

CITY OF NORTH LIBERTY, IOWA

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES**

JUNE 30, 2014

CITY OF NORTH LIBERTY, IOWA

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CITY OF NORTH LIBERTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Mayor and Council</u>		
Through December 31, 2013		
Thomas Salm	Mayor	January 2014
Gerald Kuhl	Mayor Pro Tem	January 2014
Brian Wayson	Council Member	January 2014
Chris Hoffman	Council Member	January 2016
Terry Donahue	Council Member	January 2016
Coleen Chipman	Council Member	January 2016
Beginning January 1, 2014		
Thomas Salm	Mayor (through May 18, 2014)	January 2016
Gerald Kuhl	Mayor (appointed June 24, 2014)	November 2015
Gerald Kuhl	Mayor Pro Tem (through June 24, 2014)	January 2018
Chris Hoffman	Council Member	January 2016
Terry Donahue	Council Member	January 2016
Coleen Chipman	Council Member	January 2016
Brian Wayson	Council Member	January 2018
<u>City Staff</u>		
Ryan Heiar	City Administrator	
Tracey Mulcahey	City Clerk/Assistant City Administrator	
Debra Hilton	Treasurer	
Scott Peterson	City Attorney	

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of North Liberty, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty, 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 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 that 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 North Liberty, Iowa, as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Liberty, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the eight years ended June 30, 2012 (which are not presented herein) were audited by other auditors and they 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 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Liberty, Iowa's basic financial statements. The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 5 through 12 and 35 through 37 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 February 20, 2015 on our consideration of the City of North Liberty, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Liberty, Iowa's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Iowa City, Iowa
February 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of North Liberty 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.

FY 2014 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased almost \$6.3 million from FY 2013 to FY 2014. Property tax receipts remained relatively stable, tax increment financing increased approximately \$290,000 and charges for services increased approximately \$225,000. Bond proceeds were significantly more than the previous year, approximately \$7.5 million versus the previous year's \$2.2 million.
- Disbursements of the City's governmental activities increased approximately \$1.46 million, or 7.35%, from FY 2013 to FY 2014. Public safety disbursements increased approximately \$170,000, public works disbursements increased approximately \$57,000, culture and recreation disbursements increased approximately \$346,000, community and economic development disbursements decreased approximately \$200,000 and general government disbursements increased approximately \$40,000. Debt service disbursements increased by approximately \$2.7 million due to general obligation bond refunding. Capital project expenditures decreased by more than \$1.5 million.
- The City's total cash basis net position increased 19.60%, or approximately \$2,900,000, from June 30, 2013 to June 30, 2014. Of this amount, the position of the governmental activities increased by approximately \$2,100,000 and the position of the business type activities increased by approximately \$810,000.

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 Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overview 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 for a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison to the City's budget for the year.

Supplementary Information provides detailed information about the General Fund, nonmajor governmental funds, proprietary funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City of North Liberty maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes, tax increment financing and bond sale proceeds finance a significant portion of most of these activities.
- Business Type Activities include the water, sanitary sewer, and storm sewer utilities and utility deposits. These activities are financed primarily by user charges.

Fund Financial Statements

The City of North Liberty has two kinds of funds:

- 1) Governmental Funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Funds, and 4) the Capital Projects Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services

it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

- 2) Proprietary Funds account for the City's enterprise funds. Enterprise funds are used to report business type activities. The City maintains four enterprise funds to provide separate information on the Water and Sanitary Sewer and Storm Water utility funds and the Utility Deposits fund.

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

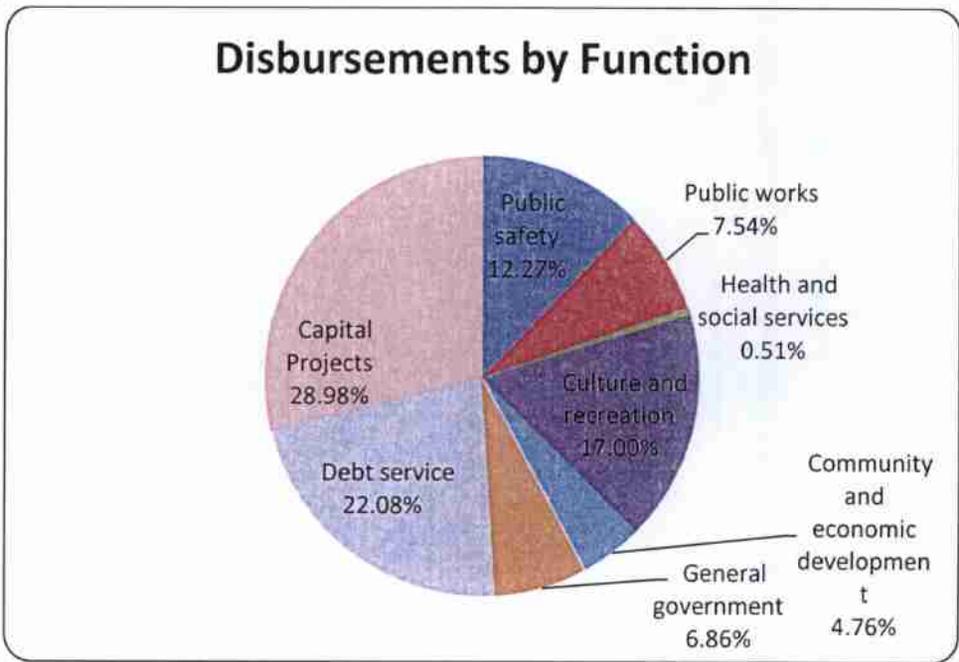
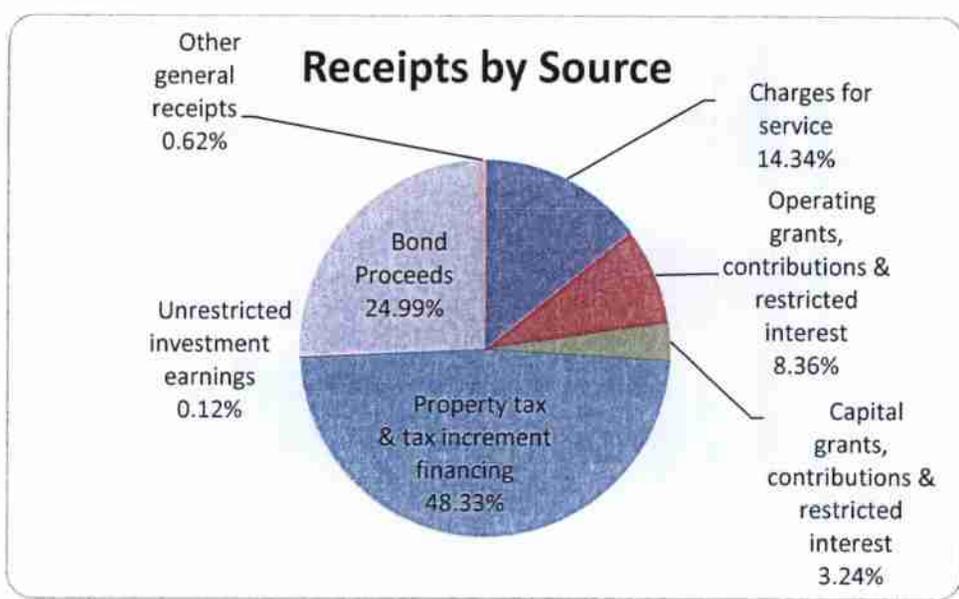
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash basis net position for governmental activities increased from a year ago, from approximately \$4,578,000 to \$6,684,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Government Activities
(Expressed in Thousands)

	Year ended June 30,	
	FY 2014	FY 2013
Receipts:		
Program Receipts:		
Charges for service	\$2,885	\$2,660
Operating grants, contributions & restricted interest	1,682	1,567
Capital grants, contributions & restricted interest	652	351
General Receipts:		
Property tax & tax increment financing	9,724	9,386
Unrestricted investment earnings	24	27
Bond proceeds	7,518	2,189
Other general receipts	124	116
Total Receipts	\$22,609	\$16,296
Disbursements:		
Public safety	\$2,315	\$2,145
Public works	1,424	1,368
Health and social services	97	135
Culture and recreation	3,209	2,862
Community and economic development	898	1,097
General government	1,294	1,250
Debt service	6,658	3,952

Capital projects	5,468	7,092
Total Disbursements	\$21,364	\$19,901
Change in cash basis net position before transfers	\$1,246	(\$3,605)
Transfers, net	860	743
Change in cash basis net position	\$2,106	(\$2,862)
Cash basis net position, beginning of year	4,578	7,440
Cash basis net position, end of year	\$6,684	\$4,578



The City's total receipts for governmental activities increased 38.7% or approximately \$6,313,000. The total cost of all programs and services, provided by the City, increased by approximately \$1,463,000 or 7.35%. No new programs were added.

The City maintained the property tax rate for fiscal year 2014. With the growth in the City's taxable property, tax receipts increased approximately \$338,000 in fiscal year 2014. Because of the growth in taxable valuation in the City of North Liberty from \$539,951,812 in FY 2013 to \$544,158,125 in FY 2014, general property tax revenues increased by \$34,071 even though the City's general city tax levy remained at the maximum \$8.10 per \$1,000 of taxable valuation. The total city levy in FY 2014 was constant at \$11.03264 from the levy in FY 2013. The balance of the levy was made up of a \$1.31746 debt service levy and a \$1.61518 employee benefits levy.

The cost of all governmental activities this year was approximately \$21,364,000, compared to approximately \$19,901,000 last year. General City operating expenses increased with fewer capital projects than the previous fiscal year.

Changes in Cash Basis Net Position of Business Type Activities
(Expressed in Thousands)

	Year Ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for Service		
Water	\$2,894	\$2,614
Sanitary Sewer	3,213	3,003
Storm Water	180	171
Utility Deposits	165	164
General Receipts:		
Unrestricted interest on investments		
Water	1	3
Sanitary Sewer	1	3
Bond and note proceeds	2,526	1,567
Total receipts	\$8,980	\$7,525
Disbursements:		
Water	\$1,548	\$1,402
Sanitary Sewer	1,501	1,230
Storm Water	65	61
Utility Deposits	138	113
Debt Service	4,057	3,165
Total Disbursements	\$7,309	\$5,971
Change in net cash basis net position before transfers	\$1,671	\$1,554
Transfers, net	(860)	(743)

Change in cash basis net position	\$811	\$811
Cash basis net position, beginning of year	3,831	3,020
Cash basis net position, end of year	\$4,642	\$3,831

Total business type activities receipts for the fiscal year were approximately \$8.98 million compared to approximately \$7.52 million last year. The increase was primarily due to a sewer refunding bond sale occurring in the fiscal year. The cash basis net position increased approximately \$811,000 due to increased revenues due to a rate increase for both utilities. Total disbursements for the fiscal year increased by 22%, or approximately \$1,338,000, due to the increase in the principal paid on the debt service refunding.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As North Liberty completed the year, its governmental funds reported a combined fund balance of \$6,684,338, an increase of almost \$2.1 million above last year's total of \$4,578,018. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

- The General Fund balance decreased \$636,809 from the prior year to \$4,072,244. Cash on hand was used to fund larger purchases including a \$567,869 fire truck. Charges for service increased by \$58,139 due to an increase in garbage fees and recreation fees. The largest increase came through additional property tax receipts of \$440,441. Culture and Recreation costs increased over \$340,000 due to additional programs, costs of projects and increased costs due to the Library Expansion.

