

CITY OF MANNING

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

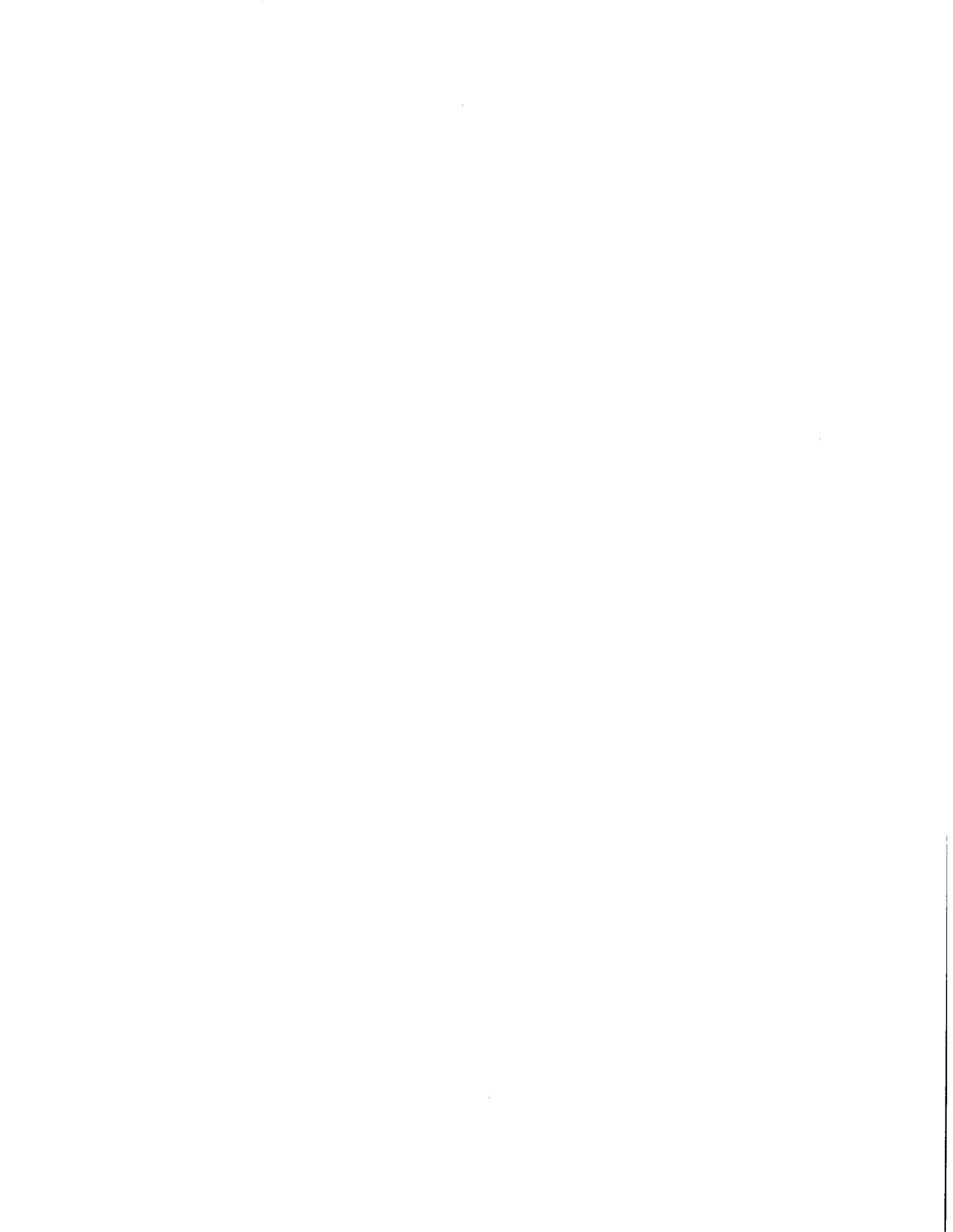


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**CITY OF SHELBY
OFFICIALS**

(Before January 2014)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Harvey Dales	Mayor	January 2014
Jeff Hargens	Mayor Pro-tem/Council Member	January 2014
Andrew Eischeid	Council Member	January 2014
Sheryl Dammann	Council Member	January 2016
Richard Johnson	Council Member	January 2014
Josh Linde	Council Member	January 2016
Dawn Rohe	City Administrator/Clerk	Indefinite
Greg Sexto	City Attorney	Indefinite

(After January 2014)

Harvey Dales	Mayor	January 2016
Sheryl Dammann	Mayor Pro-tem/Council Member	January 2016
Heath Doyel	Council Member	January 2018
Richard Johnson	Council Member	January 2018
Josh Linde	Council Member	January 2016
Lonnie Rowedder	Council Member	January 2018
Dawn Rohe	City Administrator/Clerk	Indefinite
Greg Sexto	City Attorney	Indefinite

MUXFELDT ASSOCIATES, CPA, P.C.

Certified Public Accountant

November 24, 2014

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

I 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 primary government of the City of Manning, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Continued...

Lonnie G. Muxfeldt
Certified Public
Accountant

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Licensed In:

Iowa
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November 24, 2014
To the Honorable Mayor and
Members of the City Council:
Page Two

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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 primary government of the City of Manning as of June 30, 2014, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Emphasis of Matter

The financial statements referred to above include only the primary government of the City of Manning, which consists of all funds, organizations, agencies, boards, commissions, and authorities that comprise the City's legal entity. The financial statements do not include the financial statements of the City's legally separate component units, which U.S. generally accepted accounting principles require to be reported with the financial statements of the City's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Manning as of and for the year ended June 30, 2014, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. My opinions are not modified with respect to this matter.

Continued...

November 24, 2014
To the Honorable Mayor and
Members of the City Council:
Page Three

Other Matters

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manning's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2012 and 2008 (which are not presented herein) and expressed qualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 13 and 36 through 37, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 24, 2014 on my consideration of the City of Manning's internal control over financial reporting and on my 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 my 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 Manning's internal control over financial reporting and compliance.


M. Lufeldt Associates, CPA, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

Receipts of the City's governmental activities increased 76%, or approximately \$1,470,000, from fiscal year 2013 to 2014. Property tax increased approximately \$11,000 and note proceeds increased approximately \$1.25 million.

Disbursements of the City's governmental activities increased 59%, or approximately \$976,000, in fiscal year 2014 from fiscal year 2013. Community and economic development, capital projects and public works disbursements increased approximately, \$697,000, \$296,000 and \$250,000, respectively.

The City's total cash basis net position increased 66%, or approximately \$903,000, from June 30, 2013 to June 30, 2014. Of this amount, the cash basis net position of the governmental activities increased approximately \$861,000 and the cash basis net position of the business type activities increased approximately \$41,500.

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 and analytical overview of the City's financial activities.

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

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

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

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

Supplemental Information provides detailed information about the nonmajor governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreased 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, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City 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 Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Sanitation Funds. The Water and Sewer Funds are considered major funds of the City.

The required financial statement for proprietary funds is 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 balance for governmental activities increased sharply from a year ago, increasing from approximately \$1.1 million to approximately \$1.9 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	<u>Year Ended June 30,</u> <u>2014</u>	<u>Year Ended June 30,</u> <u>2013</u>
Receipts:		
Program receipts:		
Charges for services	\$ 168,789	\$ 211,565
Operating grants, contributions and restricted interest	352,800	330,971
Capital grants, contributions and restricted interest	816,693	558,493
General receipts:		
Property tax	519,291	508,078
Tax increment financing	70,386	78,334
Local option sales tax	207,616	217,453
Unrestricted investment earnings	2,586	2,856
Miscellaneous	11,978	27,379
Sale of assets	100	-0-
Debt proceeds	1,254,761	-0-
Total receipts	<u>3,405,000</u>	<u>1,935,129</u>
Disbursements:		
Public safety	219,583	581,460
Public works	493,913	213,798
Culture and recreation	269,852	241,428
Community and economic development	831,976	134,949
General government	265,075	263,302
Debt service	246,791	212,356
Capital projects	296,475	-0-
Total disbursements	<u>2,623,665</u>	<u>1,647,293</u>
Change in cash basis net position before transfers	781,335	287,836
Transfers, net	<u>79,896</u>	<u>69,816</u>
Change in cash basis net position	861,231	357,652
Cash basis net position, beginning of year	<u>1,119,757</u>	<u>762,105</u>
Cash basis net positions, end of year	<u>\$ 1,980,988</u>	<u>\$ 1,119,757</u>

The City's total receipts for governmental activities increased 76%, or approximately \$1.4 million. The total cost of all programs and services increased approximately \$976,000, or 59%, with no new programs added this year. The significant increase in receipts was primarily the result of the issuance of a general obligation fire station bonds, a street improvement note and the receipt of a CDBG downtown revitalization grant and local grants.

