

# City of Maquoketa, Iowa

Financial Report  
June 30, 2014



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**City of Maquoketa, Iowa**

**List of Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 1, 2014)</b>		
Don Schwenker	Mayor	January 1, 2014
Cory Simonson	Council Member	January 1, 2014
Amy Moore	Council Member	January 1, 2014
Eric Pape	Council Member	January 1, 2016
Jerry Bowen	Council Member	January 1, 2016
Josh Collister	Council Member	January 1, 2014
Chad Steffen	Council Member	January 1, 2016
Troy Thede	Council Member	January 1, 2016
Brian Wagner	City Manager	Indefinite
Judy Carr	Deputy City Clerk	Indefinite
Diane Frandsen	City Treasurer	Indefinite
Ken Wright	City Attorney	Indefinite
<b>(After January 1, 2014)</b>		
Don Schwenker	Mayor	January 1, 2016
Cory Simonson	Council Member	January 1, 2018
Amy Moore	Council Member	January 1, 2018
Eric Pape	Council Member	January 1, 2016
Jerry Bowen	Council Member	January 1, 2016
Josh Collister	Council Member	January 1, 2018
Troy Thede	Council Member	January 1, 2016
Ed Turney	Council Member	January 1, 2016
Brian Wagner	City Manager	Indefinite
Judy Carr	Deputy City Clerk	Indefinite
Diane Frandsen	City Treasurer	Indefinite
Ken Wright	City Attorney	Indefinite

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Maquoketa, Iowa (the 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 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. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Maquoketa Municipal Electric Utility, a discretely presented component unit, which represents 100 percent of the cash basis net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Maquoketa Municipal Electric Utility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Maquoketa, Iowa, as of June 30, 2014, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

The basis of cash receipts and cash disbursements requires that the budgetary comparison information on pages 29 – 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that the basis of cash receipts and cash disbursements requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's cash basis financial statements. The nonmajor governmental funds statement of cash receipts, disbursements and changes in cash balance, schedule of indebtedness and schedule of bond and note maturities, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The governmental funds schedule of receipts by source and disbursements by function and information required by the sewer revenue bond resolution has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 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 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.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Davenport, Iowa  
October 27, 2014

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City of Maquoketa, Iowa

Statement of Net Position - Cash Basis  
June 30, 2014

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets:</b>				
Cash	\$ 3,978,061	\$ 1,785,439	\$ 5,763,500	\$ 4,151,190
Investments	1,908,685	-	1,908,685	-
<b>Total assets</b>	<b>\$ 5,886,746</b>	<b>\$ 1,785,439</b>	<b>\$ 7,672,185</b>	<b>\$ 4,151,190</b>
<b>Net Position:</b>				
Restricted:				
Streets	\$ 616,084	\$ -	\$ 616,084	\$ -
Urban renewal purposes	176,418	-	176,418	-
Debt service	296,135	341,402	637,537	-
Library	2,033,131	-	2,033,131	-
Economic development	150,106	-	150,106	-
Employee benefits	189,023	-	189,023	-
Police	4,388	-	4,388	-
Unrestricted	2,421,461	1,444,037	3,865,498	4,151,190
<b>Total net position</b>	<b>\$ 5,886,746</b>	<b>\$ 1,785,439</b>	<b>\$ 7,672,185</b>	<b>\$ 4,151,190</b>

See Notes to Financial Statements.

**City of Maquoketa, Iowa**

**Statement of Activities - Cash Basis  
Year Ended June 30, 2014**

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary government:				
Governmental activities:				
Public safety	\$ 1,506,868	\$ 35,010	\$ 312,495	\$ 900
Public works	1,487,420	259,479	617,228	314,767
Culture and recreation	1,323,217	446,043	199,474	-
Community and economic development	1,206,863	1,859	-	-
General government	545,091	19,510	4,650	-
Debt service	3,659,946	-	-	-
Capital projects	355,740	-	-	-
<b>Total governmental activities</b>	<b>10,085,145</b>	<b>761,901</b>	<b>1,133,847</b>	<b>315,667</b>
Business-type activities:				
Water utility	758,513	695,049	-	-
Wastewater treatment	819,109	912,904	-	-
Storm water	3,112	122,508	-	-
<b>Total business-type activities</b>	<b>1,580,734</b>	<b>1,730,461</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 11,665,879</b>	<b>\$ 2,492,362</b>	<b>\$ 1,133,847</b>	<b>\$ 315,667</b>
Component unit:				
Maquoketa Municipal Electric Utility	\$ 9,281,483	\$ 9,196,642	\$ 188,662	\$ -
General receipts:				
Property tax levied for:				
General purposes				
Insurance				
Employee benefits				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel tax				
Franchise tax				
Unrestricted interest on investments				
Loan and note proceeds				
Miscellaneous				
Sale of assets				
Transfers in (out)				
<b>Total general receipts and transfers</b>				
<b>Change in cash basis net position</b>				
Cash basis net position, beginning of year				
Cash basis net position, end of year				

See Notes to Financial Statements.

Net (Disbursements) Receipts and Change in Cash Basis Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
\$ (1,158,463)	\$ -	\$ (1,158,463)	\$ -	-
(295,946)	-	(295,946)	-	-
(677,700)	-	(677,700)	-	-
(1,205,004)	-	(1,205,004)	-	-
(520,931)	-	(520,931)	-	-
(3,659,946)	-	(3,659,946)	-	-
(355,740)	-	(355,740)	-	-
(7,873,730)	-	(7,873,730)	-	-
-	(63,464)	(63,464)	-	-
-	93,795	93,795	-	-
-	119,396	119,396	-	-
-	149,727	149,727	-	-
(7,873,730)	149,727	(7,724,003)	-	-
-	-	-	103,821	-
1,453,578	-	1,453,578	-	-
72,969	-	72,969	-	-
626,737	-	626,737	-	-
149,685	-	149,685	-	-
1,237,606	-	1,237,606	-	-
437,347	68,901	506,248	-	-
73,447	-	73,447	-	-
218,406	-	218,406	-	-
10,922	4,718	15,640	46,576	-
-	389,082	389,082	-	-
363,927	7,601	371,528	152,547	-
22,433	-	22,433	-	-
511,195	(511,195)	-	-	-
5,178,252	(40,893)	5,137,359	199,123	-
(2,695,478)	108,834	(2,586,644)	302,944	-
8,582,224	1,676,605	10,258,829	3,848,246	-
\$ 5,886,746	\$ 1,785,439	\$ 7,672,185	\$ 4,151,190	-