Special Revenue

- The Special Revenue, Urban Renewal Tax Increment fund cash balance increased by \$390,063. Collections of the tax increment financing receipts increased by \$289,741. The City only draws what is necessary to cover costs from this funding source.
- The Special Revenue, Road Use Tax fund cash balance increased by \$183,843. Collections of the road use tax receipts increased by \$54,671.

Debt Service – General Obligation Debt

- The Debt Service – General Obligation Debt cash balance increased by approximately \$150,000 due to decreased bond costs due to refundings of existing debt.

Debt Service – Road Use Tax Bond Reserve

- The Debt Service – Road Use Tax Bond Reserve was funded for the first time in fiscal year 2012. The fund has \$149,740 in debt service reserve.

Capital Projects

- Capital Projects – Street Capital Projects fund cash balance increased by \$1,134,502 due to bond funds being received for projects funded in the previous fiscal year.
- Highway 965 Improvements fund cash balance increased by \$233,171 due to proceeds from bonds for project costs exceeding expenditures.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Enterprise Fund cash basis net position increased \$363,658 to \$1,471,961, due to an increase in the sale of water over the prior year and an increase in the water rates at the end of June 2013.
- The Sewer Enterprise Fund cash basis net position increased \$449,277 to \$2,400,941 due to an increase in sales and an increase in sewer rates.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on June 10, 2014 and resulted in an increase in operating disbursements of approximately \$6,000,000 due to numerous unplanned expenses including increased garbage fees, additional capital projects, increased electric costs and group insurance midyear changes that were not anticipated when the budget was created, and additional other unexpected expenses. The City had sufficient cash balances to absorb these additional costs.

The actual disbursements for the year were less in all categories than budgeted. Capital project disbursements were almost \$6,000,000 less than budgeted due to delay of projects in construction.

DEBT ADMINISTRATION

At June 30, 2014, the City had \$42,699,000 in bonds and long-term debt compared to \$42,050,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30	
	2014	2013
General obligation bonds	\$26,001	\$24,251
Rural Economic Development loan	360	360
Road Use Tax revenue bonds	1,610	1,720
Revenue bonds	14,728	15,719
Total	\$42,699	\$42,050

Debt increased as a result of new debt incurred in excess of existing debts being retired.

The City of North Liberty continues to carry a Moody's bond rating of Aa3 assigned by national rating agencies to the City's debt. The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$26,001,000 at June 30, 2014 is significantly below its constitutional debt limit of approximately \$53 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

North Liberty City's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates, and fees charged for various City activities. Economic indicators such as unemployment, tax base growth, and rollback increase were taken into account when adopting the budget for fiscal year 2015. Fiscal year 2015 continues the trend of multiple capital projects. If all of the budget estimates are realized, the City's budgeted cash balance is expected to remain relatively steady in the upcoming fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tracey Mulcahey, City Clerk, 3 Quail Creek Circle, P.O. Box 77, North Liberty, IA 52317.

BASIC FINANCIAL STATEMENTS

CITY OF NORTH LIBERTY, IOWA

Cash Basis Statement of Activities and Net Position
(Page 1 of 2)

As of and for the 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:				
Governmental activities:				
Public safety	\$ 2,315,057	\$ 38,973	\$ 240,578	\$ -
Public works	1,424,544	651,388	1,335,444	-
Health and social services	97,000	-	-	-
Culture and recreation	3,208,940	1,034,034	39,222	-
Community and economic development	898,262	21,415	64,262	-
General government	1,293,854	827,937	2,643	-
Debt service	4,168,095	-	-	-
Capital projects	5,468,736	311,497	-	652,331
Total governmental activities	18,874,488	2,885,244	1,682,149	652,331
Business type activities:				
Water	2,101,695	2,893,765	-	-
Sewer	2,533,677	3,213,128	-	-
Utility deposits	138,159	164,275	-	-
Stormwater management	65,187	180,490	-	-
Total business type activities	4,838,718	6,451,658	-	-
Total	\$ 23,713,206	\$ 9,336,902	\$ 1,682,149	\$ 652,331

General Receipts and Financing Sources (Uses):

Property tax levied for:	
General purposes	
Debt service	
Other purposes	
Tax increment financing	
Unrestricted interest on investments	
Bond and loan proceeds	
Refunding debt service - principal	
Miscellaneous	
Sale of capital assets	
Transfers	
Total general receipts and transfers	

Change in cash basis net position

Cash basis net position, beginning of year

Cash basis net position, end of year

Exhibit A

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

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (2,035,506)	\$ -	\$ (2,035,506)
562,288	-	562,288
(97,000)	-	(97,000)
(2,135,684)	-	(2,135,684)
(812,585)	-	(812,585)
(463,274)	-	(463,274)
(4,168,095)	-	(4,168,095)
(4,504,908)	-	(4,504,908)
(13,654,764)	-	(13,654,764)
-	792,070	792,070
-	679,451	679,451
-	26,116	26,116
-	115,303	115,303
-	1,612,940	1,612,940
(13,654,764)	1,612,940	(12,041,824)
4,430,582	-	4,430,582
892,333	-	892,333
882,433	-	882,433
3,518,713	-	3,518,713
24,217	1,847	26,064
7,518,337	2,526,167	10,044,504
(2,490,000)	(2,470,000)	(4,960,000)
117,041	-	117,041
7,296	-	7,296
860,132	(860,132)	-
15,761,084	(802,118)	14,958,966
2,106,320	810,822	2,917,142
4,578,018	3,831,405	8,409,423
\$ 6,684,338	\$ 4,642,227	\$ 11,326,565
(Exhibit B)	(Exhibit C)	

CITY OF NORTH LIBERTY, IOWA

**Cash Basis Statement of Activities and Net Position
(Page 2 of 2)**

As of and for the Year Ended June 30, 2014

Cash Basis Net Position

Restricted

Expendable:

Streets

Urban renewal

Capital equipment purchases

Property improvements

Employee benefits

Debt service

Hotel/motel tax

Tree purchases

Police

Utility deposits

Unrestricted

Total cash basis net position

See accompanying notes to financial statements.

Exhibit A

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

Governmental Activities	Business Type Activities	Total
\$ 1,542,611	\$ -	\$ 1,542,611
1,158,953	-	1,158,953
7,652	-	7,652
255,587	-	255,587
2,545	-	2,545
488,761	1,270,273	1,759,034
3,817	-	3,817
4,432	-	4,432
2,381	-	2,381
-	499,942	499,942
3,217,599	2,872,012	6,089,611
\$ 6,684,338	\$ 4,642,227	\$ 11,326,565

CITY OF NORTH LIBERTY, IOWA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 1 of 2)

As of and for the Year Ended June 30, 2014

	General Fund	Special Revenue	
		Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 4,373,633	\$ -	\$ -
Tax increment financing	-	-	3,518,713
Other city tax	291,090	-	-
Licenses and permits	507,326	-	-
Use of money and property	143,870	-	-
Intergovernmental	331,695	1,335,444	-
Charges for service	1,674,579	-	-
Special assessments	1,067	-	-
Miscellaneous	252,437	-	-
Total receipts	7,575,697	1,335,444	3,518,713
Disbursements:			
Operating:			
Public safety	2,315,057	-	-
Public works	594,722	829,822	-
Health and social services	97,000	-	-
Culture and recreation	3,208,940	-	-
Community and economic development	617,702	-	280,560
General government	1,293,854	-	-
Debt service	-	-	-
Capital projects	1,229,286	-	-
Total disbursements	9,356,561	829,822	280,560
Excess (deficiency) of receipts over (under) disbursements	(1,780,864)	505,622	3,238,153
Other financing sources (uses):			
Sale of capital assets	7,296	-	-
Proceeds from sale of general obligation bonds	435,000	-	-
Proceeds of refunding bonds	-	-	-
Refunding debt service - principal	-	-	-
Operating transfers in	2,096,393	-	-
Operating transfers (out)	(1,394,634)	(321,779)	(2,848,090)
Total other financing sources (uses)	1,144,055	(321,779)	(2,848,090)
Net change in cash balances	(636,809)	183,843	390,063
Cash and cash investments, beginning of year	4,709,053	522,245	273,979
Cash and cash investments, end of year	\$ 4,072,244	\$ 706,088	\$ 664,042

Exhibit B

Debt Service		Capital Projects		Other	Total
General Obligation Debt	Road Use Tax - Bond Reserve	Street Capital Projects	Highway 965 Improvements	Nonmajor Governmental Funds	
\$ 883,061	\$ -	\$ -	\$ -	\$ 871,087	\$ 6,127,781
-	-	-	-	-	3,518,713
9,272	-	-	-	11,346	311,708
-	-	-	-	-	507,326
-	-	-	-	17	143,887
-	-	-	3,700	481,358	2,152,197
-	-	-	-	-	1,674,579
-	-	-	-	-	1,067
74	-	-	311,497	83,777	647,785
<u>892,407</u>	<u>-</u>	<u>-</u>	<u>315,197</u>	<u>1,447,585</u>	<u>15,085,043</u>
-	-	-	-	-	2,315,057
-	-	-	-	-	1,424,544
-	-	-	-	-	97,000
-	-	-	-	-	3,208,940
-	-	-	-	-	898,262
-	-	-	-	-	1,293,854
4,168,095	-	-	-	-	4,168,095
-	-	2,432,120	1,332,026	475,304	5,468,736
<u>4,168,095</u>	<u>-</u>	<u>2,432,120</u>	<u>1,332,026</u>	<u>475,304</u>	<u>18,874,488</u>
<u>(3,275,688)</u>	<u>-</u>	<u>(2,432,120)</u>	<u>(1,016,829)</u>	<u>972,281</u>	<u>(3,789,445)</u>
-	-	-	-	-	7,296
226,843	-	2,700,000	1,250,000	405,000	5,016,843
2,501,494	-	-	-	-	2,501,494
(2,490,000)	-	-	-	-	(2,490,000)
3,191,053	-	999,622	-	153,000	6,440,068
-	-	(133,000)	-	(882,433)	(5,579,936)
<u>3,429,390</u>	<u>-</u>	<u>3,566,622</u>	<u>1,250,000</u>	<u>(324,433)</u>	<u>5,895,765</u>
153,702	-	1,134,502	233,171	647,848	2,106,320
185,319	149,740	(1,031,802)	494,964	(725,480)	4,578,018
<u>\$ 339,021</u>	<u>\$ 149,740</u>	<u>\$ 102,700</u>	<u>\$ 728,135</u>	<u>\$ (77,632)</u>	<u>\$ 6,684,338</u>

(Exhibit A)

CITY OF NORTH LIBERTY, IOWA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 2 of 2)

As of and for the Year Ended June 30, 2014

	General Fund	Special Revenue	
		Road Use Tax	Urban Renewal Tax Increment
Cash basis fund balances:			
Restricted for:			
Street operations	\$ -	\$ 706,088	\$ -
Street capital projects	-	-	-
Urban renewal purposes	-	-	664,042
Urban renewal projects	-	-	-
Capital equipment purchases	-	-	-
Property improvements	-	-	-
Employee benefits	-	-	-
Debt service	-	-	-
Hotel/motel tax	3,817	-	-
Tree purchases	4,432	-	-
Police	2,381	-	-
Assigned for:			
Capital equipment purchases	394,531	-	-
Street capital projects	580,149	-	-
Park development	57,599	-	-
Stormwater capital projects	42,999	-	-
Youth scholarships/recreation capital equipment	45,986	-	-
Unassigned	2,940,350	-	-
Total cash basis fund balances	<u>\$ 4,072,244</u>	<u>\$ 706,088</u>	<u>\$ 664,042</u>

See accompanying notes to financial statements.