The City decreased property tax rates for fiscal year 2014 an average of 0.1%. This decrease as well as increases in the total assessed valuation raised the City's property tax receipts approximately \$11,000 in fiscal year 2014. As a result of increased assessed valuation, property tax receipts are budgeted to increase approximately \$68,000 next year.

The cost of all governmental activities this year was approximately \$2.6 million compared to approximately \$1.6 million last year. However, as shown in the Statement of Activities and Net Position on pages 15-16, the amount taxpayers ultimately financed for these activities was approximately \$1.2 million because some of the cost was paid by those directly benefited from the programs (approximately \$168,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$1.6 million). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$1.9 million to approximately \$3.4 million, principally due to grants, and note and bond proceeds.

<u>Changes in Cash Basis Net Position of Business Type Activities</u>				
	<u>Year Ended June 30,</u>		<u>Year Ended June 30,</u>	
	<u>2014</u>		<u>2013</u>	
Receipts:				
Program receipts:				
Charges for services and sales:				
Water	\$	296,962	\$	246,463
Sewer		324,950		314,111
Sanitation		107,382		107,639
Capital grants, contributions and restricted interest		8		8
General receipts:				
Unrestricted investment earnings		535		925
Miscellaneous		980		4,476
Total receipts		<u>730,817</u>		<u>673,622</u>
Disbursements:				
Water		265,730		360,490
Sewer		250,372		205,276
Sanitation		93,287		86,589
Total disbursements		<u>609,389</u>		<u>652,355</u>
Change in cash basis net position before transfers		121,428		21,267
Transfers, net		<u>(79,896)</u>		<u>(69,816)</u>
Change in cash basis net position		41,532		(48,549)
Cash basis net position, beginning of year		<u>240,398</u>		<u>288,947</u>
Cash basis net position, end of year	\$	<u>281,930</u>	\$	<u>240,398</u>

Total business type activities receipts for the fiscal year were approximately \$730,000 compared to approximately \$673,000 last year. This significant increase was due primarily to the wholesale water sales to a local water association and a 3% rate increase. Water and sewer receipts increased approximately 20% and 3%, respectively. The cash balance increased approximately \$41,000 and disbursements for the fiscal year decreased 6% to approximately \$609,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Manning completed the year, its governmental funds reported a combined fund balance of \$1,980,988, an increase of \$861,231 above last year's total of \$1,119,757. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance decreased \$192,542 from the prior year to \$262,525. The significant decrease is attributable to donations transferred to various capital projects such as the fire station project, the trails project and the bridge renovation project.

The Special Revenue, Road Use Tax Fund cash balance increased \$77,922 to \$142,596. This was primarily due to note proceeds to finance the Main Street Bricks project and the East Street improvements.

The Special Revenue, Local Option Tax Fund cash balance decreased \$44,384 to \$197,000. \$70,000 of local option tax was transferred to the debt service fund. Excess balances were transferred to fire station and street projects and the general fund.

The Special Revenue, Housing and Urban Renewal Fund deficit cash balance decreased \$42,374 to a yearend deficit balance of \$44,046. The deficit represents the carrying costs of the downtown revitalization project until reimbursed.

The Debt Service Fund cash balance increased \$16,167 to \$53,066. The City continues its practice of paying down extra debt on an interdepartmental note and other notes with a local bank. Bond and note principal and interest payments increased \$34,435 in fiscal year 2014.

The Capital Projects, Fire Station Project cash balance increased \$829,391 to \$920,329 as a result of the issuance of \$830,000 general obligation fire station bonds. The project straddles several fiscal years but is anticipated to be complete in fiscal year 2015.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Enterprise, Water Fund cash balance increased \$13,187 to \$64,312.

The Enterprise, Sewer Fund cash balance increased \$24,250 to \$156,308.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved May 8, 2014 and was primarily due to grants, debt proceeds and capital projects. City disbursements did not exceed amounts budgeted for the year ended June 30, 2014.

DEBT ADMINISTRATION

At June 30, 2014, the City had \$1,516,829 in bonds, notes and other long-term debt outstanding, compared to \$501,118 last year, as shown below.

Outstanding Debt at Year-End				
	June 30, 2014		June 30, 2013	
General obligation notes	\$	1,516,829	\$	501,118
Revenue notes		730,234		798,234
Total	\$	2,247,063	\$	1,299,352

Debt increased as a result of issuing \$830,000 general obligation fire station bonds and a \$425,000 general obligation street improvement note. For the year ended, the City paid \$307,289 in principal and \$44,205 in interest.

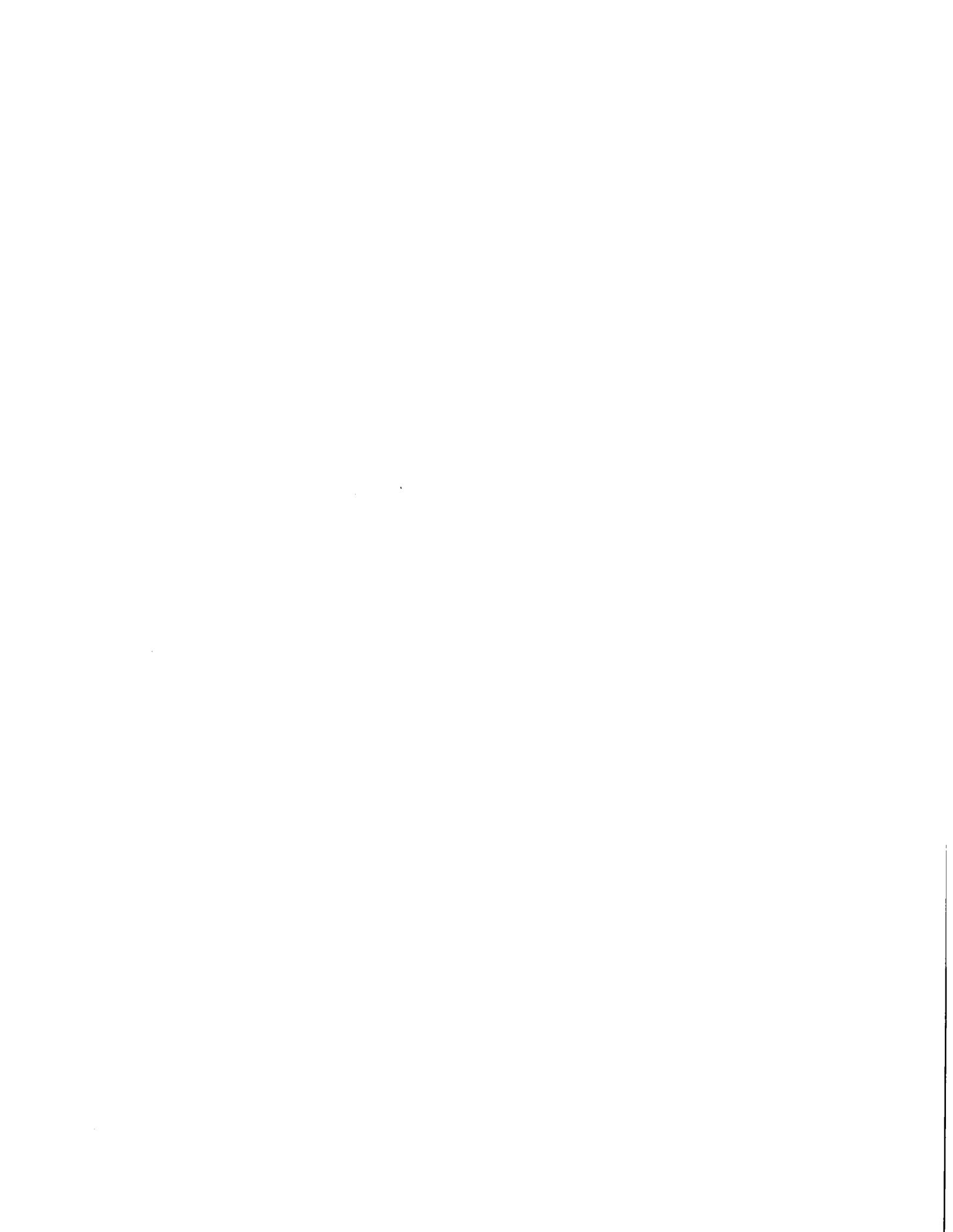
The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation of \$1,516,829 is significantly below its constitutional debt limit of \$2.598 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Manning's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various City activities. Water and sewer rates were increased to keep up with rising operating costs. In fiscal year 2015, the City will be the recipient of several trail grants. Several capital projects are underway such as fire station construction, a trails project and a bridge project, 80% of which will be financed through a Federal Highway Administration grant. The City will continue to be fiscally conservative so that it may successfully weather state legislative changes that could affect property taxes, assessed valuations, tax increment financing, IPERS, etc.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dawn Rohe, City Clerk, 717 3rd Street, Manning, Iowa 51455.