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Governmental Funds  
 Year Ended June 30, 2014

	General	Capital Projects General
Receipts:		
Property tax	\$ 1,526,547	\$ -
Tax increment financing collections	-	-
Other city tax	729,200	-
Licenses and permits	15,809	-
Use of money and property	62,388	1,978
Intergovernmental	322,445	-
Charges for service	746,092	-
Fines and fees	6,958	-
Miscellaneous	282,676	-
<b>Total receipts</b>	<b>3,692,115</b>	<b>1,978</b>
Disbursements:		
Operating:		
Public safety	1,261,143	-
Public works	743,256	-
Culture and recreation	1,021,955	-
Community and economic development	164,903	-
General government	485,388	-
Debt service:		
Principal	-	1,232
Interest and other charges	-	-
Capital projects	-	355,448
<b>Total disbursements</b>	<b>3,676,645</b>	<b>356,680</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>15,470</b>	<b>(354,702)</b>
Other financing sources (uses):		
Sale of capital assets	22,433	-
Operating transfers in	327,523	278,423
Operating transfers out	(364,201)	(75,000)
<b>Total other financing sources (uses)</b>	<b>(14,245)</b>	<b>203,423</b>
<b>Net change in cash balances</b>	<b>1,225</b>	<b>(151,279)</b>
Cash and investment balances, beginning of year	1,248,001	1,118,114
Cash and investment balances, end of year	<b>\$ 1,249,226</b>	<b>\$ 966,835</b>

(Continued)

	Special Revenue				Other	
	Urban Renewal	Road	Debt	Nonmajor	Governmental	Total
Library	Tax Increment	Use Tax	Service	Funds		
\$ -	\$ -	\$ -	\$ 149,685	\$ 626,737	\$ -	\$ 2,302,969
-	1,237,606	-	-	-	-	1,237,606
-	-	-	-	-	-	729,200
-	-	-	-	-	-	15,809
169,449	6,491	-	-	462	-	240,768
29,347	-	927,595	-	-	-	1,279,387
-	-	-	-	-	-	746,092
8,116	-	-	-	-	-	15,074
1,518	-	-	-	4,848	-	289,042
208,430	1,244,097	927,595	149,685	632,047	-	6,855,947
-	-	-	-	259,706	-	1,520,849
-	-	622,550	-	126,548	-	1,492,354
236,636	-	-	-	67,916	-	1,326,507
-	997,747	-	-	44,213	-	1,206,863
-	-	-	-	63,815	-	549,203
-	-	-	3,388,985	-	-	3,390,217
-	-	-	269,729	-	-	269,729
-	-	-	-	292	-	355,740
236,636	997,747	622,550	3,658,714	562,490	-	10,111,462
(28,206)	246,350	305,045	(3,509,029)	69,557	-	(3,255,515)
-	-	-	-	-	-	22,433
90,150	-	25,000	3,485,691	25,469	-	4,232,256
-	(2,920,215)	(263,442)	-	(98,203)	-	(3,721,061)
90,150	(2,920,215)	(238,442)	3,485,691	(72,734)	-	533,628
61,944	(2,673,865)	66,603	(23,338)	(3,177)	-	(2,721,887)
1,971,187	2,850,283	549,481	319,473	448,033	-	8,504,572
\$ 2,033,131	\$ 176,418	\$ 616,084	\$ 296,135	\$ 444,856	\$ -	\$ 5,782,685

**City of Maquoketa, Iowa**

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
Governmental Funds (Continued)  
Year Ended June 30, 2014**

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	General	Capital Projects <u>General</u>
Assets:		
Cash	\$ 1,249,226	\$ 966,835
Investments	-	-
	<u>\$ 1,249,226</u>	<u>\$ 966,835</u>
Cash basis fund balances:		
Restricted:		
Debt service	\$ -	\$ -
Urban renewal purposes	-	-
Streets	-	-
Library	-	-
Economic development	-	-
Employee benefits	-	-
Police	-	-
Assigned for capital projects	-	966,835
Unassigned	1,249,226	-
<b>Total cash basis fund balances</b>	<u>\$ 1,249,226</u>	<u>\$ 966,835</u>

See Notes to Financial Statements

	Special Revenue				Other	
	Urban Renewal	Road		Debt	Nonmajor	
Library	Tax Increment	Use Tax		Service	Governmental	Total
					Funds	
\$ 124,446	\$ 176,418	\$ 616,084		\$ 296,135	\$ 444,856	\$ 3,874,000
1,908,685	-	-		-	-	1,908,685
<u>\$ 2,033,131</u>	<u>\$ 176,418</u>	<u>\$ 616,084</u>		<u>\$ 296,135</u>	<u>\$ 444,856</u>	<u>\$ 5,782,685</u>
\$ -	\$ -	\$ -		\$ 296,135	\$ -	\$ 296,135
-	176,418	-		-	-	176,418
-	-	616,084		-	-	616,084
2,033,131	-	-		-	-	2,033,131
-	-	-		-	150,106	150,106
-	-	-		-	189,023	189,023
-	-	-		-	4,388	4,388
-	-	-		-	101,339	1,068,174
-	-	-		-	-	1,249,226
<u>\$ 2,033,131</u>	<u>\$ 176,418</u>	<u>\$ 616,084</u>		<u>\$ 296,135</u>	<u>\$ 444,856</u>	<u>\$ 5,782,685</u>

City of Maquoketa, Iowa

**Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in  
Cash Balances - Governmental Funds to the Statement of Activities and Net Position - Cash Basis  
Year Ended June 30, 2014**

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Total governmental funds cash balance \$ 5,782,685

Amounts reported for governmental activities in the statement of activities and net position are different because:

The internal service fund is used by management to charge the costs of partial self-funding of the City's health insurance benefit plan and payroll costs to individual funds. The assets of the internal service fund are included in the governmental activities in the statement of net position.

**Cash basis net position of governmental activities**

104,061  
\$ 5,886,746

**Net change in cash balances**

\$ (2,721,887)

Amounts reported for governmental activities in the statement of activities and net position are different because:

The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.

**Change in cash basis net position of governmental activities**

26,409  
\$ (2,695,478)

See Notes to Financial Statements.