Exhibit B

Debt Service		Capital Projects		Other	Total
General Obligation Debt	Road Use Tax - Bond Reserve	Street Capital Projects	Highway 965	Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,088
-	-	102,700	728,135	5,688	836,523
-	-	-	-	-	664,042
-	-	-	-	494,911	494,911
-	-	-	-	7,652	7,652
-	-	-	-	255,587	255,587
-	-	-	-	2,545	2,545
339,021	149,740	-	-	-	488,761
-	-	-	-	-	3,817
-	-	-	-	-	4,432
-	-	-	-	-	2,381
-	-	-	-	-	394,531
-	-	-	-	40,993	621,142
-	-	-	-	-	57,599
-	-	-	-	-	42,999
-	-	-	-	-	45,986
-	-	-	-	(885,008)	2,055,342
<u>\$ 339,021</u>	<u>\$ 149,740</u>	<u>\$ 102,700</u>	<u>\$ 728,135</u>	<u>\$ (77,632)</u>	<u>\$ 6,684,338</u>

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Proprietary Funds

As of and for the Year Ended June 30, 2014

	Water Enterprise	Sewer Enterprise	Other Nonmajor Proprietary Funds	Total
Operating receipts:				
Charges for service	\$ 2,827,805	\$ 3,213,043	\$ 180,276	\$ 6,221,124
Miscellaneous	65,960	85	164,489	230,534
Total operating receipts	2,893,765	3,213,128	344,765	6,451,658
Operating disbursements:				
Business type activities	1,548,006	1,500,818	203,346	3,252,170
Excess of operating receipts over operating disbursements	1,345,759	1,712,310	141,419	3,199,488
Non-operating receipts and (disbursements):				
Interest on cash investments	935	912	-	1,847
Debt service	(553,689)	(1,032,859)	-	(1,586,548)
Total non-operating receipts and (disbursements)	(552,754)	(1,031,947)	-	(1,584,701)
Excess of receipts over disbursements	793,005	680,363	141,419	1,614,787
Other financing sources (uses):				
Proceeds of refunding bonds	1,209,545	1,316,622	-	2,526,167
Refunding debt service - principal	(1,200,000)	(1,270,000)	-	(2,470,000)
Operating transfers:				
Operating transfers in	785,474	1,299,109	-	2,084,583
Operating transfers (out)	(1,224,366)	(1,576,817)	(143,532)	(2,944,715)
Total other financing sources (uses)	(429,347)	(231,086)	(143,532)	(803,965)
Net change in cash balances	363,658	449,277	(2,113)	810,822
Cash and cash investments, beginning of year	1,108,303	1,951,664	771,438	3,831,405
Cash and cash investments, end of year	\$ 1,471,961	\$ 2,400,941	\$ 769,325	\$ 4,642,227
				(Exhibit A)
Cash basis fund balances:				
Restricted for:				
Debt service	\$ 617,927	\$ 652,346	\$ -	\$ 1,270,273
Utility deposits	-	-	499,942	499,942
Unrestricted:				
Unrestricted	854,034	1,748,595	269,383	2,872,012
Total cash basis fund balances	\$ 1,471,961	\$ 2,400,941	\$ 769,325	\$ 4,642,227

See accompanying notes to financial statements.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Liberty, Iowa is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1913 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, health and social services, culture and recreation, utilities for its citizens, community and economic development, and general government services.

A. Reporting Entity and Jointly Governed Organizations

For financial reporting purposes, the City of North Liberty, 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 or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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 not ongoing financial interest or responsibility by the participating governments. The City and its officials are members of various jointly governed organizations, including the Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Metropolitan Planning Organization of Johnson County, East Central Iowa Council of Governments, and the Johnson County Compensation Board.

B. Basis of Presentation

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City. The City has no net position required to be reported in this category.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances that do not meet the definitions of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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 that are 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 Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

Debt Service:

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

The Debt Service Fund - Road Use Tax Bond Reserve Fund is utilized to account for the required reserve fund that must be maintained in accordance with the terms of the City's road use tax revenue bonds.

Capital Projects:

The Capital Projects Fund - Street Capital Projects Fund is used to account for significant street improvement projects (other than specific street capital project funds) that are financed primarily by proceeds from the sale of general obligation or road use tax revenue bonds.

The Capital Projects Fund - Hwy 965 Improvements Fund is used to account for improvements to the main arterial highway through the City.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs with 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 programs. Generally, it is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then with general receipts.

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

Proprietary funds distinguish operating receipts and disbursements from 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.

D. Governmental Cash Basis Fund Balances

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

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

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

Committed - Amounts restricted to use as a result of formal action of the Council and generally based on the occurrence of a specific event.

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

Unassigned - All amounts not included in the preceding classifications.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted for all functions.

F. Property Tax Calendar

The City's property taxes were extended against the assessed valuation of the City as of January 1, 2012, to compute the amounts which became liens on property on July 1, 2013. These taxes were due and payable by the property owners in two installments on September 30, 2013 and March 31, 2014, at the Johnson County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions 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.

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 uses of the City.

NOTE 3. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation, road use tax revenue and enterprise fund revenue bonds at June 30, 2014 are as follows:

Year Ending June 30,	General Obligation Bonds		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 3,633,000	\$ 602,459	\$ 110,000	\$ 37,540
2016	3,185,000	519,846	110,000	35,340
2017	3,263,000	450,373	115,000	33,140
2018	2,835,000	376,248	115,000	30,840
2019	2,570,000	318,017	115,000	28,540
2020-2024	9,525,000	790,882	625,000	105,780
2025-2029	990,000	45,860	420,000	24,950
Total	\$ 26,001,000	\$ 3,103,685	\$ 1,610,000	\$ 296,130

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Year Ending June 30,	Enterprise Fund Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2015	\$ 1,101,000	\$ 422,333	\$ 4,844,000	\$ 1,062,332
2016	1,138,000	389,936	4,433,000	945,122
2017	1,175,000	361,911	4,553,000	845,424
2018	1,213,000	332,436	4,163,000	739,524
2019	1,253,000	301,233	3,938,000	647,790
2020-2024	5,905,000	965,528	16,055,000	1,862,190
2025-2029	2,943,000	187,435	4,353,000	258,245
Total	<u>\$ 14,728,000</u>	<u>\$ 2,960,812</u>	<u>\$ 42,339,000</u>	<u>\$ 6,360,627</u>

General Obligation Urban Renewal Corporate Purpose (Tax Increment Financing) Bonds

The City has issued several general obligation urban renewal corporate purpose (tax increment financing) bonds for the purpose of defraying a portion of the costs of various construction and refurbishment projects within the City's urban renewal districts. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the City's TIF districts and which are credited to the Special Revenue - Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds from the sales of the bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2014, the outstanding balances on these bonds totaled approximately \$18,646,000, which are payable through June 1, 2026. Total interest remaining payable on the bonds at June 30, 2014 was approximately \$2,321,000. During the year, principal and interest paid on these bonds totaled approximately \$2,408,470 and \$466,284, respectively. Tax increment financing receipts during the year were \$3,518,713.

Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay three outstanding water revenue bond issues totaling \$5,135,000. The bonds were issued between September 2008 and April 2014. Proceeds from the sales of the bonds provided financing for the construction of several water system improvement projects in the City. The bonds are payable solely from water customer defined net receipts and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 35 percent of defined net receipts. At June 30, 2014, total principal and interest remaining to be paid on the bonds was \$4,782,700. During the year, \$1,210,000 of bonds were issued to refund the Water Revenue Series 2006B bonds. Principal and interest paid on all bonds totaled \$1,590,000 and \$148,689, respectively, which includes refunding the Series 2006B bonds. Total defined net receipts during the year were \$1,532,560.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay six sewer revenue bond issues totaling \$15,479,000. The bonds were issued between March 1998 and April 2014. Proceeds from the sales of the bonds provided financing for the construction of and improvements to the waste water treatment plant. The bonds are payable solely from sewer customer defined net receipts and are payable through June 2028. Annual principal and interest payments on the bonds are expected to require less than 45 percent of defined net receipts. At June 30, 2014, total principal and interest remaining to be paid on the bonds was \$12,906,112. During the year, \$1,315,000 of bonds were issued to refund the Sewer Revenue Series 2006A bonds. Principal and interest paid on all bonds totaled \$1,926,000 and \$346,198, respectively, which includes refunding the Series 2006A bonds. Total defined net receipts during the year were \$2,121,353.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

The City has pledged future road use tax receipts to repay one road use tax revenue bond issue totaling \$1,815,000. The bonds were issued in March 2012. Proceeds from the sale of the bonds provided financing to pay for a portion of the construction costs of the public works/streets department facility. The bonds are payable solely from future road use tax receipts and are payable through June 2027. At June 30, 2014, total principal and interest remaining to be paid on the bonds was \$1,906,130. During the year, principal and interest paid on the bonds totaled \$110,000 and \$39,740, respectively.

The resolutions providing for the issuance of the enterprise fund revenue notes and bonds include the following provisions:

- (a) The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note and bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly cash transfers shall be made to separate sewer and water revenue sinking accounts for the purpose of making the principal and interest payments when due.
- (c) The provisions of the Water Revenue Refunding Bond Series 2014B require that \$541,255 be set aside into the Water Reserve Fund and maintained until all water revenue bonds of the City have been fully redeemed.

The provisions of the Sewer Revenue Refunding Bond Series 2014A require that \$307,105 be set aside into the Sewer Reserve Fund and maintained until all sewer revenue bonds of the City have been fully redeemed.

- (d) All funds remaining in the sewer rental and water utilities accounts after the payments of all maintenance and operating expenses and required transfers shall be placed in separate water and sewer revenue surplus accounts. These accounts are restricted for the purpose of paying any deficiency in the sinking funds. As long as the sinking funds have the full amount required to be deposited, any balance in the surplus funds may be made available to the City as the Council may from time to time direct.
- (e) User rates shall be established at a level which produces and maintains defined net receipts at the following levels:
 - Water - equal to at least 120% of the average amount that will come due in any fiscal year during the life of the three water revenue bond issues.
 - Sewer - equal to at least 125% of the average amount that will come due in any fiscal year during the life of the six sewer revenue bond issues, and equal to at least 125% of the maximum amount that will come due in any fiscal year during the life of the six sewer revenue bonds.