BASIC FINANCIAL STATEMENTS

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

	Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 219,583	\$ 8,464	\$ 57,818	\$ -0-
Public works	493,913	6,346	149,781	-0-
Cultures and recreation	269,852	117,213	15,039	-0-
Community and economic development	831,976	-0-	107,306	558,794
General government	265,075	36,766	22,584	48,384
Debt service	246,791	-0-	-0-	-0-
Capital projects	296,475	-0-	272	209,515
Total governmental activities	<u>2,623,665</u>	<u>168,789</u>	<u>352,800</u>	<u>816,693</u>
Business type activities:				
Water	265,730	296,962	8	-0-
Sewer	250,372	324,950	-0-	-0-
Sanitation	93,287	107,382	-0-	-0-
Total business type activities	<u>609,389</u>	<u>729,294</u>	<u>8</u>	<u>-0-</u>
Total	\$ <u>3,233,054</u>	\$ <u>896,083</u>	\$ <u>352,808</u>	\$ <u>816,693</u>

General receipts:

Property taxes levied for:
 General purposes
 Debt service
 Tax increment financing
 Local option sales tax
 Unrestricted investment earnings
 Miscellaneous
 Debt proceeds
 Sale of assets
 Transfers net
 Total general receipts

Change in cash basis net position

Cash basis net position, beginning of year

Cash basis net position, end of year

Cash Basis Net Position

Restricted:

Nonexpendable:
 Cemetery perpetual care

Expendable

Streets

Debt service

Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements.

EXHIBIT A

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

Governmental Activities	Business Type Activities	Total
\$ (153,301)	\$ -0-	\$ (153,301)
(337,786)	-0-	(337,786)
(137,600)	-0-	(137,600)
(165,876)	-0-	(165,876)
(157,341)	-0-	(157,341)
(246,791)	-0-	(246,791)
(86,688)	-0-	(86,688)
(1,285,383)	-0-	(1,285,383)
-0-	31,240	31,240
-0-	74,578	74,578
-0-	14,095	14,095
-0-	119,913	119,913
(1,285,383)	119,913	(1,165,470)
461,123	-0-	461,123
58,168	-0-	58,168
70,386	-0-	70,386
207,616	-0-	207,616
2,586	535	3,121
11,978	980	12,958
1,254,761	-0-	1,254,761
100	-0-	100
79,896	(79,896)	-0-
2,146,614	(78,381)	2,068,233
861,231	41,532	902,763
1,119,757	240,398	1,360,155
\$ 1,980,988	\$ 281,930	\$ 2,262,918
\$ 68,091	\$ -0-	\$ 68,091
142,596	-0-	142,596
53,066	67,930	120,996
1,498,756	6,941	1,505,697
218,479	207,059	425,538
\$ 1,980,988	\$ 281,930	\$ 2,262,918

CITY OF MANNING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue			
	General	Road Use Tax	Local Option	Urban Renewal
Receipts:				
Property tax	\$ 267,600	\$ -0-	\$ -0-	\$ -0-
Tax increment financing	-0-	-0-	-0-	-0-
Other city taxes	-0-	-0-	207,616	-0-
Licenses and permits	7,129	-0-	-0-	-0-
Use of money and property	43,076	-0-	-0-	-0-
Intergovernmental	117,656	149,781	-0-	500,000
Charges for service	110,626	-0-	-0-	-0-
Special assessment	480	-0-	-0-	-0-
Miscellaneous	11,848	6,345	-0-	47,494
Total receipts	<u>558,415</u>	<u>156,126</u>	<u>207,616</u>	<u>547,494</u>
Disbursements:				
Public safety	204,583	-0-	-0-	-0-
Public works	-0-	410,928	-0-	-0-
Culture and recreation	253,980	-0-	-0-	-0-
Community and economic development	-0-	-0-	-0-	709,868
General government	97,084	-0-	-0-	-0-
Debt service	-0-	-0-	-0-	-0-
Capital projects	-0-	-0-	-0-	-0-
Total disbursements	<u>555,647</u>	<u>410,928</u>	<u>-0-</u>	<u>709,868</u>
Excess (deficiency) of receipts over (under) disbursements	2,768	(254,802)	207,616	(162,374)
Other financing sources (uses):				
Debt proceeds	-0-	300,000	-0-	-0-
Sale of capital assets	100	-0-	-0-	-0-
Operating transfer in	119,666	48,000	-0-	120,000
Operating transfer out	(315,076)	(15,276)	(252,000)	-0-
Total other financing sources (uses)	<u>(195,310)</u>	<u>332,724</u>	<u>(252,000)</u>	<u>120,000</u>
Net change in cash balances	(192,542)	77,922	(44,384)	(42,374)
Cash balances, beginning of year	455,067	64,674	44,581	(1,672)
Cash balances, end of year	<u>\$ 262,525</u>	<u>\$ 142,596</u>	<u>\$ 197</u>	<u>\$ (44,046)</u>
Cash Basis Fund Balance				
Nonspendable - Cemetery perpetual care	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Restricted for:				
Street	-0-	142,596	-0-	-0-
Debt service	-0-	-0-	-0-	-0-
Other purposes	-0-	-0-	197	-0-
Assigned	-0-	-0-	-0-	-0-
Unassigned	262,525	-0-	-0-	(44,046)
Total cash basis fund balances	<u>\$ 262,525</u>	<u>\$ 142,596</u>	<u>\$ 197</u>	<u>\$ (44,046)</u>

See notes to financial statements.