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City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Proprietary Funds  
 Year Ended June 30, 2014

	Enterprise Funds	
	Water Utility	Wastewater Treatment
Operating receipts:		
Charges for service	\$ 695,049	\$ 912,904
Use of money and property	3,238	1,480
Miscellaneous	3,983	3,618
<b>Total operating receipts</b>	<b>702,270</b>	<b>918,002</b>
Operating disbursements:		
Contractual services	458,038	501,148
Commodities	95,953	10,845
Repair, maintenance and utilities	194,125	160,673
Capital items	10,397	31,903
<b>Total operating disbursements</b>	<b>758,513</b>	<b>704,569</b>
<b>Excess (deficiency) of operating receipts over operating disbursements</b>	<b>(56,243)</b>	<b>213,433</b>
Nonoperating receipts (disbursements):		
Debt service:		
Principal	-	(80,000)
Interest and other charges	-	(34,540)
Capital loan note proceeds	389,082	-
Other city tax	-	68,901
<b>Total nonoperating receipts (disbursements)</b>	<b>389,082</b>	<b>(45,639)</b>
<b>Excess (deficiency) of receipts over disbursements before transfers</b>	<b>332,839</b>	<b>167,794</b>
Operating transfers in	-	57,411
Operating transfers out	(218,796)	(324,810)
	(218,796)	(267,399)
<b>Net change in cash balances</b>	<b>114,043</b>	<b>(99,605)</b>
Cash balances, beginning of year	519,115	872,933
Cash balances, end of year	<b>\$ 633,158</b>	<b>\$ 773,328</b>
Cash basis net position:		
Restricted for debt service	\$ 75,475	\$ 265,927
Unrestricted	557,683	507,401
<b>Total cash basis net position</b>	<b>\$ 633,158</b>	<b>\$ 773,328</b>

See Notes to Financial Statements.

Enterprise Funds		Internal Service Fund
Storm Water	Total	Employee Health
\$ 122,508	\$ 1,730,461	\$ 389,841
-	4,718	92
-	7,601	-
122,508	1,742,780	389,933
1,671	960,857	289,208
-	106,798	74,316
-	354,798	-
1,441	43,741	-
3,112	1,466,194	363,524
119,396	276,586	26,409
-	(80,000)	-
-	(34,540)	-
-	389,082	-
-	68,901	-
-	343,443	-
119,396	620,029	26,409
-	57,411	-
(25,000)	(568,606)	-
(25,000)	(511,195)	-
94,396	108,834	26,409
284,557	1,676,605	77,652
\$ 378,953	\$ 1,785,439	\$ 104,061
\$ -	\$ 341,402	\$ -
378,953	1,444,037	104,061
\$ 378,953	\$ 1,785,439	\$ 104,061

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
Fiduciary Funds  
Year Ended June 30, 2014

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	Police Retirement System
Additions:	
Contributions:	
Plan members	\$ 49,273
City	86,869
<b>Total contributions</b>	<u>136,142</u>
Investment earnings:	
Net increase in fair value of investments	19,838
Interest	2,018
<b>Total investment earnings</b>	<u>21,856</u>
<b>Total additions</b>	<u>157,998</u>
Deductions, benefits	<u>213,992</u>
<b>Net change in cash balances</b>	(55,994)
Cash and investment balances, beginning of year	150,086
Cash and investment balances, end of year	<u>\$ 94,092</u>
Assets:	
Cash	\$ 29,809
Investments	64,283
<b>Cash basis net position, restricted for pension benefit</b>	<u>\$ 94,092</u>

See Notes to Financial Statements.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies**

##### **Nature of operations:**

The City of Maquoketa (the City) is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1837 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services. The City also provides water and sewer utilities for its citizens.

##### **Reporting entity:**

For financial reporting purposes, the City has 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 Maquoketa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Certain disclosures about the discretely presented component unit are not included because the component unit has been audited separately, and a report has been issued under separate cover.

##### **Blended component unit:**

Maquoketa Library Corporation (the Corporation) is a legally separate entity but the governing body of the Corporation consists of the same members as the City's Library Board, which is appointed by the City Council. The Corporation also provides services almost entirely to the Maquoketa Library, a department of the City of Maquoketa. The Corporation is presented as a special revenue fund of the City combined with the activity of the City's library department. This component unit does not issue separate audited financial statements.

##### **Discretely presented component unit:**

The Maquoketa Municipal Electric Utility is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, and its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Utility is governed by a five-member board appointed by the Mayor and confirmed by the City Council, and the Utility's operating budget is subject to the approval of the City Council. The utility has a December 31 year-end.

The audited financial statements are available at Maquoketa Municipal Electric Utility, located at 201 E. Pleasant Street, Maquoketa, Iowa 52060-3013.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)

##### Jointly governed organizations:

The City also 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: Civil Service Commission, Jackson County Landfill Board and Jackson County E911 Board.

##### Basis of presentation:

Government-wide financial statements – The cash basis statement of net position and cash basis statement of activities reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely, to a significant extent, on fees and charges for services.

Net position is reported in the following categories:

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Restricted net position due to enabling legislation consists of \$616,084 for streets, \$176,418 for urban renewal purposes, \$189,023 for employee benefits and \$4,388 for police.

*Unrestricted net position* consists of net position not meeting the definition of the preceding category. Unrestricted net position may have constraints on resources imposed by management or City Council, which can be removed or modified.

The cash basis statement of activities 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.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Governmental funds: Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the City's major governmental funds:

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. This fund pays for the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Capital Projects – General Fund, a capital projects fund, is used to account for resources used in the acquisition or construction of major capital facilities and capital assets in the City's general operations.

Special revenue: To account for and report the proceeds of specific receipts that are restricted or committed to disbursements for specific purposes other than debt service or capital projects.

Library Fund is used to account for the library operations and the blended component unit activity related to the Library including donations received for the Library.

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.

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

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 other governmental funds of the City are considered nonmajor.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds: To account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of cash receipts, cash disbursements and/or net income is necessary for management accountability. The following are the City's major enterprise funds:

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

Wastewater Treatment Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

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

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis. The City's Employee Health Fund accounts for the health insurance premiums and claims for all City employees.

The City also reports a fiduciary fund which focuses on net position and changes in net position. The City's fiduciary fund is as follows:

The Police Retirement System Fund is used to account for assets held by the City in a trustee capacity for contributions to the state pension plan, Municipal Fire and Police Retirement System of Iowa. The City does not have a standalone pension plan.

#### **Measurement focus and basis of accounting:**

The City maintains its financial records and 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. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items.

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.

Proprietary funds distinguish operating receipts and disbursements from nonoperating 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 nonoperating receipts and disbursements.

#### **Significant accounting policies:**

The significant accounting policies of the City are as follows:

Cash: The City uses common bank accounts to hold the monies of more than one fund. Interest earned on these common accounts is credited to each participating fund based on its approximate share of the account prior to the payment of interest.