Rural Economic Development Loan

During the year ended June 30, 2013, the City received a Rural Economic Development Loan of \$360,000 from Linn County Rural Electric Cooperative Association to provide funds for construction of a portion of the library expansion project. The loan is dated May 8, 2013 and has an interest rate of 0%. The loan is due in annual installments of \$40,000 beginning May 8, 2015, and continuing annually thereafter until final payment on May 8, 2023. There is an annual administrative fee of 1% based on the outstanding principal balance. The balance of the loan at June 30, 2014 was \$360,000.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Annual maturities of the loan at June 30, 2014 are as follows:

Year ending June 30, 2015	\$ 40,000
2016	40,000
2017	40,000
2018	40,000
2019	40,000
2020 -2023	160,000
	<hr/>
	\$ 360,000
	<hr/>

Early Redemption of Bonds

On July 1, 2013, the City called the General Obligation Series 2003 bonds, with interest rates ranging from 3.4% to 4.5%, for early redemption. The City issued \$2,540,000 of General Obligation Refunding Series 2013A bonds, with interest rates ranging from 0.35% to 2.15%, to pay for the early redemption of the bonds. The refunding reduced total debt service payments over the next ten years, through June 1, 2023, by approximately \$420,875. This results in an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$337,800.

On April 23, 2014, the City called the Sewer Revenue Series 2006A bonds, with interest rates ranging from 4.05% to 4.55%, for early redemption. The City issued \$1,315,000 of Sewer Revenue Refunding Series 2014A bonds, with interest rates ranging from 2.0% to 3.0%, to pay for the early redemption of the bonds. The refunding reduced total debt service payments over the next eleven years, through June 1, 2025, by approximately \$163,850. This results in an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$108,900.

On April 23, 2014, the City called the Water Revenue Series 2006B bonds, with an interest rate of 4.375%, for early redemption. The City issued \$1,210,000 of Sewer Revenue Refunding Series 2014B bonds, with interest rates ranging from 2.0% to 3.05%, to pay for the early redemption of the bonds. The refunding reduced total debt service payments over the next twelve years, through June 1, 2026, by approximately \$159,325. This results in an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$98,200.

Interest Rate Reductions

During the year ended June 30, 2014, the interest rates on the General Obligation Sewer Improvement Series 1998 bonds, the Sewer Revenue Series 1998A bonds and the Sewer Revenue Series 1998B bonds were reduced from 3.0% to 1.75% effective June 1, 2013. The State Revolving Fund (SRF) offers the new interest rate on all existing SRF loans that are at least ten years old. The amounts of the interest savings and economic gains (differences between present values of the old and new interest payments) for the bonds are as follows:

<u>Bond Issue</u>	<u>Due Date</u>	<u>Interest Savings</u>	<u>Economic Gain</u>
Series 1998	12/1/2017	\$ 10,500	\$ 10,157
Series 1998A	12/1/2018	5,056	4,862
Series 1998B	12/1/2018	55,706	53,568
		<hr/>	
		\$ 71,262	\$ 68,587
		<hr/>	

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

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 compensation and the City is required to contribute 8.93% of covered compensation. 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 \$410,331, \$381,437 and \$340,430, respectively, equal to the required contributions for each year.

NOTE 5. COMPENSATED ABSENCES

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

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 24,953
Vacation	244,189
Total	<u>\$ 269,142</u>

This liability has been computed based on rates of pay as of June 30, 2014.

Sick leave is payable when used. It is not paid upon termination, retirement or death. The approximate liability for unused sick leave at June 30, 2014, based on rates of pay as of June 30, 2014, is \$874,568.

NOTE 6. SOLID WASTE DISPOSAL CONTRACT

An agreement between the City and Johnson County Refuse for the period July 1, 2009 through June 30, 2014, provides the City and its citizens with solid waste collection and disposal services. The agreement providing for the services includes the following provisions:

- (a) The City shall pay the contractor a monthly charge of \$4.25 per month for each single and two-family dwelling unit. These fees are for recyclables.
- (b) The fees for non-recyclable wastes are based on the current Iowa City Landfill tipping fee schedule and are subject to change in the event landfill fees increase or decrease.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 7. TRANSIT SERVICES CONTRACT

An agreement for the period July 1, 2013 through June 30, 2014, between the City and the City of Coralville, provides the City and its citizens with limited transit services. The agreement providing for these services includes the following provisions:

- (a) The City shall pay the City of Coralville a monthly charge for the operating cost per hour for the number of hours of transit services provided each month.
- (b) The City shall pay the City of Coralville for the amount the City of Coralville pays to Johnson County SEATS for paratransit services provided to citizens of the City of North Liberty.
- (c) All fares collected shall be kept by the City of Coralville.
- (d) The agreement will automatically be renewed on a year-to-year basis unless one party gives notice to the other party no later than November 1 in a given year of its intent to terminate the agreement.

NOTE 8. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$13,700,000. The unpaid contract balances at June 30, 2014 totaled approximately \$6,670,000, which will be paid as work on the projects progresses.

NOTE 9. RISK MANAGEMENT

The City of North Liberty 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 10. DEFICIT BALANCES

The following capital projects funds had deficit balances at June 30, 2014, because the project costs were incurred prior to availability of funds:

Capital Projects - Penn Street Improvements	\$	251,531
Capital Projects - Land and Facilities		633,477

Deficit balances in these funds arose because project and construction costs were incurred prior to the availability of funds. These deficits will be eliminated with contributions from the general public, developer contributions, impact fees, grants, proceeds from sales of bonds, future tax increment financing collections and other general City funds.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 11. LEASE COMMITMENTS

The City entered into a lease agreement effective May 1, 2014 to lease commercial space for the City administration offices and Council chambers for the period May 1, 2014 to December 31, 2018. This agreement supercedes a lease agreement for similar facilities for the period from April 1, 2011 to December 31, 2015. The current lease agreement provides for the option to exercise up to four additional extensions of six months each at a rate not to exceed the previous year's rate plus three percent increase per annum.

Lease payments are due in six month intervals each January 15 and July 15. Lease expense for the year ended June 30, 2014 was \$137,748.

Future commitments under this lease as of June 30, 2014 are as follows:

Year ending June 30, 2015	\$	164,441
2016		165,751
2017		170,743
2018		175,836
2019		90,564
		<hr/>
	\$	<u>767,335</u>

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City maintains a fully-insured single-employer health insurance plan for employees, retirees and their qualified beneficiaries. Retirees and their qualified beneficiaries are provided the opportunity to continue health insurance coverage under COBRA rules established by law. Employees are eligible to continue coverage when a "qualifying event" would normally result in the loss of eligibility. "Qualifying events" are defined in the City's employee manual. Employees and their beneficiaries are required to pay the full cost for the continuing coverage. Continuing coverage is available until the employees and their beneficiaries attain age 65. The cost of the continuing coverage is the same as the cost for active employees.

The City finances the health insurance plan with Wellmark on a pay-as-you-go basis. The most recent monthly premium costs are \$362.69 for single coverage, \$650.86 for employee/dependent coverage, \$700.88 for employee/spouse coverage and \$1,030.34 for family coverage. The same monthly premiums apply to retirees. There are 67 active employees, 1 terminated employee and 1 retiree participating in the plan as of June 30, 2014. During the year ended June 30, 2014, the City contributed \$539,627 and plan members contributed \$95,203 to the plan.

NOTE 13. CONDUIT DEBT OBLIGATIONS

During the year ended June 30, 2011, the City issued a total of \$2,032,000 of Midwest Disaster Area Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities in the community. Outstanding principal amounts on the bonds at June 30, 2014 totaled \$828,732. The bonds are secured by the properties purchased with the bond proceeds and are payable solely from payments received on the underlying mortgage loans, derived from rents payable by the tenants of the properties. The bond principal and interest do not constitute liabilities of the City, and neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 14. INTERFUND AND INTRAFUND TRANSFERS

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources, move resources to facilitate the payment of principal and interest on bonds and notes payable, and move resources for the acquisition of major equipment purchases and capital projects.

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Water Enterprise -	
	Water Operating	\$ 272,708
	Sewer Enterprise -	
	Sewer Operating	272,708
	Stormwater Management	
	Enterprise	30,532
	Special Revenue - Employee Benefits	<u>882,433</u>
		<u>1,458,381</u>
Debt Service Fund - General Obligation Debt	Special Revenue -	
	Urban Renewal Tax Increment	2,848,090
	Special Revenue -	
	Road Use Tax	196,779
	Water Enterprise -	
Water Revenue Sinking	<u>146,184</u>	
		<u>3,191,053</u>
General Fund - Equipment Revolving	Special Revenue -	
	Road Use Tax	125,000
	Stormwater Management	
	Enterprise	93,000
	Water Enterprise -	
	Water Operating	20,000
Sewer Enterprise -		
Sewer Operating	<u>25,000</u>	
		<u>263,000</u>
Capital Projects - Street Capital Projects	General Fund -	
	Fire Equipment Reserve	33,000
	General Fund -	
Transportation Impact Fee	<u>966,622</u>	
		<u>999,622</u>
Capital Projects - Land and Facilities	General Fund	<u>20,000</u>
Capital Projects - Penn Street Improvements	Capital Projects - Street Capital Projects	<u>133,000</u>
Sewer Enterprise - Sewer Rental - Capital Reserve	Stormwater Management Enterprise	<u>20,000</u>
		<u>\$ 6,085,056</u>

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 14. INTERFUND AND INTRAFUND TRANSFERS (Continued)

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Fire Equipment Reserve	General Fund	\$ 108,478
General Fund - Equipment Revolving		70,534
General Fund - Police Equipment Reserve		6,000
General Fund - Telecommunications Equipment		10,000
General Fund - Park Development		86,000
General Fund - Recreation Equipment		94,000
		<u>375,012</u>
Water Enterprise - Water Revenue Sinking	Water Enterprise - Water Operating	686,873
Water Enterprise - Water Capital Projects		12,000
Water Enterprise - Water Utilities - Capital Reserve		50,000
		<u>748,873</u>
Water Enterprise - Water Capital Projects	Water Enterprise - Water Reserve	36,601
Sewer Enterprise - Sewer Revenue Sinking	Sewer Enterprise - Sewer Operating	1,040,109
Sewer Enterprise - Sewer Rental - Capital Reserve		239,000
		<u>1,279,109</u>
		<u>\$ 2,439,595</u>

Total transfers during the year ended June 30, 2014 were as follows:

Interfund transfers	\$ 6,085,056
Intrafund transfers	2,439,595
	<u>\$ 8,524,651</u>

Reconciliation to the financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds (Exhibit B)	\$ 6,440,068	\$ 5,579,936
Proprietary funds (Exhibit C)	2,084,583	2,944,715
	<u>\$ 8,524,651</u>	<u>\$ 8,524,651</u>

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 15. LITIGATION

The City is the defendant in two unrelated cases brought by citizens seeking damages in connection with incidents that occurred in 2007 and 2011 involving City police officers. The cases are likely to be scheduled for trial in 2015. The City believes it has meritorious defense in both cases. No estimate of any possible loss to the City can be determined at this time.

The City is the defendant in a case brought by a property owner in November 2014 seeking to prevent the City from obtaining an easement on the plaintiff's land for a sewer project expected to occur in 2015 and 2016. The plaintiff is seeking a delay or termination of the condemnation proceedings and unspecified damages. The City expects to prevail in this case, but it is unknown how long this case may be pending.

NOTE 16. PROSPECTIVE ACCOUNTING CHANGE

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

NOTE 17. SUBSEQUENT EVENTS

The City sold the following bond issue after June 30, 2014:

Series 2014C - General Obligation Corporate Purpose - \$3,090,000

The City entered into an agreement to purchase a parcel of real estate consisting of approximately 28.8 acres for the expansion of the waste water treatment facility. The purchase price of the real estate is \$864,000.