EXHIBIT B

Debt Service	Capital Projects		Total
	Fire Station	Non-major	
\$ 58,168	\$ -0-	\$ 193,523	\$ 519,291
-0-	-0-	70,386	70,386
-0-	-0-	-0-	207,616
-0-	-0-	-0-	7,129
-0-	267	77,615	120,958
-0-	111,858	134,187	1,013,482
-0-	-0-	1,050	111,676
-0-	-0-	-0-	480
-0-	-0-	33,434	99,121
<u>58,168</u>	<u>112,125</u>	<u>510,195</u>	<u>2,150,139</u>
-0-	-0-	15,000	219,583
-0-	-0-	82,985	493,913
-0-	-0-	15,872	269,852
-0-	-0-	122,108	831,976
-0-	-0-	167,991	265,075
246,791	-0-	-0-	246,791
-0-	222,495	73,980	296,475
<u>246,791</u>	<u>222,495</u>	<u>477,936</u>	<u>2,623,665</u>
(188,623)	(110,370)	32,259	(473,526)
-0-	829,761	125,000	1,254,761
-0-	-0-	-0-	100
204,790	110,000	176,676	779,132
-0-	-0-	(116,884)	(699,236)
<u>204,790</u>	<u>939,761</u>	<u>184,792</u>	<u>1,334,757</u>
16,167	829,391	217,051	861,231
36,899	90,938	429,270	1,119,757
<u>\$ 53,066</u>	<u>\$ 920,329</u>	<u>\$ 646,321</u>	<u>\$ 1,980,988</u>
\$ -0-	\$ -0-	\$ 68,091	\$ 68,091
-0-	-0-	-0-	142,596
53,066	-0-	-0-	53,066
-0-	-0-	400,473	400,670
-0-	920,329	177,757	1,098,086
-0-	-0-	-0-	218,479
<u>\$ 53,066</u>	<u>\$ 920,329</u>	<u>\$ 646,321</u>	<u>\$ 1,980,988</u>

CITY OF MANNING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise			
	Water	Sewer	Sanitation	Total
Operating receipts:				
Charges for services	\$ 292,663	\$ 324,950	\$ 107,382	\$ 724,995
Operating disbursements:				
Business type activities	239,797	180,304	93,287	513,388
Excess (deficiency) of operating receipts over (under) operating disbursements	52,866	144,646	14,095	211,607
Non-operating receipts (disbursements)				
Customer deposits	4,300	-0-	-0-	4,300
Deposit refunds	(4,100)	-0-	-0-	(4,100)
Debt service	(21,833)	(70,068)	-0-	(91,901)
Miscellaneous	980	-0-	-0-	980
Interest on investments	122	420	-0-	542
Net non-operating	(20,531)	(69,648)	-0-	(90,179)
Excess (deficiency) of receipts over (under) disbursements	32,335	74,998	14,095	121,428
Other financing sources (uses):				
Transfer out	(19,148)	(50,748)	(10,000)	(79,896)
Net change in cash balances	13,187	24,250	4,095	41,532
Cash balances, beginning of year	51,125	132,058	57,215	240,398
Cash balances, end of year	\$ 64,312	\$ 156,308	\$ 61,310	\$ 281,930
Cash Basis Fund Balances				
Restricted for debt service	\$ -0-	\$ 67,930	\$ -0-	\$ 67,930
Restricted for customer deposits	6,941	-0-	-0-	6,941
Unrestricted	57,371	88,378	61,310	207,059
Total cash basis fund balances	\$ 64,312	\$ 156,308	\$ 61,310	\$ 281,930

See notes to financial statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) Summary of Significant Accounting Policies

The City of Manning is a political subdivision of the State of Iowa located in Carroll County. It was first incorporated in 1882 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water, sewer and sanitation services to its citizens.

A. Reporting Entity

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

These financial statements present the financial transactions and balances of the City of Manning only and exclude the City's component units of the Manning Municipal Communication and Television System Utility, the Manning Municipal Light Plant and the Manning Municipal Gas Department. The City's three component units are legally separate from the City but may provide specific benefits to, or impose specific burdens on the City. These component units also present their financial statements per calendar year and in accordance with generally accept accounting principals.

Jointly Governed Organization

The City also participates in jointly governed organizations that provide goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Carroll County Conference Board, Carroll County Emergency EMA Board, Carroll County E911 Commission and Carroll County Solid Waste Commission.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds 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 non-major governmental funds.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for special purposes as determined by City Council such as transfers to debt service and capital projects.

The Housing and Urban Renewal Fund is used to account for residential housing grants and urban renewal projects of the City.

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

The Capital Projects Fund is utilized to account for the construction costs of significant City projects such as the fire station.

The City reports the following major proprietary funds:

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

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

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies (continued)**

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(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 in the general government and business type activities functions.

(2) **Cash and Investments**

The City's deposits in banks at June 30, 2014, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2014, the City's deposits consisted of cash in bank and certificates of deposit as follows:

Cash in bank	\$	1,986,297
Certificates of deposit		<u>276,621</u>
Total	\$	<u>2,262,918</u>

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

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes	
	Principal	Interest	Principal	Interest
2015	\$ 299,665	\$ 36,198	\$ 69,000	\$ 20,319
2016	199,311	30,382	71,000	18,556
2017	174,561	26,853	72,000	16,737
2018	154,373	23,339	73,000	14,889
2019	113,918	20,033	75,234	13,010
2020	50,000	18,025	57,000	11,100
2021	50,000	17,125	59,000	9,390
2022	55,000	15,875	61,000	7,620
2023	55,000	14,500	62,000	5,790
2024	55,000	12,850	65,000	3,930
2025	60,000	11,200	66,000	1,980
2026	60,000	9,400	-0-	-0-
2027	60,000	7,600	-0-	-0-
2028	65,000	5,200	-0-	-0-
2029	65,000	2,600	-0-	-0-
Total	\$ <u>1,516,828</u>	\$ <u>251,180</u>	\$ <u>730,234</u>	\$ <u>123,321</u>

Year Ending June 30,	Total	
	Principal	Interest
2015	\$ 368,665	\$ 56,517
2016	270,311	48,938
2017	246,561	43,590
2018	227,373	38,228
2019	189,152	33,043
2020	107,000	29,125
2021	109,000	26,515
2022	116,000	23,495
2023	117,000	20,290
2024	120,000	16,780
2025	126,000	13,180
2026	60,000	9,400
2027	60,000	7,600
2028	65,000	5,200
2029	65,000	2,600
Total	\$ <u>2,247,062</u>	\$ <u>374,501</u>

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(3) Bonds and Notes Payable (Continued)

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, \$15,000 of general obligation note principal was paid from the Fire Truck Trust Fund.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay a \$200,000 water revenue note issued September 16, 2008. Note proceeds provided financing for water tower improvements. The note is payable solely from water customer net receipts and are payable through 2019. Annual principal and interest payments on the notes are expected to require less than 42% of net receipts. The total principal and interest remaining to be paid on the note is \$103,275. For the current year, principal and interest paid were \$20,000 and \$1,833, respectively. Total customer net receipts were \$52,866.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$800,000 in sewer revenue bonds issued November 17, 2004 and \$200,000 in sewer revenue bonds issued August 23, 2007. The bonds are payable solely from sewer customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 49% of net receipts. The total principal and interest remaining to be paid on the bonds is \$750,280. For the current year, principal and interest paid were \$48,000 and \$20,370, respectively. Total customer net receipts were \$144,646.

Resolutions providing for the issuance of the sewer revenue bonds require only that the bonds be redeemed from the future earnings of the enterprise activity and the bondholders hold a lien on the future earnings of the funds.

(4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$44,969, \$43,767 and \$40,262, respectively, equal to the required contributions for the year.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. Employees that provide proof of insurance elsewhere can elect to opt-out of coverage and receive a payment-in-lieu of insurance. There were 9 active City employees enrolled, -0- retired members and 1 opt-out. The medical/prescription drug benefits are provided through a high-deductible health plan with Wellmark.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The City contributes 50% of the deductible into participating employees' health savings accounts. As of June 30, 2014, monthly premiums were \$412 for employee only, \$893 for employee/spouse, \$780 for employee/children, and \$1,264 for employee/spouse/children. Those premiums were for \$2,500/\$5,000 deductibles and out-of-pocket maximums of \$2,500/\$5,000. Employees that opt-out receive a \$450 monthly stipend less any coverage retained through the City (i.e., disability, life, dental, etc.). For the year ended June 30, 2014, the City contributed \$75,267 toward the health insurance plan and plan members eligible for benefits contributed \$-0- to the plan. Additionally, the City contributed \$15,000 toward Health Savings Accounts and paid \$5,400 for payments in lieu of insurance.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused paid time off for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. Paid time off (PTO) is an all purpose time off policy for eligible employees to use for vacation, illness or injury, and personal business. It combines traditional vacation and sick leave plans into one flexible, paid time off policy. Regular full-time employees are eligible to accrue up to 240 (PTO) hours. Any excess hours accrue to a long term bank which carries more restrictions and is not payable upon termination, retirement or death. The City's approximate liability for PTO (Paid Time Off) payable to employees at June 30, 2014 was \$28,873. This liability has been computed based on rates of pay in effect at June 30, 2014.

