243,376</u>	<u>108,483</u>	<u>351,859</u>
Operating Disbursements:			
Business-type activities:			
Salaries and wages	19,819	8,181	28,000
Employee benefits and costs	6,442	1,235	7,677
Staff development	-	1,754	1,754
Contractual services	186,019	43,811	229,830
Commodities	1,691	1,857	3,548
Capital outlay	-	5,508	5,508
Total operating disbursements	<u>213,971</u>	<u>62,346</u>	<u>276,317</u>
Net Change in Cash Balances	29,405	46,137	75,542
Cash Balances Beginning of Year	<u>271,755</u>	<u>60,365</u>	<u>332,120</u>
Cash Balances End of Year	<u>\$ 301,160</u>	<u>\$ 106,502</u>	<u>\$ 407,662</u>
Cash Basis Fund Balances			
Unrestricted	<u>\$ 301,160</u>	<u>\$ 106,502</u>	<u>\$ 407,662</u>

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>
General Obligation Notes:				
2007 Street improvements	2/15/2007	4.15%	\$ 800,000	<u>\$ 50,000</u>
General Obligation Bonds:				
2008 Golf course acquisition	9/2/2008	4.00-4.20	3,100,000	525,000
2011 Seippel Road Construction	4/26/2011	2.00-4.00	3,000,000	2,895,000
2012A Refunding	2/17/2012	2.00-2.62	2,140,000	2,140,000
2012B Refunding	2/17/2012	1.00-2.00	525,000	525,000
2012C Refunding	2/17/2012	0.80-2.00	3,245,000	<u>2,610,000</u>
Total General Obligation Bonds				<u>8,695,000</u>
Revenue Notes:				
2001 Water improvements	5/1/2001	6.25	900,000	180,000
2006 Sewer improvements	6/1/2006	3.00	2,100,000	1,161,000
2010 Water improvements	8/1/2010	2.00-3.75	1,160,000	<u>920,000</u>
Total Revenue Notes				<u>2,261,000</u>
Purchase Agreement:				
2009 Yamaha Golf Carts	1/1/2009	4.87	160,212	<u>49,221</u>
Total				<u><u>\$ 11,055,221</u></u>

City of Asbury, Iowa  
Schedule 4 – Schedule of Indebtedness  
Year Ended June 30, 2014

Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ -	\$ 50,000	\$ -	\$ 23,508	-
-	125,000	400,000	114,893	-
-	110,000	2,785,000	95,450	-
-	-	2,140,000	-	-
-	-	525,000	-	-
-	330,000	2,280,000	31,360	-
-	565,000	8,130,000	241,703	-
-	60,000	120,000	11,700	-
-	143,000	1,018,000	34,830	-
-	85,000	835,000	26,138	-
-	288,000	1,973,000	72,668	-
-	29,019	20,202	1,581	-
\$ -	\$ 932,019	\$ 10,123,202	\$ 339,459	\$ -

City of Asbury, Iowa  
Schedule 5 – Bond and Note Maturities  
June 30, 2014

General Obligation Bonds						
Year Ending June 30,	Golf Course Acquisition Bond		Seippel Road Construction		2012A Refunding	
	Issued September 2, 2008		Issued April 26, 2011		Issued February 17, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	4.00%	\$ 125,000	2.00%	\$ 115,000	-	\$ -
2016	4.10	135,000	2.00	120,000	-	-
2017	4.20	140,000	2.13	125,000	-	-
2018	-	-	2.68	130,000	2.00	265,000
2019	-	-	2.63	135,000	2.00	225,000
2020	-	-	3.25	140,000	2.00	200,000
2021	-	-	3.25	145,000	2.00	200,000
2022	-	-	3.25	155,000	2.00	200,000
2023	-	-	3.25	160,000	2.00	200,000
2024	-	-	3.50	165,000	2.00	200,000
2025	-	-	3.50	175,000	2.12	200,000
2026	-	-	3.75	185,000	2.25	175,000
2027	-	-	3.75	190,000	2.62	175,000
2028	-	-	4.00	200,000	2.62	100,000
2029	-	-	4.00	205,000	-	-
2030	-	-	4.00	215,000	-	-
2031	-	-	4.00	225,000	-	-
		<u>\$ 400,000</u>		<u>\$ 2,785,000</u>		<u>\$ 2,140,000</u>