OTHER INFORMATION

CITY OF NORTH LIBERTY, IOWA

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 6,127,781	\$ -	\$ 6,127,781
Tax increment financing	3,518,713	-	3,518,713
Other city tax	311,708	-	311,708
Licenses and permits	507,326	-	507,326
Use of money and property	143,887	1,847	145,734
Intergovernmental	2,152,197	-	2,152,197
Charges for service	1,674,579	6,221,124	7,895,703
Special assessments	1,067	-	1,067
Miscellaneous	647,785	230,534	878,319
Total receipts	15,085,043	6,453,505	21,538,548
Disbursements:			
Public safety	2,315,057	-	2,315,057
Public works	1,424,544	-	1,424,544
Health and social services	97,000	-	97,000
Culture and recreation	3,208,940	-	3,208,940
Community and economic development	898,262	-	898,262
General government	1,293,854	-	1,293,854
Debt service	4,168,095	-	4,168,095
Capital projects	5,468,736	-	5,468,736
Business type activities	-	4,838,718	4,838,718
Total disbursements	18,874,488	4,838,718	23,713,206
Excess (deficiency) of receipts over (under) disbursements	(3,789,445)	1,614,787	(2,174,658)
Other financing sources (uses), net	5,895,765	(803,965)	5,091,800
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,106,320	810,822	2,917,142
Balances, beginning of year	4,578,018	3,831,405	8,409,423
Balances, end of year	\$ 6,684,338	\$ 4,642,227	\$ 11,326,565

There were no funds of the City not required to be budgeted during the year ended June 30, 2014.

See accompanying independent auditor's report and
accompanying Notes to Other Information.

Budgeted Amounts

<u>Original</u>	<u>Final</u>	<u>Final to Net Variance</u>
\$ 6,156,127	\$ 6,156,127	\$ (28,346)
3,691,461	3,691,461	(172,748)
108,105	108,105	203,603
703,450	703,450	(196,124)
151,970	158,970	(13,236)
3,249,936	3,842,560	(1,690,363)
6,985,282	7,019,282	876,421
-	5,920	(4,853)
245,000	826,745	51,574
21,291,331	22,512,620	(974,072)
2,945,183	3,271,990	956,933
1,538,837	1,762,417	337,873
91,000	103,000	6,000
3,532,762	3,616,661	407,721
1,457,871	1,477,871	579,609
1,405,983	1,570,783	276,929
4,079,774	6,767,434	2,599,339
12,097,000	12,596,090	7,127,354
5,472,265	7,860,808	3,022,090
32,620,675	39,027,054	15,313,848
(11,329,344)	(16,514,434)	14,339,776
9,878,000	15,610,660	(10,518,860)
(1,451,344)	(903,774)	3,820,916
7,580,396	8,409,423	-
\$ 6,129,052	\$ 7,505,649	\$ 3,820,916

CITY OF NORTH LIBERTY, IOWA

Notes to Other Information - Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements are required to be budgeted for all funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$6,406,379. The budget amendment is reflected in the final budgeted amounts.

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

SUPPLEMENTARY INFORMATION

CITY OF NORTH LIBERTY, IOWA
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund Detail
(Page 1 of 3)
As of and for the Year Ended June 30, 2014

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Receipts:						
Property tax	\$ 4,373,633	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax:						
Mobile home tax	18,761	-	-	-	-	-
Utility tax replacement excise tax	38,188	-	-	-	-	-
Hotel/motel tax	63,262	-	-	-	-	-
Utility franchise fees	170,879	-	-	-	-	-
	<u>291,090</u>	-	-	-	-	-
Licenses and permits:						
Beer and liquor	11,797	-	-	-	-	-
Cigarette	675	-	-	-	-	-
Business/building trades	1,675	-	-	-	-	-
Pet and other	1,249	-	-	-	-	-
Building	491,930	-	-	-	-	-
	<u>507,326</u>	-	-	-	-	-
Use of money and property:						
Interest on cash investments	24,200	-	-	-	-	-
Rent	119,670	-	-	-	-	-
	<u>143,870</u>	-	-	-	-	-
Intergovernmental:						
Emergency generator grant	67,221	-	-	-	-	-
Hazard mitigation grants	16,851	-	-	-	-	-
Police grants	8,694	-	-	-	-	-
Fire department SAFER grant	40,193	-	-	-	-	-
Township fire protection	164,025	-	-	-	-	-
County library contribution	25,168	-	-	-	-	-
Library grants and open access	9,543	-	-	-	-	-
	<u>331,695</u>	-	-	-	-	-
Charges for service:						
Inspection fees	14,033	-	-	-	-	-
Library fees	2,454	-	-	-	-	-
Police service fees	3,250	-	-	-	-	-
Fire department service fees	10,370	-	-	-	-	-
Zoning and subdivision	16,415	-	-	-	-	-
Garbage and recycling fees	516,174	-	-	-	-	-
Recreation charges	926,794	-	-	-	-	-
Rain barrels and compost bins	(200)	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Mowing and snow removal	2,049	-	-	-	-	-
Cemetery plot location fees	170	-	-	-	-	-
Animal control	580	-	-	-	-	-
Maps and photocopy fees	2,143	-	-	-	-	-
Administrative charges	37,309	-	-	-	-	-
Transit	75	-	-	-	-	-
	<u>1,531,616</u>	-	-	-	-	-

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,373,633
-	-	-	-	-	-	-	18,761
-	-	-	-	-	-	-	38,188
-	-	-	-	-	-	-	63,262
-	-	-	-	-	-	-	170,879
-	-	-	-	-	-	-	291,090
-	-	-	-	-	-	-	11,797
-	-	-	-	-	-	-	675
-	-	-	-	-	-	-	1,675
-	-	-	-	-	-	-	1,249
-	-	-	-	-	-	-	491,930
-	-	-	-	-	-	-	507,326
-	-	-	-	-	-	-	24,200
-	-	-	-	-	-	-	119,670
-	-	-	-	-	-	-	143,870
-	-	-	-	-	-	-	67,221
-	-	-	-	-	-	-	16,851
-	-	-	-	-	-	-	8,694
-	-	-	-	-	-	-	40,193
-	-	-	-	-	-	-	164,025
-	-	-	-	-	-	-	25,168
-	-	-	-	-	-	-	9,543
-	-	-	-	-	-	-	331,695
-	-	-	-	-	-	-	14,033
-	-	-	-	-	-	-	2,454
-	-	-	10,740	-	-	-	13,990
-	-	-	-	-	-	-	10,370
-	-	-	-	-	-	-	16,415
-	-	-	-	-	-	-	516,174
-	-	-	-	-	-	-	926,794
-	-	-	-	-	-	-	(200)
-	-	-	-	-	132,223	-	132,223
-	-	-	-	-	-	-	2,049
-	-	-	-	-	-	-	170
-	-	-	-	-	-	-	580
-	-	-	-	-	-	-	2,143
-	-	-	-	-	-	-	37,309
-	-	-	-	-	-	-	75
-	-	-	10,740	-	132,223	-	1,674,579

CITY OF NORTH LIBERTY, IOWA
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund Detail
(Page 2 of 3)
As of and for the Year Ended June 30, 2014

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Receipts: (continued)						
Special assessments	1,067	-	-	-	-	-
Miscellaneous:						
Refunds and reimbursements	5,000	-	-	-	-	-
Fines and fees	41,821	-	-	-	-	-
Donations/contributions	11,154	-	23,090	-	-	1,000
Miscellaneous	64,767	-	-	12,623	-	-
Penalties	82,603	-	-	-	-	-
	<u>205,345</u>	<u>-</u>	<u>23,090</u>	<u>12,623</u>	<u>-</u>	<u>1,000</u>
Total receipts	<u>7,385,642</u>	<u>-</u>	<u>23,090</u>	<u>12,623</u>	<u>-</u>	<u>1,000</u>
Disbursements:						
Public Safety:						
Police	1,571,480	-	-	-	-	-
Emergency management	9,376	-	-	-	-	-
Fire	351,276	-	-	-	-	-
Building inspections/safety	354,373	-	-	-	-	-
Animal control	10,126	-	-	-	-	-
Total public safety	<u>2,296,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Works:						
Traffic control and safety	27,218	-	-	-	-	-
Streets	2,977	-	-	-	-	-
Sanitation	490,470	-	-	-	-	-
Transit	74,057	-	-	-	-	-
Total public works	<u>594,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health and social services:						
Social services	97,000	-	-	-	-	-
Culture and recreation:						
Library	690,941	-	-	-	-	-
Parks	700,786	-	-	-	-	-
Recreation center	1,138,873	-	-	22,380	-	-
Aquatic center	646,276	-	-	-	-	-
Cemetery	9,684	-	-	-	-	-
Total culture and recreation	<u>3,186,560</u>	<u>-</u>	<u>-</u>	<u>22,380</u>	<u>-</u>	<u>-</u>
Community and economic development:						
Community beautification	-	-	-	-	-	1,080
Economic development	57,000	-	-	-	-	-
Tourism promotion	26,665	-	-	-	-	-
Planning and zoning	310,998	-	-	-	-	-
Telecommunications	221,959	-	-	-	-	-
Total community and economic development	<u>616,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080</u>

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
-	-	-	-	-	-	-	1,067
-	-	8,065	-	-	-	-	13,065
-	-	-	-	-	-	-	41,821
-	-	-	-	-	-	-	35,244
-	-	4	-	2,310	-	-	79,704
-	-	-	-	-	-	-	82,603
-	-	8,069	-	2,310	-	-	252,437
-	-	8,069	10,740	2,310	132,223	-	7,575,697
-	-	-	17,373	1,053	-	-	1,589,906
-	-	-	-	-	-	-	9,376
-	-	-	-	-	-	-	351,276
-	-	-	-	-	-	-	354,373
-	-	-	-	-	-	-	10,126
-	-	-	17,373	1,053	-	-	2,315,057
-	-	-	-	-	-	-	27,218
-	-	-	-	-	-	-	2,977
-	-	-	-	-	-	-	490,470
-	-	-	-	-	-	-	74,057
-	-	-	-	-	-	-	594,722
-	-	-	-	-	-	-	97,000
-	-	-	-	-	-	-	690,941
-	-	-	-	-	-	-	700,786
-	-	-	-	-	-	-	1,161,253
-	-	-	-	-	-	-	646,276
-	-	-	-	-	-	-	9,684
-	-	-	-	-	-	-	3,208,940
-	-	-	-	-	-	-	1,080
-	-	-	-	-	-	-	57,000
-	-	-	-	-	-	-	26,665
-	-	-	-	-	-	-	310,998
-	-	-	-	-	-	-	221,959
-	-	-	-	-	-	-	617,702

CITY OF NORTH LIBERTY, IOWA
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund Detail
(Page 3 of 3)
As of and for the Year Ended June 30, 2014