(7) Risk Management

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

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(8) Related Party Transactions

City Officials - Business transactions between the City and City officials totaled \$17,405 during the year ended June 30, 2014.

Interdepartmental Loan Agreement - The City has interdepartmental loan agreement with the Manning Municipal Gas Department. Interest and principal payments were \$1,833 and \$20,000 respectively, for the year ended June 30, 2014.

(9) Interfund Transfers

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

Transfer to	Transfer from	Amount
General fund	Special revenue emergency	\$ 8,666
General fund	Special revenue - Economic development	7,000
General fund	Special revenue local option	74,000
General fund	Enterprise sanitation	10,000
General fund	Enterprise sewer	20,000
Special revenue road use	Special revenue local option	48,000
Special revenue - Housing & urban renewal	General	110,000
Special revenue - Housing & urban renewal	Enterprise sewer	10,000
Special revenue - Economic Development	Enterprise sewer	6,600
Special revenue - Economic Development	Enterprise water	5,000
Special revenue police trust	General	11,000
Debt service	Special revenue TIF	91,218
Debt service	Special revenue local option	70,000
Debt service	Enterprise sewer	14,148
Debt service	Enterprise water	14,148
Debt service	Special revenue road use	15,276
Capital project fire station	Special revenue local option	60,000
Capital project fire station	General	40,000
Capital project fire station	Special revenue fire truck trust	10,000
Capital project trails	General	54,076
Capital project bridge	General	100,000
Total		\$ <u>779,132</u>

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

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(10) **Urban Renewal**

Chapter 403 of the Code of Iowa authorized cities to establish areas within their boundaries known as *urban renewal areas*, and to exercise special powers within these areas. Urban renewal powers were initially granted to cities in order to counter conditions of deterioration within cities. Gradually, urban renewal was found to be a useful tool for economic development in previously undeveloped areas.

In order to facilitate the use of urban renewal for economic development, in 1985 the Iowa General Assembly amended Chapter 403 to authorize City Councils to create *economic development areas*. An economic development urban renewal area may be any area of a city which has been designated by City Council as an area which is appropriate for industrial enterprises and in which the city seeks to encourage further development.

The process by which an economic development urban renewal area may be created begins with a finding by the City Council that such an area needs to be established within the City. An urban renewal plan is then prepared for the area, which must be consistent with the City's existing comprehensive or general plan. After the City Council holds a public hearing on the urban renewal plan, the council may approve the plan.

Manning Industrial Urban Renewal Area

In November 1994, the City of Manning established the Manning Industrial Urban Renewal Area located in the western area of the city and zoned as heavy industrial use. The objectives of the plan are: to contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base; to assist in providing land for new and expanded industrial development; and to encourage industrial growth and expansion through the use of federal, state and local incentives. Specific activities of the plan in the urban renewal area include the following: preparation of plans related to the development and implementation of the urban renewal area and specific urban renewal projects; construction of infrastructure such as streets or public utilities; construction of buildings or site improvements such as grading and site preparation; acquisition, preparation and disposition of property for redevelopment; providing for relocation of persons and businesses displaced by a project; making available all possible forms of financing for development projects, including conventional municipal borrowing and tax increment financing resulting from increased property values in the urban renewal area; and providing direct financial assistance, including grants or loans, to private persons engaged in economic development.

Manning Urban Renewal Area

In May 2003, the City of Manning amended its original urban renewal plan. The amendment expanded the size of the original district, emphasized and encouraged commercial development through urban renewal projects, changed the name of the original area to Manning Urban Renewal Area, and zoned a portion of the original urban renewal area as heavy industrial use and the remainder as commercial use.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(10) Urban Renewal (Continued)

October 2010 Amendment

In October 2010, the City of Manning amended the urban renewal plan to include the Main Street area and to identify new urban renewal projects affecting culture and recreation and public safety activities such as recreation trails, recreation center, swimming pool and municipal park improvements and police, fire and ambulance facilities to enhance economic development in the urban renewal area. The area under amendment was designated an economic development area and declared a tax increment financing district by ordinance of the City.

March 2013 Amendment

In March 2013, the City amended the urban renewal plan to identify a downtown sidewalk repair and improvement project and to provide a local match for Main Street Manning's downtown revitalization of storefront facades project. The City's obligations to both projects will be repaid with incremental property tax revenues.

March 2014 Amendment

In March 2014, the City amended the urban renewal plan to include the property at the assisted living facility site. The amendment authorizes a development agreement with the developer to provide economic development payments funded by loan proceeds, with property tax revenues to be derived from the property used to repay the debt. The developer will undertake the installation of the public infrastructure such as sewer and water, storm water drainage, street, sidewalk and parking lot improvements. The amendment also includes the property at the fire station site for construction of a new municipal fire station. The City's obligation will be repaid with incremental property tax revenues.

(11) Tax Increment Financing

The concept of tax increment financing (TIF) enables a City to use property tax dollars generated from private development to finance projects within an urban renewal area. A City ordinance designates all or a portion of the urban renewal area as a TIF district and establishes the property tax valuations within that district as the base valuation as of a given valuation date. Thereafter, if the City borrows money to pay the cost of projects within the district, property taxes (except taxes for debt service purposes) levied by all local jurisdictions (city, county, school, area college) against any increases in valuation over the base valuations are allocated exclusively to the City's tax increment fund, rather than back to each jurisdiction. Property taxes levied by all local jurisdictions against the base valuations continue to be distributed to those jurisdictions, and, after the City's TIF debt is paid off or the City is fully reimbursed for project costs, property taxes generated from the new valuations, as well as from the frozen base, will be distributed to all local jurisdictions.

**CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

(11) Tax Increment Financing (Continued)

The mechanism by which the City collects TIF revenue is the certification of TIF indebtedness to the county auditor. Four obligations have been certified to the county auditor as follows:

Enterprise Street

In May 2003, the City issued \$500,000 of general obligation corporate purpose notes for road improvements to Enterprise Street. As of June 30, 2014, \$95,000 remains outstanding on these notes. Incremental property tax revenue within this TIF district will continue to provide 57% of the funds for principal and interest payments through maturity on June 1, 2015.

Main Street Bricks

In September 2013, the City issued a \$125,000 general obligation street improvement note to finance the Main Street Brick Project. As of June 30, 2014, \$90,094 remains outstanding on this note. Incremental property tax revenue within this TIF district will provide the funds for principal and interest payments through maturity on December 1, 2019.

Downtown Revitalization Internal Loan

In June 2013, the City authorized an economic development agreement with Main Street Manning and committed to provide a \$110,000 loan as a local match for Community Development Block Grant funds received in connection with the Main Street Façade Improvement Project. Incremental property tax revenue within this TIF district will provide the funds for repayments through maturity on December 1, 2019.

Ongoing Support Main Street

In June 2013, the City authorized an annual appropriation incremental property tax support payments (rebates) in an amount not to exceed \$50,000 over a period of six fiscal years in connection with the ongoing initiatives and programs of Main Street Manning.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(12) Revolving Loan Fund Program

The Revolving Loan Fund Program was approved by City Council in January 1992. The program was initially funded by a \$200,000 Community Development Block Grant and supplemented in 1998 by a \$50,000 Rural Business Enterprise Grant from the US Department of Agriculture.