General Obligation Bonds					
Year Ending June 30,	2012B Refunding		2012C Refunding		Total
	Issued February 17, 2012		Issued February 17, 2012		
	Interest Rates	Amount	Interest Rates	Amount	
2015	1.00%	\$ 70,000	0.80%	\$ 330,000	\$ 640,000
2016	1.00	65,000	1.00	335,000	655,000
2017	1.25	75,000	1.10	330,000	670,000
2018	1.25	60,000	1.20	265,000	720,000
2019	1.70	60,000	1.40	320,000	740,000
2020	1.70	65,000	1.60	350,000	755,000
2021	2.00	65,000	1.80	250,000	660,000
2022	2.00	65,000	2.00	100,000	520,000
2023	-	-	-	-	360,000
2024	-	-	-	-	365,000
2025	-	-	-	-	375,000
2026	-	-	-	-	360,000
2027	-	-	-	-	365,000
2028	-	-	-	-	300,000
2029	-	-	-	-	205,000
2030	-	-	-	-	215,000
2031	-	-	-	-	225,000
		<u>\$ 525,000</u>		<u>\$ 2,280,000</u>	<u>\$ 8,130,000</u>

City of Asbury, Iowa  
 Schedule 5 – Bond and Note Maturities  
 June 30, 2014

Year Ending June 30,	Purchase Agreement	
	Yamaha Golf Carts	
	Issued January 1, 2009	
	Interest Rates	Amount
2015	4.87%	\$ 20,202
		<u>\$ 20,202</u>

Year Ending June 30,	Revenue Notes			
	Water Improvement Note		Sewer Improvement Note	
	Issued May 1, 2001		Issued June 1, 2006	
	Interest Rates	Amount	Interest Rates	Amount
2015	6.25%	\$ 60,000	3.00%	\$ 145,000
2016	6.25	60,000	3.00	147,000
2017	-	-	3.00	149,000
2018	-	-	3.00	151,000
2019	-	-	3.00	154,000
2020	-	-	3.00	156,000
2021	-	-	3.00	116,000
		<u>\$ 120,000</u>		<u>\$ 1,018,000</u>

	Water Improvement Note		Total
	Issued August 1, 2010		
	Interest Rates	Amount	
2015	2.00%	\$ 90,000	\$ 295,000
2016	2.25	95,000	302,000
2017	2.50	100,000	249,000
2018	2.75	100,000	251,000
2019	3.00	105,000	259,000
2020	3.25	110,000	266,000
2021	3.50	115,000	231,000
2022	3.75	120,000	120,000
		<u>\$ 835,000</u>	<u>\$ 1,973,000</u>

---

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts:				
Property tax	\$ 1,412,300	\$ 1,376,477	\$ 1,426,601	\$ 1,253,241
Tax increment financing	1,650,028	1,433,700	597,194	751,140
Other City tax	515,484	529,380	435,069	284,693
Licenses and permits	200,440	157,047	170,298	180,275
Use of money and property	28,444	52,667	59,626	67,836
Intergovernmental	435,063	444,396	412,197	332,629
Charges for service	1,018,363	992,163	1,071,844	1,035,711
Special assessments	41,897	80,859	7,509	9,024
Miscellaneous	144,783	12,123	13,238	24,470
Total receipts	<u>\$ 5,446,802</u>	<u>\$ 5,078,812</u>	<u>\$ 4,193,576</u>	<u>\$ 3,939,019</u>
Disbursements:				
Operating:				
Public safety	\$ 547,478	\$ 473,094	\$ 488,098	\$ 420,940
Public works	462,248	471,561	368,144	310,272
Culture and recreation	1,250,345	1,217,369	1,221,039	1,185,712
Community and economic development	20,789	21,803	13,776	16,204
General government	220,188	241,074	217,315	225,501
Debt service	952,911	988,160	1,021,652	1,106,015
Capital projects	1,211,029	1,004,077	1,958,449	417,762
Total disbursements	<u>\$ 4,664,988</u>	<u>\$ 4,417,138</u>	<u>\$ 5,288,473</u>	<u>\$ 3,682,406</u>