Investments: Investments are reported at cost or amortized value.

Property taxes: Property tax receipts are based on January 1, 2012 assessed property valuations and reflects the tax asking contained in the budget certified in March 2013.

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

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

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign cash basis fund balance has been delegated by the City Council to the City Manager and City Treasurer.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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 cash basis fund balance and then to less-restrictive classifications- committed, assigned and then unassigned cash basis fund balances.

#### **Note 2. Cash and Pooled Investments**

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.

Custodial credit risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

The City's deposits in banks as of 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. In addition, the City's and Corporation's investments were held by a custodian in the name of the City or Corporation and not exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt securities to this risk is outlined in the table on the next page.

Credit risk: Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Information about this risk is outlined in the table on the next page.

Concentration of credit risk: Concentration of credit risk is the risk associated with having more than 5 percent of investments in any issuer. Information about this risk is outlined in the table on the next page.

## City of Maquoketa, Iowa

### Notes to Financial Statements

#### Note 2. Cash and Pooled Investments (Continued)

At June 30, 2014, the City's investments had specific maturities and credit ratings as follows:

Type	Carrying Value	Fair Value	Maturity	Standard and Poor's Credit Rating	Concentration of Credit
Mutual funds	\$ 713,483	\$ 767,974	NA	N/A	N/A
Stocks	730,908	1,006,253	NA	N/A	N/A
Corporate bonds:					
Ameris Bank Moultrie, GA	45,000	45,472	12/02/2014	N/A	2%
General Electric Cap Corp Internotes	10,000	10,370	05/15/2015	AA+	0%
General Electric Cap. Corp.	30,000	32,255	07/15/2018	AA+	1%
General Electric Cap. Corp.	10,334	10,136	11/15/2020	AA+	0%
	<u>50,334</u>	<u>52,761</u>			
Mid American Energy Co.	38,996	45,500	07/15/2017	A	2%
Conoco Phillips	32,973	39,429	05/15/2018	A	2%
Walgreen Co.	14,105	15,886	01/15/2019	BBB	1%
AT&T Corp.	19,871	23,270	02/15/2019	A-	1%
National Rural Utils Corp. Fin.	20,000	20,743	03/15/2020	A	1%
JP Morgan Chase & Co.	29,082	32,655	03/25/2020	A	1%
Berkshire Hathaway Fin Corp	25,359	27,533	01/15/2021	AA	1%
Archer Daniels Midland Co.	20,387	22,199	03/01/2021	A	1%
Blackrock, Inc.	34,283	37,302	05/24/2021	AA-	2%
Goldman Sachs Group, Inc.	25,000	25,554	08/15/2021	A-	1%
Goldman Sachs Group, Inc.	20,577	20,170	09/15/2021	A-	1%
	<u>45,577</u>	<u>45,724</u>			
Verizon Communications, Inc.	20,280	20,605	11/01/2021	BBB+	1%
AT&T Corp.	10,130	10,951	02/15/2022	A-	0%
Wells Fargo and Co.	40,618	41,345	03/08/2022	A+	2%
Wells Fargo and Co.	9,470	9,951	02/13/2023	A	0%
	<u>50,088</u>	<u>51,296</u>			
JP Morgan Chase & Co.	20,231	20,091	09/23/2022	A	1%
Metlife Inc.	25,066	24,837	12/15/2022	A-	1%
Municipal bonds	26,815	28,291	06/01/2022	AA	1%
	<u>\$ 1,972,968</u>	<u>\$ 2,338,772</u>			

Certain investments included above that are held by the Police Retirement System Fund (Fiduciary fund) in the amount of \$64,283 are reported at fair value in the financial statements because the original cost of these investments is unknown and management believes the difference between cost and fair value is not material.

**City of Maquoketa, Iowa**

**Notes to Financial Statements**

**Note 3. Bonds and Notes Payable**

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

Year Ending June 30:	General Obligation Capital Loan Notes		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2015	\$ 388,000	\$ 50,570	\$ 49,264	\$ 1,731
2016	125,000	38,937	18,197	92
2017	125,000	33,375	6,189	-
2018	125,000	27,812	-	-
2019	125,000	22,250	-	-
2020-2024	375,000	33,376	-	-
	<u>\$ 1,263,000</u>	<u>\$ 206,320</u>	<u>\$ 73,650</u>	<u>\$ 1,823</u>

Year Ending June 30:	Loan Payable	
	Principal	Interest
2015	\$ 25,205	\$ -
2016	25,205	-
2017	25,205	-
2018	25,205	-
2019	25,205	-
2020-2024	86,113	-
	<u>\$ 212,138</u>	<u>\$ -</u>

Year Ending June 30:	Revenue Bonds and Capital Loan		Total	
	Principal	Interest	Principal	Interest
2015	\$ 227,000	\$ 88,299	\$ 689,469	\$ 140,600
2016	232,000	82,726	400,402	121,755
2017	347,000	76,060	503,394	109,435
2018	358,000	68,250	508,205	96,062
2019	369,000	60,189	519,205	82,439
2020-2024	1,781,000	173,239	2,242,113	206,615
2025-2029	487,000	31,103	487,000	31,103
2030-2034	123,000	5,331	123,000	5,331
	<u>\$ 3,924,000</u>	<u>\$ 585,197</u>	<u>\$ 5,472,788</u>	<u>\$ 793,340</u>

**Note 3. Bonds and Notes Payable (Continued)**

The general obligation notes, corporate purpose, were issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The City plans to pay the debt services of the bonds from the income and proceeds of the Special Revenue, Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa.

The water and sewer revenue bonds and capital loan notes require that monies be deposited into various restricted reserve accounts and that these deposits be used only for the payment of principal and interest on the related bonds when due or for other purposes as set forth in the bond agreement. The deposits in these restricted reserve accounts total \$341,402 as of June 30, 2014.

The water and sewer revenue bonds and capital loan notes require the City to produce and maintain net receipts at a level not less than 110 percent of the amount of principal and interest on the revenue bonds.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2.5 million in water system revenue bonds issued May, 2002. Proceeds from the bonds were used to finance a portion of the costs of construction of the Wastewater Treatment System. The bonds are payable solely from sewer customer net receipts and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,944,670. Principal and interest paid for the current year and total customer net receipts were \$110,135 and \$314,273, respectively.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$2.5 million in water system revenue bonds issued June, 2005. Proceeds from the bonds were used to finance construction activities approved by the department and being undertaken with respect to the operation or infrastructure of the Water System for the purpose of providing safe drinking water to the customers. The bonds are payable solely from water customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,990,560. Principal and interest paid, included in transfers out, for the current year and total customer net receipts were \$165,870 and \$263,569, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$138,000 in sewer system revenue capital loan notes issued February, 2010. Proceeds from the bonds were used to finance construction activities approved by the department and being undertaken with respect to the Wastewater Treatment System. The bonds are payable solely from sewer customer net receipts and are payable through 2030. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$124,940. Principal and interest paid, included in transfer out, for the current year and total customer net receipts were \$8,090 and \$314,273, respectively.