The Program has expanded since inception to include loans made for the acquisition, construction, reconstruction, or installation of commercial or industrial buildings, structures, or other real property, acquisition of equipment and machinery, reuse of vacant or abandoned facilities, and modernization of plant equipment and machinery. Loans are not made to supply working capital.

The Program is administered by the City's Economic Development Agency (EDA) which consists of two City Councilors, two board members of the Manning Municipal Light Plant, and two board members of the Manning Municipal Gas Department. All are appointed and serve for one year terms. The Mayor serves as the chairman of the EDA and the City Clerk serves as the Program Administrator. All loans are approved by City Council.

The loan repayment terms, interest rate, and any other conditions will be determined on a case-by-case basis. In general, the following serve as guidelines: 1) the term of the loan shall not exceed fifteen years. 2) The date of the first payment of principal and interest is at the discretion of the loan committee but not to exceed five years beyond the initial date of loan approval. 3) The interest rate on the loan shall be at the discretion of the loan committee but never below 1%. 4) Loans may be renegotiated; however, renegotiation is not an inherent right of the borrower. 5) Principal and interest will be repaid in equal installments for the term of the loan unless otherwise determined by the loan committee. 6) If the project fails to comply with the terms of the contract, or fails to use the loan for only those purposes set forth, then the City may terminate the contract in whole, or in part, or accelerate payment of all principal and accrued interest and penalties, and may immediately declare same due and payable at any time before the date of completion.

CITY OF MANNING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(12) Revolving Loan Fund Program (Continued)

At June 30, 2014, the RLF Program has loans outstanding of \$308,264 with seventeen local businesses at rates of interest ranging from 1% to 4.75%. Loans are secured with real estate mortgages, equipment and guarantees. Two loans are unsecured. Future interest and principal receipts are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 61,174	\$ 9,991	\$ 71,165
2016	59,923	9,317	69,240
2017	41,450	7,193	48,643
2018	36,875	5,676	42,551
2019	29,420	4,264	33,684
2020	20,625	3,108	23,733
2021	11,313	2,415	13,728
2022	9,309	1,937	11,246
2023	5,214	1,609	6,823
2024	5,316	1,375	6,691
2025	5,560	1,130	6,690
2026	5,815	875	6,690
2027	6,083	608	6,691
2028	6,362	328	6,690
2029	3,825	57	3,882
Total	\$ <u>308,264</u>	\$ <u>49,883</u>	\$ <u>358,147</u>

(13) Subsequent Events

On September 16, 2014, the City issued \$420,000 Taxable General Obligation Economic Development Bonds for the construction of street, water and sewer infrastructure associated with the assisted living site under development.

(14) Prospective Accounting Change

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

OTHER INFORMATION

CITY OF MANNING

BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY
 FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 519,291	\$ -0-
Tax increment financing	70,386	-0-
Other city tax	207,616	-0-
Licenses and permits	7,129	-0-
Use of money and permits	120,958	542
Intergovernmental	1,013,482	-0-
Charges for services	111,676	729,295
Special assessments	480	-0-
Miscellaneous	99,121	980
Total receipts	<u>2,150,139</u>	<u>730,817</u>
Disbursements:		
Public safety	219,583	-0-
Public works	493,913	-0-
Culture and recreation	269,852	-0-
Community and economic development	831,976	-0-
General government	265,075	-0-
Debt service	246,791	-0-
Capital projects	296,475	-0-
Business type activities	-0-	609,389
Total disbursements	<u>2,623,665</u>	<u>609,389</u>
Excess (deficiency) of receipts over (under) disbursements	(473,526)	121,428
Other financing sources, net	<u>1,334,757</u>	<u>(79,896)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	861,231	41,532
Balances beginning of year	<u>1,119,757</u>	<u>240,398</u>
Balances end of year	\$ <u>1,980,988</u>	\$ <u>281,930</u>

See Accompanying Independent Auditor's Report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
\$ 519,291	\$ 516,726	\$ 516,726	\$ 2,565
70,386	75,122	75,122	(4,736)
207,616	192,000	192,000	15,616
7,129	6,325	6,325	804
121,500	100,650	100,650	20,850
1,013,482	836,408	1,331,148	(317,666)
840,971	721,000	721,000	119,971
480	-0-	-0-	480
100,101	12,900	12,900	87,201
<u>2,880,956</u>	<u>2,461,131</u>	<u>2,955,871</u>	<u>(74,915)</u>
219,583	235,062	236,562	16,979
493,913	629,000	629,000	135,087
269,852	258,467	282,277	12,425
831,976	655,500	1,175,500	343,524
265,075	296,900	370,200	105,125
246,791	230,516	272,994	26,203
296,475	-0-	1,946,500	1,650,025
609,389	607,150	632,150	22,761
<u>3,233,054</u>	<u>2,912,595</u>	<u>5,545,183</u>	<u>2,312,129</u>
(352,098)	451,464	(2,589,312)	2,237,214
<u>1,254,861</u>	<u>400,000</u>	<u>1,419,999</u>	<u>(165,138)</u>
902,763	851,464	(1,169,313)	2,072,076
<u>1,360,155</u>	<u>1,360,155</u>	<u>1,360,155</u>	<u>-0-</u>
<u>\$ 2,262,918</u>	<u>\$ 2,211,619</u>	<u>\$ 190,842</u>	<u>\$ 2,072,076</u>



CITY OF MANNING

**NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING**

JUNE 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the 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 receipts by \$1,514,739 and budgeted disbursements by \$2,632,588. The budget amendments are reflected in the final budgeted amounts.

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



SUPPLEMENTARY INFORMATION

CITY OF MANNING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES -

NON-MAJOR GOVERNMENTAL FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue			
	Employee Benefits	Insurance	Emer- gency	TIF District
Receipts:				
Property taxes	\$ 138,568	\$ 46,246	\$ 8,709	\$ -0-
Tax Increment Financing	-0-	-0-	-0-	70,386
Use of money and property	-0-	-0-	-0-	-0-
Intergovernmental	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
Miscellaneous	-0-	3,434	-0-	-0-
Total receipts	<u>138,568</u>	<u>49,680</u>	<u>8,709</u>	<u>70,386</u>
Disbursements:				
Operations:				
Public safety	-0-	-0-	-0-	-0-
Public works	-0-	-0-	-0-	82,985
Culture and recreation	-0-	-0-	-0-	-0-
Community and economic development	-0-	-0-	-0-	5,000
General government	107,702	60,289	-0-	-0-
Capital projects	-0-	-0-	-0-	-0-
Total disbursements	<u>107,702</u>	<u>60,289</u>	<u>-0-</u>	<u>87,985</u>
Excess (deficiency) of receipts over (under) disbursements	30,866	(10,609)	8,709	(17,599)
Other financing sources				
Note proceeds	-0-	-0-	-0-	125,000
Operating transfer in	-0-	-0-	-0-	-0-
Operating transfer out	-0-	-0-	(8,666)	(91,218)
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>(8,666)</u>	<u>33,782</u>
Net change in cash balances	30,866	(10,609)	(43)	16,183
Cash balances beginning of year	<u>46,747</u>	<u>30,331</u>	<u>85</u>	<u>18,404</u>
Cash balances end year	<u>\$ 77,613</u>	<u>\$ 19,722</u>	<u>\$ 128</u>	<u>\$ 34,587</u>
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Restricted for other purposes	77,613	19,722	128	34,587
Assigned for capital projects	-0-	-0-	-0-	-0-
Total cash basis fund balances	<u>\$ 77,613</u>	<u>\$ 19,722</u>	<u>\$ 128</u>	<u>\$ 34,587</u>

See Accompanying Independent Auditor's Report.