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,114,280	\$ 1,023,441	\$ 874,744	\$ 749,292	\$ 698,113	\$ 640,926
785,152	745,590	727,701	798,308	781,591	643,685
293,913	275,165	287,944	279,948	260,615	252,359
185,489	148,934	120,056	127,193	139,115	137,426
101,091	64,433	160,180	172,745	100,468	42,971
232,794	203,276	210,987	215,376	205,127	216,003
982,911	777,291	7,280	6,944	9,129	9,011
122,223	50,429	-	500,000	-	-
42,998	44,227	63,877	51,768	60,272	48,962
<u>\$ 3,860,851</u>	<u>\$ 3,332,786</u>	<u>\$ 2,452,769</u>	<u>\$ 2,901,574</u>	<u>\$ 2,254,430</u>	<u>\$ 1,991,343</u>
\$ 394,059	\$ 356,179	\$ 413,991	\$ 311,126	\$ 322,405	\$ 277,912
358,947	306,387	286,423	167,845	260,239	152,003
1,012,938	1,011,131	127,492	84,965	101,733	73,876
1,656	85	17,745	12,245	2,597	4,501
185,550	197,364	193,480	254,068	306,853	287,928
1,141,855	964,006	960,719	896,999	753,351	492,174
540,646	4,179,669	853,990	86,979	33,391	-
<u>\$ 3,635,651</u>	<u>\$ 7,014,821</u>	<u>\$ 2,853,840</u>	<u>\$ 1,814,227</u>	<u>\$ 1,780,569</u>	<u>\$ 1,288,394</u>



**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 21, 2014. These financial statements were prepared on the basis of cash receipts and disbursements.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies (2014-A and 2014-B).

## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **City's Responses to Findings**

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



Dubuque, Iowa  
August 21, 2014

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

**Significant Deficiencies**

**2014-A Preparation of Financial Statements**

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

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

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

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

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

**Response:** Management feels that committing the resources necessary to remain current on GAAP reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue evaluating on a going forward basis.

**2014-B Segregation of Duties**

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

**Condition:** The City is unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation function from receipt and disbursement functions.

**Cause:** The City has limited time and staffing constraints.

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

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

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

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

**Part II: Findings and Questioned Costs for Federal Awards**

Single audit did not apply for fiscal year 2014.

**Part III: Other Findings Related to Statutory Reporting:**

**2014-IA-A Certified Budget** – Disbursements during the year ended June 30, 2014, did not exceed the amounts budgeted.

**2014-IA-B Questionable Disbursements** – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**2014-IA-C Travel Expense** – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**2014-IA-D Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jason Adams, son of Mayor Jim Adams, performed contract work on Meadows Restroom Project	Contractor	\$ 4,200

The transactions with Jason Adams may represent conflicts of interest since they were not entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

**Response** – The City will bid out contracts in the future.

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

- 2014-IA-E**      **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2014-IA-F**      **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2014-IA-G**      **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- 2014-IA-H**      **Economic Development** – We noted no instances of noncompliance relating to appropriate expenditure of public funds in accordance with Chapter 15A of the Code of Iowa and an Attorney General’s opinion dated August 28, 1986.
- 2014-IA-I**      **Payment of General Obligation Bonds** – We noted no instances where general obligation bond payments were paid from funds other than the Debt Service Fund.
- 2014-IA-J**      **Revenue Bonds and Notes** – No instances of noncompliance with the revenue bond and note resolutions were noted.
- 2014-IA-K**      **Urban Renewal Annual Report** – The urban renewal report was approved and certified to the Iowa Department of Management on or before December 1, 2013.
- 2014-IA-L**      **Notice of Public Hearing for Public Improvements** – The City did not publish a notice to bidders and a notice of public hearing for the Meadows Parking Lot Project as required by Chapter 26.12 and 362.3 of the Code of Iowa.
- Recommendation** – Before entering into a contract for a public improvement with an estimated total cost in excess of \$130,000, the Council should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing. The Council should also publish notice to bidders at least four but not more than forty-five days prior to accepting the bids.
- Response** – The City will perform competitive bidding for future transactions.

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

**2014-IA-M**      **Tax Increment Financing (TIF)** – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness, and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid.

We noted the City's TIF debt certification dated November 26, 2013, contained portions of bond issues which have been refunded by the City.

**Recommendation** – The City should consult TIF legal counsel to determine the disposition of the City's TIF certifications, including the amount of TIF debt to be decertified, if any.

**Response** – The City will correct the November 2014 TIF certification.

City of Asbury, Iowa  
Summary Schedule of Prior Findings  
Year Ended June 30, 2013

---

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u>
--------------------------	----------------------	---------------	---

Note: Single audit did not apply in 2013. Therefore no findings are reported.