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Disbursements: (continued)						
General government:						
Mayor and council	23,099	-	-	-	-	-
City administration	1,024,356	-	-	-	-	-
Elections	1,802	-	-	-	-	-
Legal services	195,843	-	-	-	-	-
Other general government	48,754	-	-	-	-	-
Total general government	1,293,854	-	-	-	-	-
Capital projects:						
Capital projects	134,615	157,430	111,746	-	6,666	-
Total disbursements	8,220,004	157,430	111,746	22,380	6,666	1,080
Excess (deficiency) of receipts over (under) disbursements	(834,362)	(157,430)	(88,656)	(9,757)	(6,666)	(80)
Other financing sources (uses):						
Sale of capital assets	296	-	-	-	-	-
Proceeds from sale of general obligation bonds	-	-	435,000	-	-	-
Operating transfers in	1,458,381	94,000	86,000	-	10,000	-
Operating transfers (out)	(395,012)	-	-	-	-	-
Total other financing sources (uses)	1,063,665	94,000	521,000	-	10,000	-
Net change in cash balances	229,303	(63,430)	432,344	(9,757)	3,334	(80)
Cash and cash investments, beginning of year	2,457,397	159,571	(253,560)	55,743	51,907	13,061
Cash and cash investments, end of year	\$ 2,686,700	\$ 96,141	\$ 178,784	\$ 45,986	\$ 55,241	\$ 12,981
Cash basis fund balances:						
Restricted for:						
Hotel/motel tax	\$ 3,817	\$ -	\$ -	\$ -	\$ -	\$ -
Tree purchases	-	-	-	-	-	4,432
Police	-	-	-	-	-	-
Assigned for:						
Capital equipment purchases	-	96,141	-	-	55,241	-
Street capital projects	-	-	-	-	-	-
Park development	-	-	57,599	-	-	-
Stormwater capital projects	-	-	-	-	-	-
Youth scholarships/ recreation capital equipment	-	-	-	45,986	-	-
Unassigned	2,682,883	-	121,185	-	-	8,549
Total cash basis fund balances	\$ 2,686,700	\$ 96,141	\$ 178,784	\$ 45,986	\$ 55,241	\$ 12,981

See accompanying independent auditor's report.

Schedule 1

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
-	-	-	-	-	-	-	23,099
-	-	-	-	-	-	-	1,024,356
-	-	-	-	-	-	-	1,802
-	-	-	-	-	-	-	195,843
-	-	-	-	-	-	-	48,754
-	-	-	-	-	-	-	1,293,854
-	567,869	250,960	-	-	-	-	1,229,286
-	567,869	250,960	17,373	1,053	-	-	9,356,561
-	(567,869)	(242,891)	(6,633)	1,257	132,223	-	(1,780,864)
-	7,000	-	-	-	-	-	7,296
-	-	-	-	-	-	-	435,000
-	108,478	333,534	6,000	-	-	-	2,096,393
-	(33,000)	-	-	-	(966,622)	-	(1,394,634)
-	82,478	333,534	6,000	-	(966,622)	-	1,144,055
-	(485,391)	90,643	(633)	1,257	(834,399)	-	(636,809)
2,592	702,316	37,090	24,265	1,124	1,414,548	42,999	4,709,053
\$ 2,592	\$ 216,925	\$ 127,733	\$ 23,632	\$ 2,381	\$ 580,149	\$ 42,999	\$ 4,072,244
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817
-	-	-	-	-	-	-	4,432
-	-	-	-	2,381	-	-	2,381
2,592	216,925	-	23,632	-	-	-	394,531
-	-	-	-	-	580,149	-	580,149
-	-	-	-	-	-	-	57,599
-	-	-	-	-	-	42,999	42,999
-	-	-	-	-	-	-	45,986
-	-	127,733	-	-	-	-	2,940,350
\$ 2,592	\$ 216,925	\$ 127,733	\$ 23,632	\$ 2,381	\$ 580,149	\$ 42,999	\$ 4,072,244

CITY OF NORTH LIBERTY, IOWA

Schedule 2

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2014

	Special Revenue		Other Capital Projects	Total
	Employee Benefits	Drug Task Force		
Receipts:				
Property tax	\$ 871,087	\$ -	\$ -	\$ 871,087
Other city tax	11,346	-	-	11,346
Use of money and property	-	13	4	17
Intergovernmental	-	6,815	474,543	481,358
Miscellaneous	-	-	83,777	83,777
Total receipts	882,433	6,828	558,324	1,447,585
Disbursements:				
Capital projects	-	-	475,304	475,304
Excess of receipts over disbursements	882,433	6,828	83,020	972,281
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	-	-	405,000	405,000
Operating transfers in	-	-	153,000	153,000
Operating transfers (out)	(882,433)	-	-	(882,433)
Total other financing sources (uses)	(882,433)	-	558,000	(324,433)
Net change in cash balances	-	6,828	641,020	647,848
Cash and cash investments, beginning of year	2,545	824	(728,849)	(725,480)
Cash and cash investments, end of year	\$ 2,545	\$ 7,652	\$ (87,829)	\$ (77,632)
Cash basis fund balances:				
Restricted for:				
Street capital projects	\$ -	\$ -	\$ 5,688	\$ 5,688
Urban renewal projects	-	-	494,911	494,911
Capital equipment purchases	-	7,652	-	7,652
Property improvements	-	-	255,587	255,587
Employee benefits	2,545	-	-	2,545
Assigned for:				
Street capital projects	-	-	40,993	40,993
Unassigned	-	-	(885,008)	(885,008)
Total cash basis fund balances	\$ 2,545	\$ 7,652	\$ (87,829)	\$ (77,632)

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds -
Other Capital Projects Funds

As of and for the Year Ended June 30, 2014

	Ranshaw House Project	TIF Projects	Library Expansion	Penn Street Improvements
Receipts:				
Use of money and property:				
Interest on cash investments	\$ -	\$ -	\$ 4	\$ -
Intergovernmental	-	-	474,543	-
Miscellaneous:				
Donations/contributions	1,700	-	82,077	-
Total receipts	<u>1,700</u>	<u>-</u>	<u>556,624</u>	<u>-</u>
Disbursements:				
Capital projects	-	-	454,624	-
Excess (deficiency) of receipts over (under) disbursements	<u>1,700</u>	<u>-</u>	<u>102,000</u>	<u>-</u>
Other financing sources(uses):				
Proceeds from sale of general obligation bonds	-	-	405,000	-
Operating transfers in	-	-	-	133,000
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>405,000</u>	<u>133,000</u>
Net change in cash balances	1,700	-	507,000	133,000
Cash and cash investments, beginning of year	<u>7,034</u>	<u>416,252</u>	<u>(260,147)</u>	<u>(384,531)</u>
Cash and cash investments, end of year	<u>\$ 8,734</u>	<u>\$ 416,252</u>	<u>\$ 246,853</u>	<u>\$ (251,531)</u>
Cash basis fund balances:				
Restricted for:				
Street capital projects	\$ -	\$ -	\$ -	\$ -
Urban renewal projects	-	416,252	-	-
Property improvements	8,734	-	246,853	-
Assigned for:				
Street capital projects	-	-	-	-
Unassigned	-	-	-	(251,531)
Total cash basis fund balances	<u>\$ 8,734</u>	<u>\$ 416,252</u>	<u>\$ 246,853</u>	<u>\$ (251,531)</u>

See accompanying independent auditor's report.

Schedule 3

I-JOBS Street Projects	Entryway Development	Economic Development Projects	Land and Facilities	Total
\$ -	\$ -	\$ -	\$ -	\$ 4
-	-	-	-	474,543
-	-	-	-	83,777
-	-	-	-	558,324
-	-	-	20,680	475,304
-	-	-	(20,680)	83,020
-	-	-	-	405,000
-	-	-	20,000	153,000
-	-	-	20,000	558,000
-	-	-	(680)	641,020
5,688	40,993	78,659	(632,797)	(728,849)
\$ 5,688	\$ 40,993	\$ 78,659	\$ (633,477)	\$ (87,829)
\$ 5,688	\$ -	\$ -	\$ -	5,688
-	-	78,659	-	494,911
-	-	-	-	255,587
-	40,993	-	-	40,993
-	-	-	(633,477)	(885,008)
\$ 5,688	\$ 40,993	\$ 78,659	\$ (633,477)	\$ (87,829)

CITY OF NORTH LIBERTY, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances - Proprietary Funds -
Water Enterprise and Sewer Enterprise Funds Detail

As of and for the Year Ended June 30, 2014

	Water Enterprise					Total
	Water Operating	Water Revenue Sinking	Water Reserve	Water Utilities- Capital Reserve	Water Capital Projects	
Operating receipts:						
Charges for service	\$ 2,821,894	\$ -	\$ -	\$ 5,911	\$ -	\$ 2,827,805
Miscellaneous	7,075	-	-	-	58,885	65,960
Total operating receipts	2,828,969	-	-	5,911	58,885	2,893,765
Operating disbursements:						
Business type activities	1,296,409	-	-	-	251,597	1,548,006
Excess (deficiency) of operating receipts over (under) operating disbursements	1,532,560	-	-	5,911	(192,712)	1,345,759
Non-operating receipts and (disbursements):						
Interest on cash investments	935	-	-	-	-	935
Debt service	-	(553,689)	-	-	-	(553,689)
Total non-operating receipts and (disbursements)	935	(553,689)	-	-	-	(552,754)
Excess (deficiency) of receipts over (under) disbursements	1,533,495	(553,689)	-	5,911	(192,712)	793,005
Other financing sources (uses):						
Proceeds of refunding bonds	-	1,209,545	-	-	-	1,209,545
Refunding debt service - principal	-	(1,200,000)	-	-	-	(1,200,000)
Operating transfers:						
Operating transfers in	-	686,873	-	50,000	48,601	785,474
Operating transfers (out)	(1,041,581)	(146,184)	(36,601)	-	-	(1,224,366)
Total other financing sources (uses)	(1,041,581)	550,234	(36,601)	50,000	48,601	(429,347)
Net change in cash balances	491,914	(3,455)	(36,601)	55,911	(144,111)	363,658
Cash and cash investments, beginning of year	513,374	80,127	577,856	314,158	(377,212)	1,108,303
Cash and cash investments, end of year	\$ 1,005,288	\$ 76,672	\$ 541,255	\$ 370,069	\$ (521,323)	\$ 1,471,961
Cash basis fund balances:						
Restricted for:						
Debt service	\$ -	\$ 76,672	\$ 541,255	\$ -	\$ -	\$ 617,927
Unrestricted:						
Unrestricted	1,005,288	-	-	370,069	(521,323)	854,034
	\$ 1,005,288	\$ 76,672	\$ 541,255	\$ 370,069	\$ (521,323)	\$ 1,471,961

See accompanying independent auditor's report.