The City has pledged future water customer receipts, net of specified operating expenses, to repay \$492,000 in water system revenue capital loan notes issued May, 2013 of which \$391,542 has been drawn down as of June 30, 2014. Proceeds from the bonds were used to finance the acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping of the municipal water utility. The bonds are payable solely from water customer net receipts and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$559,588. Principal and interest paid, included in transfers out, for the current year and total customer net receipts were \$21,866 and \$263,569, respectively.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### Note 3. Bonds and Notes Payable (Continued)

The 2013 equalized valuation of taxable property of the City, as certified by Jackson County, Iowa, is \$299,065,991. The legal debt limit as of June 30, 2014, in accordance with the Iowa Constitution Article XI.3 is as follows:

Debt limit (5% of \$299,065,991)		\$ 14,953,300
Debt applicable to debt limit:		
General obligation notes	\$ 1,263,000	
Capital lease obligations	73,650	
Loan payable	212,138	1,548,788
<b>Legal debt margin</b>		<u><u>\$ 13,404,512</u></u>

#### Interfund Loans

During the year ended June 30, 2013, the Capital Improvements General Fund loaned \$250,000 to the Road Use Tax Fund to resurface 17<sup>th</sup> Street. The loan bears interest at 5.0% per annum, and will be repaid in a balloon payment of \$282,188 due June 30, 2015.

#### Note 4. Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement Systems (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 percent of their annual salary, and the City is required to contribute 8.93 percent of covered salary, except for police employees, in which case the percentages are 6.76 percent and 10.14 percent, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012, were \$89,964, \$84,591 and \$74,575, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.40 percent of their earnable compensation, and the City's contribution rate, based on an actuarially determined normal contribution rate, cannot be less than 17 percent of earnable compensation. For the year ended June 30, 2014, the City's contribution rate was 30.12 percent. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013 and 2012, were \$167,759, \$142,395 and \$171,013, respectively, which met or exceeded the required minimum contribution for each year. The employer and employee portions of the contribution to the Plan are paid from the Police Retirement System fund, a fiduciary fund.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### Note 5. Other Postemployment Benefits (OPEB)

Plan description – The City operates a single-employer benefit plan which provides medical/prescription drug benefits for active employees, retirees and their spouses. There are 31 active members and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug, disability and life benefits are provided through a partially self funded insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees. Retirees over age 65 are not eligible to participate in the plan.

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 \$641 for single coverage and \$1,440 for family coverage. The same monthly premiums apply to retirees, and the retiree is responsible for the entire premium. For the year ended June 30, 2014, the City contributed \$3,571 and plan members eligible for benefits contributed none to the plan. The City has one retired employee who qualifies as disabled under the Chapter 411 Plan. The City is required to pay for all medical conditions related to his health condition including health insurance premiums and medication. Therefore, the contributions noted above relate to this disabled retiree.

#### Note 6. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave and holiday 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 compensated absences payable to employees at June 30, 2014 is as follows:

Type of Benefit	Amount
Vacation	\$ 94,721
Sick leave	47,580
<b>Total</b>	<b>\$ 142,301</b>

Sick leave is accumulated and paid out upon separation from the City's employment only to employees hired before July 1, 1990. If sick leave is paid upon termination, retirement or death, the total accumulated hours are paid at one-half of the then effective hourly rate for that employee. This liability has been computed based on rates of pay as of June 30, 2014.

Generally these liabilities will be liquidated by the General Fund.

**City of Maquoketa, Iowa**

**Notes to Financial Statements**

**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:	
	Road use tax	\$ 50,000
	Employee benefits, nonmajor fund	84,653
	Capital projects:	
	General CIP	75,000
	Airport, nonmajor fund	13,550
	Enterprise:	
	Water utility	48,484
	Wastewater treatment	55,836
		<u>327,523</u>
Library, special revenue fund	General	<u>90,150</u>
General CIP, capital project fund	General	165,966
	Special revenue:	
	Road use tax	97,560
	Urban renewal tax increment	14,897
		<u>278,423</u>
Road use tax, special revenue fund	Enterprise, storm water	<u>25,000</u>
Debt service	General	25,205
	Special revenue:	
	Road use tax	115,882
	Urban renewal tax increment	2,905,318
	Enterprise:	
	Water utility	170,312
	Wastewater treatment	268,974
		<u>3,485,691</u>
Housing assistance program, nonmajor special revenue fund	General	<u>17,595</u>
Airport, nonmajor capital projects fund	General	<u>7,874</u>
Wastewater treatment, major enterprise fund	General	57,411
		<u>\$ 4,289,667</u>

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

## **City of Maquoketa, Iowa**

### **Notes to Financial Statements**

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#### **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.

Health benefits were fully insured through Blue Cross/Blue Shield, with the exception that the City pays a percent of each participant's deductible and co-insurance, which is set forth in the plan documents. This exception is accounted for in the Employee Health Fund.

#### **Note 9. Commitments**

The City has entered into various construction contracts totaling approximately \$1,687,000. The unpaid contract balances as of June 30, 2014, totaled approximately \$206,000, which will be paid as work on the projects progress.

#### **Note 10. Development Agreements**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental tax paid by the developer in exchange for the construction of buildings and certain infrastructure improvements by the developers. Certain agreements also require the developer to certify specific employment requirements are met. Obligations under the agreement are subject to annual appropriation by the City Council. The total paid by the City under the agreements during the year ended June 30, 2014, was \$826,118. The City's obligation under these agreements for the fiscal year 2014 will not exceed \$938,321.

#### **Note 11. Lease Agreements**

The City is a party to several operating leases. The leases are with various local companies and individuals for T-hangars and B-cap spaces at the municipal airport. The leases are on a month-to-month basis. The City charges \$80 per T-hangar and \$70 per B-cap space per month.