Special Revenue

Revolving Loan Fund	Economic Development	Fire Truck Trust	Police Trust	Library Trust
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-	-0-	-0-
77,296	10	-0-	-0-	304
-0-	-0-	36,531	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	30,000	-0-	-0-	-0-
<u>77,296</u>	<u>30,010</u>	<u>36,531</u>	<u>-0-</u>	<u>304</u>
-0-	-0-	15,000	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	15,872
69,400	47,708	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
<u>69,400</u>	<u>47,708</u>	<u>15,000</u>	<u>-0-</u>	<u>15,872</u>
7,896	(17,698)	21,531	-0-	(15,568)
-0-	-0-	-0-	-0-	-0-
-0-	11,600	-0-	11,000	-0-
-0-	(7,000)	(10,000)	-0-	-0-
-0-	4,600	(10,000)	11,000	-0-
7,896	(13,098)	11,531	11,000	(15,568)
<u>54,479</u>	<u>89,764</u>	<u>30,049</u>	<u>-0-</u>	<u>92,370</u>
\$ <u>62,375</u>	\$ <u>76,666</u>	\$ <u>41,580</u>	\$ <u>11,000</u>	\$ <u>76,802</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
62,375	76,666	41,580	11,000	76,802
-0-	-0-	-0-	-0-	-0-
<u>\$ 62,375</u>	<u>\$ 76,666</u>	<u>\$ 41,580</u>	<u>\$ 11,000</u>	<u>\$ 76,802</u>



SCHEDULE 1

Capital Projects		Permanent Cemetery Perpetual Care	Total
Trails	Bridge		
\$ -0-	\$ -0-	\$ -0-	\$ 193,523
-0-	-0-	-0-	70,386
5	-0-	-0-	77,615
97,656	-0-	-0-	134,187
-0-	-0-	1,050	1,050
-0-	-0-	-0-	33,434
<u>97,661</u>	<u>-0-</u>	<u>1,050</u>	<u>510,195</u>
-0-	-0-	-0-	15,000
-0-	-0-	-0-	82,985
-0-	-0-	-0-	15,872
-0-	-0-	-0-	122,108
-0-	-0-	-0-	167,991
31,819	42,161	-0-	73,980
<u>31,819</u>	<u>42,161</u>	<u>-0-</u>	<u>477,936</u>
65,842	(42,161)	1,050	32,259
-0-	-0-	-0-	125,000
54,076	100,000	-0-	176,676
-0-	-0-	-0-	(116,884)
<u>54,076</u>	<u>100,000</u>	<u>-0-</u>	<u>184,792</u>
119,918	57,839	1,050	217,051
-0-	-0-	67,041	429,270
<u>\$ 119,918</u>	<u>\$ 57,839</u>	<u>\$ 68,091</u>	<u>\$ 646,321</u>
\$ -0-	\$ -0-	\$ 68,091	\$ 68,091
-0-	-0-	-0-	400,473
119,918	57,839	-0-	177,757
<u>\$ 119,918</u>	<u>\$ 57,839</u>	<u>\$ 68,091</u>	<u>\$ 646,321</u>

**CITY OF MANNING
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2014**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation:			
Corporate Purpose Note	December 1, 2003	1.50 - 4.30%	\$ 900,000
Fire Station Bonds	April 30, 2014	0.55 - 4.00%	\$ 830,000
Water System Improvement Note	November 1, 2011	1.86%	\$ 135,000
Street Improvement Note	July 1, 2011	2.90%	\$ 210,000
Street Improvement Note	September 3, 2013	2.45%	\$ 425,000
Fire Truck Loan	September 28, 2006	0.00%	\$ 150,000
Revenue Bonds and Loans:			
Interdepartmental Loan (MMGD)	September 16, 2008	Variable	\$ 200,000
Sewer Revenue Bond	August 23, 2007	3.00%	\$ 200,000
Sewer Revenue Bond	November 17, 2004	3.00%	\$ 800,000

SCHEDULE 2

	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$	185,000	\$ -0-	\$ 90,000	\$ 95,000	\$ 7,820	\$ 340
	-0-	830,000	-0-	830,000	-0-	2,022
	89,429	-0-	26,637	62,792	1,659	97
	174,189	-0-	34,360	139,829	5,038	4,055
	-0-	425,000	73,292	351,708	7,485	718
	<u>52,500</u>	<u>-0-</u>	<u>15,000</u>	<u>37,500</u>	<u>-0-</u>	<u>-0-</u>
\$	<u>501,118</u>	\$ <u>1,255,000</u>	\$ <u>239,289</u>	\$ <u>1,516,829</u>	\$ <u>22,002</u>	\$ <u>7,232</u>
\$	119,234	\$ -0-	\$ 20,000	\$ 99,234	\$ 1,833	\$ -0-
	144,000	-0-	10,000	134,000	4,320	335
	<u>535,000</u>	<u>-0-</u>	<u>38,000</u>	<u>497,000</u>	<u>16,050</u>	<u>1,243</u>
\$	<u>798,234</u>	\$ <u>-0-</u>	\$ <u>68,000</u>	\$ <u>730,234</u>	\$ <u>22,203</u>	\$ <u>1,578</u>

See Accompanying Independent Auditor's Report.

**CITY OF MANNING
BOND AND NOTE MATURITIES
JUNE 30, 2014**

General Obligation Bonds and Notes

Year Ended June 30,	Street Improvement Note		Corporate Purpose Notes	
	Issued July 1, 2011		Issued December 1, 2003	
	Interest		Interest	
	Rate	Amount	Rate	Amount
2015	2.90%	\$ 35,342	4.30%	\$ 95,000
2016	2.90%	36,367	--	-0-
2017	2.90%	37,422	--	-0-
2018	2.90%	30,698	--	-0-
2019	--	-0-	--	-0-
Total		\$ <u>139,829</u>		\$ <u>95,000</u>

Year Ended June 30,	Water System Improvement Note		Street Improvement Note	
	Issued November 1, 2011		Issued September 3, 2013	
	Interest		Interest	
	Rate	Amount	Rate	Amount
2015	1.86%	\$ 27,269	2.45%	\$ 72,054
2016	1.86%	27,787	2.45%	70,157
2017	1.86%	7,736	2.45%	71,903
2018	--	-0-	2.45%	73,675
2019	--	0-	2.45%	63,919
Total		\$ <u>62,792</u>		\$ <u>351,708</u>

Year Ended June 30,	Fire Truck Loan Agreement	
	Issued September 28, 2006	
	Interest	
	Rate	Amount
2015	0%	\$ 15,000
2016	0%	15,000
2017	0%	7,500
2018	--	-0-
2019	--	-0-
Total		\$ <u>37,500</u>

Year Ended June 30,	Fire Station Bonds		Total
	Issued April 30, 2014		
	Interest Rate	Amount	
2015	0.55%	\$ 55,000	\$ 299,665
2016	0.55%	50,000	199,311
2017	1.20%	50,000	174,561
2018	1.20%	50,000	154,373
2019	1.80%	50,000	113,919
2020	1.80%	50,000	50,000
2021	2.50%	50,000	50,000
2022	2.50%	55,000	55,000
2023	3.00%	55,000	55,000
2024	3.00%	55,000	55,000
2025	3.00%	60,000	60,000
2026	3.00%	60,000	60,000
2027	4.00%	60,000	60,000
2028	4.00%	65,000	65,000
2029	4.00%	65,000	65,000
Total		\$ 830,000	\$ 1,516,829

Revenue Bonds and Notes

Year Ended June 30,	Sewer Revenue Bond		Sewer Revenue Bond	
	Issued August 23, 2007		Issued Nov 17, 2007	
	Interest Rate	Amount	Interest Rate	Amount
2015	3.00%	\$ 10,000	3.00%	\$ 39,000
2016	3.00%	11,000	3.00%	40,000
2017	3.00%	11,000	3.00%	41,000
2018	3.00%	11,000	3.00%	42,000
2019	3.00%	12,000	3.00%	44,000
2020	3.00%	12,000	3.00%	45,000
2021	3.00%	13,000	3.00%	46,000
2022	3.00%	13,000	3.00%	48,000
2023	3.00%	13,000	3.00%	49,000
2024	3.00%	14,000	3.00%	51,000
2025	3.00%	14,000	3.00%	52,000
Total		\$ 134,000		\$ 497,000

SCHEDULE 3

Year Ended June 30,	Interdepartmental Loan (Gas Dept)		Total
	Interest Rate	Amount	
2015	1.95%	\$ 20,000	\$ 69,000
2016	1.95%	20,000	71,000
2017	1.95%	20,000	72,000
2018	1.95%	20,000	73,000
2019	1.95%	19,234	75,234
2020	--	-0-	57,000
2021	--	-0-	59,000
2022	--	-0-	61,000
2023	--	-0-	62,000
2024	--	-0-	65,000
2025	--	-0-	66,000
Total		\$ <u>99,234</u>	\$ <u>730,234</u>

See Accompanying Independent Auditors' Report.