Sewer Enterprise					
Sewer Operating	Sewer Revenue Sinking	Sewer Reserve	Sewer Rental - Capital Reserve	Sewer Capital Projects	Total
\$ 3,212,136	\$ -	\$ -	\$ 907	\$ -	\$ 3,213,043
85	-	-	-	-	85
3,212,221	-	-	907	-	3,213,128
1,090,868	-	-	48,520	361,430	1,500,818
2,121,353	-	-	(47,613)	(361,430)	1,712,310
912	-	-	-	-	912
-	(1,032,859)	-	-	-	(1,032,859)
912	(1,032,859)	-	-	-	(1,031,947)
2,122,265	(1,032,859)	-	(47,613)	(361,430)	680,363
-	1,316,622	-	-	-	1,316,622
-	(1,270,000)	-	-	-	(1,270,000)
-	1,040,109	-	259,000	-	1,299,109
(1,576,817)	-	-	-	-	(1,576,817)
(1,576,817)	1,086,731	-	259,000	-	(231,086)
545,448	53,872	-	211,387	(361,430)	449,277
1,159,847	291,369	307,105	798,882	(605,539)	1,951,664
\$ 1,705,295	\$ 345,241	\$ 307,105	\$ 1,010,269	\$ (966,969)	\$ 2,400,941
\$ -	\$ 345,241	\$ 307,105	\$ -	\$ -	\$ 652,346
1,705,295	-	-	1,010,269	(966,969)	1,748,595
\$ 1,705,295	\$ 345,241	\$ 307,105	\$ 1,010,269	\$ (966,969)	\$ 2,400,941

CITY OF NORTH LIBERTY, IOWA

Schedule 5

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Proprietary Funds

As of and for the Year Ended June 30, 2014

	Utility Deposits	Stormwater Management	Total
Operating receipts:			
Charges for service	\$ -	\$ 180,276	\$ 180,276
Miscellaneous	164,275	214	164,489
Total operating receipts	164,275	180,490	344,765
Operating disbursements:			
Business type activities	138,159	65,187	203,346
Excess of operating receipts over operating disbursements	26,116	115,303	141,419
Other financing sources (uses):			
Operating transfers:			
Operating transfers (out)	-	(143,532)	(143,532)
Net change in cash balances	26,116	(28,229)	(2,113)
Cash and cash investments, beginning of year	473,826	297,612	771,438
Cash and cash investments, end of year	\$ 499,942	\$ 269,383	\$ 769,325
Cash basis fund balances:			
Restricted for:			
Utility deposits	\$ 499,942	\$ -	\$ 499,942
Unrestricted:			
Unrestricted	-	269,383	269,383
	\$ 499,942	\$ 269,383	\$ 769,325

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY, IOWA

Schedule of Indebtedness

Year Ended June 30, 2014

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
General Obligation Sewer Improvement	1/6/98	1.75 %	\$ 1,000,000
Corporate Purpose	9/1/03	3.40-4.50	4,200,000
Urban Renewal Corporate Purpose	8/15/04	2.10-3.60	1,560,000
Urban Renewal Corporate Purpose	11/9/05	3.45	3,500,000
Corporate Purpose	11/15/06	3.6-3.85	570,000
Urban Renewal Corporate Purpose	8/1/07	4.00	3,515,000
General Obligation Water Improvement	12/15/07	3.45-4.10	855,000
Corporate Purpose	6/30/08	2.50-3.95	1,940,000
Corporate Purpose	5/27/09	1.50-4.15	2,425,000
Corporate Purpose	10/25/10	1.0-2.6	1,730,000
Urban Renewal Corporate Purpose	10/25/10	2.0-2.75	6,765,000
Corporate Purpose and Refunding	9/28/11	1.0-2.0	790,000
Urban Renewal Corporate Purpose	9/28/11	1.5-3.1	5,810,000
Urban Renewal Library Improvement	11/12/12	0.35-1.70	1,815,000
General Obligation Refunding	7/1/13	0.35-2.15	2,540,000
Corporate Purpose	11/5/13	2.0-2.4	1,425,000
Urban Renewal Corporate Purpose	11/5/13	2.0-2.4	3,540,000
Total			
Rural Economic Development Loan and Grant Program:			
Rural Economic Development Loan	5/8/13	0 %	\$ 360,000
Road Use Tax Revenue Bonds:			
Road Use Tax Series 2012A	3/29/12	2.0-3.0 %	\$ 1,815,000
Utility Revenue Bonds:			
Sewer Revenue Bond Series 1998A	3/23/98	1.75 %	\$ 323,957
Sewer Revenue Bond Series 1998B	3/23/98	1.75	3,769,043
Sewer Revenue Bond Series 2006A	4/15/06	4.05-4.55	1,860,000
Water Revenue Bond Series 2006B	11/15/06	4.375	1,670,000
Sewer Revenue Bond Series 2007	8/23/07	3.00	5,271,000
Sewer Revenue Bond Series 2008A	7/30/08	3.00	3,250,000
Sewer Revenue Bond Series 2008C	9/15/08	2.75-4.40	1,550,000
Water Revenue Bond Series 2008D	9/15/08	2.75-4.40	2,350,000
Water Revenue Refunding Bond Series 2012C	11/12/12	0.5-2.0	1,575,000
Sewer Revenue Refunding Bond Series 2014A	4/23/14	2.0-3.0	1,315,000
Water Revenue Refunding Bond Series 2014B	4/23/14	2.0-3.05	1,210,000
Total			

See accompanying independent auditor's report.

Schedule 6

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 326,000	\$ -	\$ 60,000	\$ 266,000	\$ 5,180	\$ -
2,490,000	-	2,490,000	-	8,881	-
180,000	-	180,000	-	6,480	-
905,000	-	445,000	460,000	31,453	-
255,000	-	60,000	195,000	9,635	-
1,575,000	-	370,000	1,205,000	63,000	-
605,000	-	55,000	550,000	23,498	-
1,175,000	-	220,000	955,000	42,322	-
1,980,000	-	155,000	1,825,000	68,453	-
1,370,000	-	185,000	1,185,000	26,520	-
5,505,000	-	640,000	4,865,000	121,150	-
620,000	-	130,000	490,000	8,217	-
5,450,000	-	365,000	5,085,000	119,843	-
1,815,000	-	175,000	1,640,000	17,805	-
-	2,540,000	225,000	2,315,000	28,483	-
-	1,425,000	-	1,425,000	16,982	-
-	3,540,000	-	3,540,000	42,194	-
\$ 24,251,000	\$ 7,505,000	\$ 5,755,000	\$ 26,001,000	\$ 640,096	\$ -
\$ 360,000	\$ -	\$ -	\$ 360,000	\$ -	\$ -
\$ 1,720,000	\$ -	\$ 110,000	\$ 1,610,000	\$ 39,740	\$ -
\$ 129,000	\$ -	\$ 19,000	\$ 110,000	\$ 2,091	\$ -
1,433,000	-	217,000	1,216,000	23,179	-
1,355,000	-	1,355,000	-	59,093	-
1,275,000	-	1,275,000	-	55,781	-
4,716,000	-	106,000	4,610,000	141,480	-
2,436,000	-	129,000	2,307,000	73,080	-
1,150,000	-	100,000	1,050,000	47,275	-
1,800,000	-	150,000	1,650,000	74,057	-
1,425,000	-	165,000	1,260,000	18,850	-
-	1,315,000	-	1,315,000	-	-
-	1,210,000	-	1,210,000	-	-
\$ 15,719,000	\$ 2,525,000	\$ 3,516,000	\$ 14,728,000	\$ 494,886	\$ -

CITY OF NORTH LIBERTY, IOWA

Bond and Note Maturities
(Page 1 of 2)
June 30, 2014

Year Ending June 30	Sewer Improvement		Corporate Purpose		Corporate Purpose		General Obligation Bonds	
	Issued Jan. 6, 1998		Issued Nov. 9, 2005		Issued Nov. 15, 2006		Corporate Purpose	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	1.75 %	\$ 63,000	3.50 %	\$ 460,000	3.75 %	\$ 60,000	4.00 %	\$ 385,000
2016	1.75	65,000			3.80	65,000	4.00	400,000
2017	1.75	68,000			3.85	70,000	4.00	420,000
2018	1.75	70,000						
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
Total		\$ 266,000		\$ 460,000		\$ 195,000		\$ 1,205,000

Year Ending June 30,	Corporate Purpose		Corporate Purpose		Corporate Purpose		General Obligation Bonds	
	Issued Oct. 25, 2010		Issued Oct. 25, 2010		Issued Sept. 28, 2011		Corporate Purpose	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	1.60 %	\$ 185,000	2.00 %	\$ 650,000	1.10 %	\$ 135,000	1.50 %	\$ 370,000
2016	1.60	190,000	2.00	660,000	1.15	85,000	1.50	375,000
2017	1.90	195,000	2.00	675,000	1.40	90,000	1.50	380,000
2018	2.20	200,000	2.00	690,000	1.70	90,000	1.60	390,000
2019	2.40	205,000	2.25	710,000	2.00	90,000	1.85	400,000
2020	2.60	210,000	2.50	730,000			2.10	410,000
2021			2.75	750,000			2.30	420,000
2022							2.45	435,000
2023							2.60	450,000
2024							2.80	465,000
2025							3.00	485,000
2026							3.10	505,000
Total		\$ 1,185,000		\$ 4,865,000		\$ 490,000		\$ 5,085,000

See accompanying independent auditor's report.

Water Improvement Issued Dec. 15, 2007		Corporate Purpose Issued June 30, 2008		Corporate Purpose Issued May 27, 2009	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
3.70 %	\$ 60,000	3.40 %	\$ 225,000	2.50 %	\$ 160,000
3.75	60,000	3.60	235,000	2.75	160,000
3.80	65,000	3.75	245,000	3.00	165,000
3.85	65,000	3.95	250,000	3.25	170,000
3.90	70,000			3.50	175,000
4.00	75,000			3.75	185,000
4.05	75,000			4.00	190,000
4.10	80,000			4.05	200,000
				4.10	205,000
				4.15	215,000
	<u>\$ 550,000</u>		<u>\$ 955,000</u>		<u>\$ 1,825,000</u>

Library Improvement Issued Nov. 12, 2012		General Obligation Refunding Issued July 1, 2013		Corporate Purpose Issued Nov. 5, 2013		Corporate Purpose Issued Nov. 5, 2013		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
0.45 %	\$ 175,000	0.45 %	\$ 250,000	2.00 %	\$ 130,000	2.00 %	\$ 325,000	\$ 3,633,000
0.55	175,000	0.65	250,000	2.00	135,000	2.00	330,000	3,185,000
0.70	175,000	0.85	250,000	2.00	135,000	2.00	330,000	3,263,000
0.80	180,000	1.10	255,000	2.00	135,000	2.00	340,000	2,835,000
1.00	180,000	1.30	255,000	2.00	140,000	2.00	345,000	2,570,000
1.20	185,000	1.50	260,000	2.00	140,000	2.00	350,000	2,545,000
1.35	185,000	1.75	260,000	2.00	145,000	2.00	360,000	2,385,000
1.55	190,000	1.90	265,000	2.10	150,000	2.10	375,000	1,695,000
1.70	195,000	2.15	270,000	2.25	155,000	2.25	385,000	1,660,000
				2.40	160,000	2.40	400,000	1,240,000
								485,000
								505,000
	<u>\$ 1,640,000</u>		<u>\$ 2,315,000</u>		<u>\$ 1,425,000</u>		<u>\$3,540,000</u>	<u>\$ 26,001,000</u>