The City is a party to an operating lease for the north and south corporate hangars at the municipal airport. The lease runs from July 1, 2012, through June 30, 2015, and requires rental payments of \$279 and \$314 per month, respectively. The tenant is to pay all separately metered utilities, as well as \$20 per month to the City for heating and maintenance for the lobby and public restrooms.

The City is party to an operating lease for approximately 4 acres of cropland. The lease runs from May 15, 2014 through February 28, 2016, and requires an annual rent payment to the City of \$270, paid in two installments.

**City of Maquoketa, Iowa**

**Notes to Financial Statements**

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**Note 12. General Fund Cash Balance**

As of June 30, 2014 the ending cash balance for the General Fund was \$1,249,226. Several subfunds comprise this balance and are as follows:

Fund Name		Balance
General	001	\$ 943,299
YMCA operating account	002	28,289
Rehab	014	11,532
Insurance reserve	019	181,099
Historic preservation	067	5,082
Historic preservation	069	5,695
Airport	660	73,230
Local option sales tax	121	1,000
<b>Total</b>		<u><u>\$ 1,249,226</u></u>

**Note 13. Scott County Family YMCA Agreement**

During the year ended June 30, 2007, the City constructed a new indoor pool and recreation center, known as the Area Recreation Center (ARC). On June 5, 2007, the City entered into an agreement with the Scott County Family YMCA, whereas the YMCA will act as the exclusive agent of the City to manage, operate and maintain the ARC. The initial term of this agreement was three years commencing July 1, 2007. The City and the YMCA renewed the agreement on July 1, 2010, for a term of an additional five years, with an option to extend the agreement for an additional term of five years at the option of the YMCA. Under the terms of the agreement, the City shall provide to the YMCA support in an amount to be determined annually, and to be mutually agreed upon by both parties.

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## **Required Supplementary Information**



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City of Maquoketa, Iowa

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Cash Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds  
Required Supplementary Information  
Year Ended June 30, 2014**

	Governmental Funds Actual	Enterprise Funds Actual
Receipts:		
Property tax	\$ 2,302,969	\$ -
Tax increment financing collections	1,237,606	-
Other city tax	729,200	68,901
Licenses and permits	15,809	-
Use of money and property	240,768	4,718
Intergovernmental	1,279,387	-
Charges for services	746,092	1,730,461
Miscellaneous	304,116	396,683
<b>Total receipts</b>	<b>6,855,947</b>	<b>2,200,763</b>
Disbursements:		
Public safety	1,520,849	-
Public works	1,492,354	-
Culture and recreation	1,326,507	-
Community and economic development	1,206,863	-
General government	549,203	-
Debt service	3,659,946	-
Capital projects	355,740	-
Enterprise funds	-	1,580,734
<b>Total disbursements</b>	<b>10,111,462</b>	<b>1,580,734</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,255,515)</b>	<b>620,029</b>
Other financing sources, net	533,628	(511,195)
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(2,721,887)</b>	<b>108,834</b>
Cash balances, beginning of year	8,504,572	1,676,605
Cash balances, end of year	<b>\$ 5,782,685</b>	<b>\$ 1,785,439</b>

See Note to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 2,302,969	\$ 2,277,529	\$ 2,277,529	\$ 25,440
1,237,606	1,247,011	1,247,011	(9,405)
798,101	760,554	760,554	37,547
15,809	12,365	12,365	3,444
245,486	280,724	295,124	(49,638)
1,279,387	2,550,316	1,590,518	(311,131)
2,476,553	2,004,904	2,019,605	456,948
700,799	1,397,556	1,423,136	(722,337)
9,056,710	10,530,959	9,625,842	(569,132)
1,520,849	1,339,797	1,460,697	(60,152)
1,492,354	2,909,658	1,808,038	315,684
1,326,507	2,172,490	2,237,490	910,983
1,206,863	281,586	387,913	(818,950)
549,203	513,731	540,731	(8,472)
3,659,946	1,134,665	4,650,130	990,184
355,740	375,525	422,376	66,636
1,580,734	2,386,125	2,344,175	763,441
11,692,196	11,113,577	13,851,550	2,159,354
(2,635,486)	(582,618)	(4,225,708)	1,590,222
22,433	400,000	424,204	(401,771)
(2,613,053)	(182,618)	(3,801,504)	1,188,451
10,181,177	8,656,677	8,656,677	1,524,500
\$ 7,568,124	\$ 8,474,059	\$ 4,855,173	\$ 2,712,951

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## City of Maquoketa, Iowa

### **Note to Required Supplementary Information – Budgetary Reporting**

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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 Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and enterprise. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and 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 decreased budgeted revenues by \$905,117 and increased budgeted disbursements by \$2,737,973. 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 safety, community and economic development and general government functions.

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# **Supplementary Information**



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City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2014

	Special Revenue	
	GREAT	Bi-Centennial
Receipts:		
Property tax	\$ -	\$ -
Use of money and property	-	81
Intergovernmental	-	-
Miscellaneous	-	-
<b>Total receipts</b>	<b>-</b>	<b>81</b>
Disbursements:		
Operating:		
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community and economic development	-	-
General government	-	-
Capital projects	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>81</b>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in cash balances</b>	<b>-</b>	<b>81</b>
Cash balances, beginning of year	153	1,702
Cash balances, end of year	<u>\$ 153</u>	<u>\$ 1,783</u>
Cash basis fund balances:		
Restricted:		
Economic development	\$ -	\$ 1,783
Employee benefits	-	-
Police	153	-
Assigned for capital projects	-	-
<b>Total cash basis fund balance</b>	<b>\$ 153</b>	<b>\$ 1,783</b>

(Continued)

Special Revenue				
Economic Development Revolving	Housing Assistance Program	Employee Benefits	Police Forfeiture	
\$ -	\$ -	\$ 626,737	\$ -	
321	-	-	6	
-	-	-	-	
-	-	-	4,848	
321	-	626,737	4,854	
-	-	254,100	5,606	
-	-	126,548	-	
-	-	67,916	-	
44,213	-	-	-	
-	-	63,815	-	
-	-	-	-	
44,213	-	512,379	5,606	
(43,892)	-	114,358	(752)	
-	17,595	-	-	
-	-	(84,653)	-	
-	17,595	(84,653)	-	
(43,892)	17,595	29,705	(752)	
192,215	(17,595)	159,318	4,987	
\$ 148,323	\$ -	\$ 189,023	\$ 4,235	
\$ 148,323	\$ -	\$ -	\$ -	
-	-	189,023	-	
-	-	-	4,235	
-	-	-	-	
\$ 148,323	\$ -	\$ 189,023	\$ 4,235	

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Nonmajor Governmental Funds (Continued)  
 Year Ended June 30, 2014

	Capital Projects	
	ARC	Industrial Park
Receipts:		
Property tax	\$ -	\$ -
Use of money and property	-	-
Miscellaneous	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>
Disbursements:		
Operating:		
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community and economic development	-	-
General government	-	-
Capital projects	-	292
<b>Total disbursements</b>	<b>-</b>	<b>292</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(292)</b>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in cash balances</b>	<b>-</b>	<b>(292)</b>
Cash balances, beginning of year	56,707	16,618
Cash balances, end of year	<u>\$ 56,707</u>	<u>\$ 16,326</u>
Cash basis fund balances:		
Restricted:		
Economic development	\$ -	\$ -
Employee benefits	-	-
Police	-	-
Assigned for capital projects	56,707	16,326
<b>Total cash basis fund balance</b>	<u>\$ 56,707</u>	<u>\$ 16,326</u>

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Capital Projects

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Library	Airport	Total
\$ -	\$ -	\$ 626,737
-	54	462
-	-	4,848
-	54	632,047
<hr/>		
-	-	259,706
-	-	126,548
-	-	67,916
-	-	44,213
-	-	63,815
-	-	292
-	-	562,490
<hr/>		
-	54	69,557
<hr/>		
-	7,874	25,469
-	(13,550)	(98,203)
-	(5,676)	(72,734)
<hr/>		
-	(5,622)	(3,177)
31	33,897	448,033
\$ 31	\$ 28,275	\$ 444,856
<hr/>		
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\$ -	\$ -	\$ 150,106
-	-	189,023
-	-	4,388
31	28,275	101,339
\$ 31	\$ 28,275	\$ 444,856
<hr/>		
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City of Maquoketa, Iowa

**Schedule of Indebtedness**  
**Year Ended June 30, 2014**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
2011A capital loan notes	April 1, 2011	2.00%	\$ 1,740,000
2007B capital loan notes	August 1, 2007	4.45	1,600,000
2009A capital loan notes	October 15, 2009	3.10	330,000
<b>Total</b>			<u>\$ 3,670,000</u>
Matured revenue bonds, parking lot	December 1, 1967	3.50	<u>\$ 221,000</u>
General obligation notes, corporate purpose	June 1, 2001	5.35 - 5.55	<u>\$ 2,500,000</u>
Revenue bonds and capital loan notes:			
Sewer revenue bonds, Series 2002	May 3, 2002	3.00	\$ 2,500,000
Water revenue bonds, Series 2005	June 13, 2005	3.00	2,500,000
Sewer capital loan notes, Series 2010	February 10, 2010	3.00	138,000
Water capital loan notes, Series 2013	May 24, 2013	1.75	492,000
<b>Total</b>			<u>\$ 5,630,000</u>
Capital leases:			
Equipment capital lease	September 15, 2008	5.14	\$ 255,897
Treadmill capital lease	April 22, 2014	-	22,201
<b>Total</b>			<u>\$ 278,098</u>
Loan, street lighting project	December 6, 2012	-	<u>\$ 252,046</u>

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Current
\$ 710,000	\$ -	\$ 515,000	\$ 195,000	\$ 14,200	\$ 195,000
1,100,000	-	100,000	1,000,000	48,839	125,000
138,000	-	70,000	68,000	4,295	68,000
<u>\$ 1,948,000</u>	<u>\$ -</u>	<u>\$ 685,000</u>	<u>\$ 1,263,000</u>	<u>\$ 67,334</u>	<u>\$ 388,000</u>
<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 135,745</u>	<u>\$ -</u>
\$ 1,762,000	\$ -	\$ 80,000	\$ 1,682,000	\$ 30,135	\$ 83,000
1,786,000	-	114,000	1,672,000	51,870	118,000
103,000	-	5,000	98,000	3,090	5,000
2,460	389,082	20,000	371,542	1,866	21,000
<u>\$ 3,653,460</u>	<u>\$ 389,082</u>	<u>\$ 219,000</u>	<u>\$ 3,823,542</u>	<u>\$ 86,961</u>	<u>\$ 227,000</u>
\$ 92,461	\$ -	\$ 39,780	\$ 52,681	\$ 3,824	\$ 41,874
-	22,201	1,232	20,969	-	7,390
<u>\$ 92,461</u>	<u>\$ 22,201</u>	<u>\$ 41,012</u>	<u>\$ 73,650</u>	<u>\$ 3,824</u>	<u>\$ 49,264</u>
<u>\$ 237,343</u>	<u>\$ -</u>	<u>\$ 25,205</u>	<u>\$ 212,138</u>	<u>\$ -</u>	<u>\$ 25,205</u>

City of Maquoketa, Iowa

Schedule of Bond and Note Maturities  
Year Ended June 30, 2014

General Obligation Notes					
Year Ending June 30:	2011A Refunding Capital Loan Notes		Capital Loan Notes		
	Interest Rates	Amount	Interest Rates	Amount	
	2015	2.00%	\$ 195,000	4.45%	\$
2016		-	4.45		125,000
2017		-	4.45		125,000
2018		-	4.45		125,000
2019		-	4.45		125,000
2020-2024		-	4.45		375,000
<b>Total</b>		<u>\$ 195,000</u>			<u>\$ 1,000,000</u>

  

Revenue Bonds and Capital Loan Notes					
Year Ending June 30:	Sewer Revenue Bonds Series 2002		Water Revenue Bonds Series 2005		
	Interest Rates	Amount	Interest Rates	Amount	
	2015	3.00%	\$ 83,000	3.00%	\$
2016	3.00	85,000	3.00		121,000
2017	3.00	196,000	3.00		125,000
2018	3.00	202,000	3.00		129,000
2019	3.00	209,000	3.00		133,000
2020-2024	3.00	907,000	3.00		725,000
2025-2029		-	3.00		321,000
2030-2034		-			-
<b>Total</b>		<u>\$ 1,682,000</u>			<u>\$ 1,672,000</u>

(Continued)

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General Obligation Notes

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Capital Loan Notes

Interest Rates	Amount	Total
3.10%	\$ 68,000	\$ 388,000
	-	125,000
	-	125,000
	-	125,000
	-	125,000
	-	375,000
	<u>\$ 68,000</u>	<u>\$ 1,263,000</u>