CITY OF NORTH LIBERTY, IOWA

Bond and Note Maturities
(Page 2 of 2)
June 30, 2014

Year Ending June 30,	Sewer Revenue Series 1998A		Sewer Revenue Series 1998B		Enterprise Fund Revenue Bonds Sewer Revenue Series 2007	
	Issued March 23, 1998		Issued March 23, 1998		Issued Aug. 23, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	1.75 %	\$ 20,000	1.75 %	\$ 225,000	3.00 %	\$ 108,000
2016	1.75	21,000	1.75	234,000	3.00	111,000
2017	1.75	22,000	1.75	243,000	3.00	114,000
2018	1.75	23,000	1.75	252,000	3.00	117,000
2019	1.75	24,000	1.75	262,000	3.00	121,000
2020					3.00	416,000
2021					3.00	430,000
2022					3.00	444,000
2023					3.00	459,000
2024					3.00	475,000
2025					3.00	486,000
2026					3.00	654,000
2027					3.00	675,000
2028						
Total		<u>\$ 110,000</u>		<u>\$ 1,216,000</u>		<u>\$ 4,610,000</u>

Year Ending June 30,	Water Refunding Series 2012C		Sewer Refunding Series 2014A		Enterprise Fund Revenue Bonds Water Refunding Series 2014B	
	Issued Nov. 12, 2012		Issued April 23, 2014		Issued April 23, 2014	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	0.80 %	\$ 170,000	2.00 %	\$ 105,000	2.00 %	\$ 85,000
2016	1.00	170,000	2.00	110,000	2.00	90,000
2017	1.20	175,000	2.00	115,000	2.00	95,000
2018	1.40	180,000	2.00	115,000	2.00	95,000
2019	1.60	185,000	2.00	115,000	2.00	100,000
2020	1.80	190,000	2.00	120,000	2.00	100,000
2021	2.00	190,000	2.00	120,000	2.00	100,000
2022			2.25	125,000	2.25	105,000
2023			2.45	125,000	2.50	105,000
2024			2.70	130,000	2.70	110,000
2025			3.00	135,000	3.00	110,000
2026					3.05	115,000
2027						
2028						
Total		<u>\$ 1,260,000</u>		<u>\$ 1,315,000</u>		<u>\$ 1,210,000</u>

See accompanying independent auditor's report.

<u>Sewer Revenue Series 2008A</u> Issued July 30, 2008		<u>Sewer Revenue Series 2008C</u> Issued Sept. 15, 2008		<u>Water Revenue Series 2008D</u> Issued Sept. 15, 2008	
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
3.00 %	\$ 133,000	3.75 %	\$ 100,000	3.75 %	\$ 155,000
3.00	137,000	3.90	105,000	3.90	160,000
3.00	141,000	4.00	105,000	4.00	165,000
3.00	146,000	4.10	110,000	4.10	175,000
3.00	151,000	4.20	115,000	4.20	180,000
3.00	156,000	4.25	120,000	4.25	190,000
3.00	161,000	4.30	125,000	4.30	200,000
3.00	166,000	4.35	130,000	4.35	210,000
3.00	171,000	4.40	140,000	4.40	215,000
3.00	177,000				
3.00	183,000				
3.00	189,000				
3.00	195,000				
3.00	201,000				
	<u>\$ 2,307,000</u>		<u>\$ 1,050,000</u>		<u>\$ 1,650,000</u>
		<u>Road Use Tax Revenue Bonds</u>		<u>Rural Economic Development Loan and Grant Program</u>	
		<u>Road Use Tax Rev. Ser. 2012A</u>		<u>Rural Econ. Development Loan</u>	
		<u>Issued March 29, 2012</u>		<u>Issued May 8, 2013</u>	
<u>Total</u>		<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
\$ 1,101,000		2.00 %	\$ 110,000	0.00 %	\$ 40,000
1,138,000		2.00	110,000	0.00	40,000
1,175,000		2.00	115,000	0.00	40,000
1,213,000		2.00	115,000	0.00	40,000
1,253,000		2.00	115,000	0.00	40,000
1,292,000		2.00	120,000	0.00	40,000
1,326,000		2.00	120,000	0.00	40,000
1,180,000		2.20	125,000	0.00	40,000
1,215,000		2.40	130,000	0.00	40,000
892,000		2.60	130,000		
914,000		2.80	135,000		
958,000		2.90	140,000		
870,000		3.00	145,000		
201,000					
<u>\$ 14,728,000</u>			<u>\$ 1,610,000</u>		<u>\$ 360,000</u>

CITY OF NORTH LIBERTY, IOWA

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

Last Ten Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts:				
Property tax	\$ 6,127,781	\$ 6,107,502	\$ 5,502,489	\$ 5,314,263
Tax increment financing	3,518,713	3,228,972	3,301,297	2,737,069
Other city tax	311,708	292,566	291,492	287,105
Licenses and permits	507,326	565,465	560,046	475,789
Use of money and property	143,887	140,675	164,087	177,521
Intergovernmental	2,152,197	1,767,090	2,264,687	1,617,962
Charges for service	1,674,579	1,698,909	1,457,531	1,547,314
Special assessments	1,067	1,660	5,051	6,285
Miscellaneous	647,785	302,042	545,227	598,909
Total	<u>\$ 15,085,043</u>	<u>\$ 14,104,881</u>	<u>\$ 14,091,907</u>	<u>\$ 12,762,217</u>
Disbursements:				
Public safety	\$ 2,315,057	\$ 2,144,553	\$ 1,984,061	\$ 1,779,435
Public works	1,424,544	1,367,808	1,163,999	1,102,168
Health and social services	97,000	135,150	86,000	90,446
Culture and recreation	3,208,940	2,862,412	2,825,660	2,692,700
Community and economic development	898,262	1,097,172	1,033,597	927,060
General government	1,293,854	1,250,373	1,133,334	1,048,025
Debt service	4,168,095	3,952,064	3,844,731	2,956,440
Capital projects	5,468,736	7,091,862	7,854,575	8,901,225
Total	<u>\$ 18,874,488</u>	<u>\$ 19,901,394</u>	<u>\$ 19,925,957</u>	<u>\$ 19,497,499</u>

See accompanying independent auditor's report.

Schedule 8

2010	2009	2008	2007	2006	2005
\$ 4,914,385	\$ 3,863,587	\$ 3,093,326	\$ 2,430,379	\$ 1,905,108	\$ 1,582,974
1,389,368	2,822,497	2,660,586	2,470,154	1,360,008	1,116,247
269,844	267,057	196,571	161,686	135,396	130,557
501,169	517,615	482,903	617,217	625,439	656,054
162,861	189,544	180,001	190,964	204,647	129,302
883,561	1,078,608	800,564	1,460,925	1,294,642	1,551,835
1,437,878	1,240,283	1,228,972	982,868	1,147,998	995,289
9,620	10,383	24,347	26,182	34,617	31,421
299,628	205,944	313,332	141,640	392,867	364,586
<u>\$ 9,868,314</u>	<u>\$ 10,195,518</u>	<u>\$ 8,980,602</u>	<u>\$ 8,482,015</u>	<u>\$ 7,100,722</u>	<u>\$ 6,558,265</u>
\$ 1,682,165	\$ 1,560,255	\$ 1,424,463	\$ 1,806,083	\$ 881,885	\$ 752,220
1,001,921	1,148,712	1,143,600	967,256	1,025,863	636,329
56,050	70,600	35,020	36,500	34,500	21,000
2,466,178	2,578,532	2,281,120	2,445,972	1,680,594	1,650,909
861,398	619,737	576,163	520,060	325,306	249,352
875,271	739,891	842,771	739,627	541,943	452,215
3,050,069	2,823,582	4,219,859	2,074,465	2,877,794	1,636,989
2,891,519	2,058,032	2,797,451	2,470,613	4,510,561	2,669,922
<u>\$ 12,884,571</u>	<u>\$ 11,599,341</u>	<u>\$ 13,320,447</u>	<u>\$ 11,060,576</u>	<u>\$ 11,878,446</u>	<u>\$ 8,068,936</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 North Liberty, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 North Liberty, 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, and have issued our report thereon dated February 20, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of North Liberty, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of North Liberty, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of North Liberty, Iowa'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 that 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Liberty, Iowa'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*. However, we noted certain immaterial instances of noncompliance and other matters which are described in Part III of the accompanying Schedule of Findings and Responses.

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

City of North Liberty, Iowa's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Winkel, Parker & Foster, CPA PC

Iowa City, Iowa
February 20, 2015

CITY OF NORTH LIBERTY, IOWA

Schedule of Findings and Responses

Year Ended June 30, 2014

Part I. Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

There were no material weaknesses noted which were required to be reported in accordance with *Government Auditing Standards*.

INSTANCES OF COMPLIANCE

There were no matters which were required to be reported in accordance with *Government Auditing Standards*.

Part III. Other Findings Related to Required Statutory Reporting

- III-A-14 **Certified Budget** - Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted for all functions.
- III-B-14 **Questionable Disbursements** - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-14 **Travel Expenses** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-14 **Business Transactions with City Officials and Employees** - We noted no transactions between the City and City officials or employees during the year ended June 30, 2014.
- III-E-14 **Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

CITY OF NORTH LIBERTY, IOWA

Schedule of Findings and Responses

Year Ended June 30, 2014

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

III-F-14 Publication of Council Minutes - No transactions were noted from the minutes of the Council meetings that we believe should have been approved by the Council but were not.

Comment - The minutes of the Council meetings of July 23, 2013 and March 11, 2014 were published timely but did not include the list of claims. The list of claims for each of these meetings was published after 15 days after the date of the Council meeting. In addition, the minutes of the Council meeting of January 28, 2014 were published one day late and we noted that the publisher changed the date of publication from Wednesday to Thursday in January 2014.

Recommendation - The minutes of all meetings should be published within 15 days of the meeting date in accordance with Chapter 372.13(6) of the Code of Iowa and should include a list of claims. Prior to submitting the minutes for publication, the minutes file should be reviewed by appropriate staff to ensure that all required information for publication is included and that the minutes are published in a timely manner.

Response - All minutes and claims lists will be published within the required 15 days.

Conclusion - Response accepted.

III-G-14 Deposits and Investments

Comment - The maximum depository amount at one of the banks the City is authorized to bank with was exceeded on two occasions during the year. These occasions were very short term and appear to have been caused by significant receipts of property taxes, proceeds from the sale of bonds or transfers of funds to pay for semiannual debt service payments.

Recommendation - Total deposits on hand at the banks the City is authorized to bank with should be reviewed on a regular basis by appropriate City staff prior to sales of bonds or other significant anticipated receipts in order to avoid exceeding the maximum authorized amounts.

Response - City staff has monitoring in place on all City accounts. Funds are moved immediately if the deposit limit is exceeded. The deposit limit at this specific bank was raised to accommodate debt service payments.

Conclusion - Response accepted.

III-H-14 Revenue Bonds - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

CITY OF NORTH LIBERTY, IOWA

Schedule of Findings and Responses

Year Ended June 30, 2014

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

III-I-14 Financial Condition

Comment - The City had deficit balances at June 30, 2014 in two capital projects funds that arose because project and construction costs were incurred prior to the availability of funds.

Recommendation - In most situations common to governmental entities, the costs of construction projects and activities must be expended prior to the availability of certain funds. The City should make sure that there are adequate revenues, grants, proceeds from sales of bonds and available City funds to cover the costs of these projects and construction activities.

Response - Projects are often funded with cash on hand instead of borrowing until completed, when the final amount needed is determined. Deficit balances are reviewed and eliminated when possible.

Conclusion - Response accepted.

III-J-14 Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, 2013 and no exceptions were noted.