Revenue Bonds and Capital Loan Notes

Sewer Capital Loan Notes

Water Capital Loan Notes

Series 2010

Series 2013, Issued May 24, 2013

Interest Rates	Amount	Interest Rates	Amount	Total
3.00%	\$ 5,000	1.75%	\$ 21,000	\$ 227,000
3.00	5,000	1.75	21,000	232,000
3.00	5,000	1.75	21,000	347,000
3.00	5,000	1.75	22,000	358,000
3.00	5,000	1.75	22,000	369,000
3.00	30,000	1.75	119,000	1,781,000
3.00	35,000	1.75	131,000	487,000
3.00	8,000	1.75	115,000	123,000
	<u>\$ 98,000</u>		<u>\$ 472,000</u>	<u>\$ 3,924,000</u>

City of Maquoketa, Iowa

Schedule of Bond and Note Maturities (Continued)  
 Year Ended June 30, 2014

Year Ending June 30:	Capital Leases					Total
	Equipment Capital Lease Issued September 15, 2008		Treadmill Capital Lease Issued September 15, 2008		Total	
	Interest Rates	Amount	Interest Rates	Amount		
2015	5.14%	\$ 41,874	- %	\$ 7,390	\$ 49,264	
2016	5.14	10,807	-	7,390	18,197	
2017		-	-	6,189	6,189	
<b>Total</b>		<u>\$ 52,681</u>		<u>\$ 20,969</u>	<u>73,650</u>	

Year Ending June 30:	Street Lighting Loan Issued December 6, 2012		Total Maturities
	Interest Rates	Amount	
2015	- %	\$ 25,205	\$ 689,469
2016	-	25,205	400,402
2017	-	25,205	503,394
2018	-	25,205	508,205
2019	-	25,205	519,205
2020-2024	-	86,113	2,242,113
2025-2029		-	487,000
2030-2034		-	123,000
<b>Total</b>		<u>\$ 212,138</u>	<u>\$ 5,472,788</u>

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City of Maquoketa, Iowa

Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds  
Last Nine Years

	2014	2013	2012	2011
Receipts:				
Property tax	\$ 2,302,969	\$ 2,192,369	\$ 2,075,847	\$ 2,084,517
Tax increment financing collections	1,237,606	1,445,426	1,653,143	1,497,040
Other city tax	729,200	791,735	723,117	680,920
Licenses and permits	15,809	20,293	11,478	21,828
Use of money and property	240,768	151,673	160,669	291,836
Intergovernmental	1,279,387	1,722,196	1,755,539	1,490,636
Charges for services	746,092	682,272	575,201	506,896
Miscellaneous, including fines and fees	304,116	80,995	737,121	1,008,873
<b>Total</b>	<b>\$ 6,855,947</b>	<b>\$ 7,086,959</b>	<b>\$ 7,692,115</b>	<b>\$ 7,582,546</b>
Disbursements:				
Operating:				
Public safety	\$ 1,520,849	\$ 1,436,274	\$ 1,203,534	\$ 1,097,404
Public works	1,492,354	1,243,425	2,267,248	1,630,059
Culture and recreation	1,326,507	1,108,625	1,194,724	1,262,872
Community and economic development	1,206,863	383,948	527,710	570,734
General government	549,203	521,665	506,234	576,463
Debt service	3,659,946	1,146,332	1,140,132	2,876,002
Capital projects	355,740	159,001	70,662	255,875
<b>Total</b>	<b>\$ 10,111,462</b>	<b>\$ 5,999,270</b>	<b>\$ 6,910,244</b>	<b>\$ 8,269,409</b>

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	2010	2009	2008	2007	2006
\$	2,028,557	\$ 1,972,089	\$ 1,587,970	\$ 1,561,520	\$ 1,570,993
	1,597,006	526,248	557,245	537,118	385,423
	661,037	652,976	645,247	630,453	568,625
	13,276	11,456	11,836	12,715	9,456
	254,500	323,226	322,262	253,697	190,391
	1,289,030	1,797,377	1,168,127	2,316,568	1,357,464
	706,261	658,759	615,265	192,288	162,455
	1,151,175	1,668,067	944,943	2,034,139	533,621
\$	7,700,842	\$ 7,610,198	\$ 5,852,895	\$ 7,538,498	\$ 4,778,428

\$	1,033,300	\$ 1,165,820	\$ 2,190,757	\$ 1,069,364	\$ 1,154,914
	1,619,585	1,084,200	2,337,283	1,423,881	840,013
	1,662,179	1,601,928	1,309,770	495,333	537,154
	732,362	499,295	161,683	408,563	808,912
	443,152	438,564	723,448	408,756	420,039
	1,081,752	2,346,690	999,929	936,785	814,281
	218,783	668,763	2,126,877	4,596,185	833,503
\$	6,791,113	\$ 7,805,260	\$ 9,849,747	\$ 9,338,867	\$ 5,408,816

**City of Maquoketa, Iowa**

**Additional Information Required by the Sewer Revenue Bond Resolution  
June 30, 2014**

Insurance - the City has the following insurance coverage.

Insurance Company Address and Policy Number	Insurance Coverage	Amount of Coverage	Expiration Date of Policy
Employers Mutual Companies Des Moines, Iowa	Property	\$ 39,626,464	4/1/2014
Package Policy Policy #8A5-19-34-12	Inland Marine	642,225	4/1/2014
	General Liability	1,000,000	4/1/2014
	Business Auto	1,000,000	4/1/2014
	Umbrella Excess	4,000,000	4/1/2014
	Employee Theft	300,000	4/1/2014
	Forgery	10,000	4/1/2014
	Computer Fraud	50,000	4/1/2014
	Money & Securities Inside	15,000	4/1/2014
	Money & Securities Outside	15,000	4/1/2014
	Linebacker	1,000,000	4/1/2014
	Commercial Output	43,663,154	4/1/2014
Old Republic Insurance Company Greensburg, Pennsylvania Policy #PR227805	Airport Owners and Liability	2,000,000	1/1/2015
Nationwide Kalispell, Montana Policy #50503262472013, #5050326392013, #50503262542013	Flood Insurance Program	364,800	4/4/2014
VFIS York, Pennsylvania Policy #VFP 4316-3502D-1	Maquoketa Volunteer Fire Department and Rescue Squad	100,000	1/1/2014
Iowa Municipalities Workers' Compensation Association Des Moines, Iowa Policy #1075-1314	Workers' Compensation Coverage	1,000,000	7/1/2014

Rate and number of users of the system:

- User charges - the minimum sewer charge per month shall be \$23.09 up to 300 cubic feet.
- Over 300 cubic feet the charge is \$1.51 per 100 cubic feet as determined in ordinance 1067.
- Number of users - the City has approximately 2,480 users.