CITY OF MANNING

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

FOR THE PAST TEN YEARS

	<u>2014</u>	<u>2013*</u>	<u>2012</u>	<u>2011*</u>
Receipts:				
Property tax	\$ 519,291	\$ 503,089	\$ 496,711	\$ 472,827
Tax Increment Financing	70,386	78,334	52,708	78,399
Other city taxes	207,616	27,453	192,833	204,865
Licenses and permits	7,129	46,583	4,868	3,470
Use of money and property	120,958	110,195	95,988	83,890
Intergovernmental	1,013,482	764,154	430,880	308,563
Charges for services	111,676	99,428	129,744	103,422
Special assessments	480	223	-0-	-0-
Miscellaneous	99,121	110,682	80,905	70,148
Total	\$ <u>2,150,139</u>	\$ <u>1,740,141</u>	\$ <u>1,484,637</u>	\$ <u>1,325,584</u>
Disbursements:				
Public safety	\$ 219,583	\$ 581,460	\$ 292,137	\$ 263,527
Public works	493,913	213,798	445,409	227,636
Culture and recreation	269,852	241,428	230,365	214,226
Economic development	831,976	134,949	179,216	106,469
General government	265,075	263,302	240,595	252,155
Debt service	246,791	212,356	219,705	191,693
Capital projects	296,475	-0-	-0-	-0-
Total	\$ <u>2,623,665</u>	\$ <u>1,647,293</u>	\$ <u>1,607,427</u>	\$ <u>1,255,706</u>

* Unaudited

See Accompanying Independent Auditor's Report.

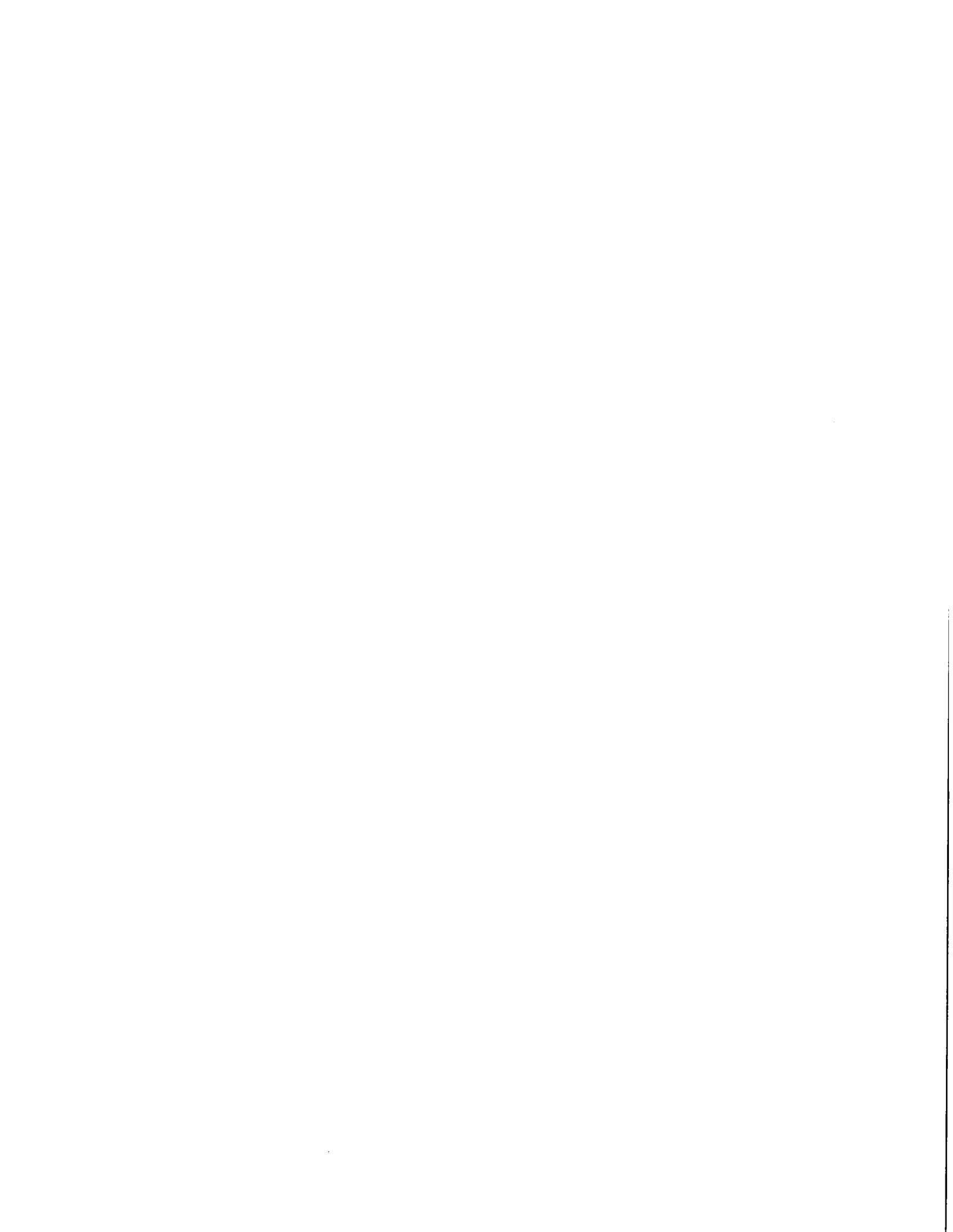
	<u>2010*</u>	<u>2009 *</u>	<u>2008</u>	<u>2007 *</u>
Receipts:				
Property tax	\$ 455,022	\$ 437,860	\$ 417,402	\$ 414,068
Tax Increment Financing	86,635	103,841	111,201	97,878
Other city taxes	179,422	187,293	171,234	171,436
Licenses and permits	2,775	2,802	4,415	2,958
Use of money and property	97,764	91,675	83,986	35,090
Intergovernmental	488,366	339,045	719,228	375,328
Charges for services	89,233	86,303	113,859	99,019
Special assessments	-0-	-0-	326	3,241
Miscellaneous	63,867	46,119	242,081	138,529
Total	\$ <u>1,463,084</u>	\$ <u>1,294,938</u>	\$ <u>1,863,732</u>	\$ <u>1,337,547</u>
Disbursements:				
Public safety	\$ 293,871	\$ 217,049	\$ 292,849	\$ 403,390
Public works	229,241	492,078	204,635	204,817
Culture and recreation	275,824	333,848	400,138	227,789
Economic development	438,648	140,615	171,452	268,828
General government	133,664	186,276	235,959	272,511
Debt service	206,397	185,335	165,323	220,385
Capital projects	-0-	57,350	1,148,824	-0-
Total	\$ <u>1,577,645</u>	\$ <u>1,612,551</u>	\$ <u>2,619,180</u>	\$ <u>1,597,720</u>

* Unaudited

SCHEDULE 4

	<u>2006</u>	<u>2005 *</u>
Receipts:		
Property tax	\$ 403,537	\$ 401,841
Tax Increment Financing	96,035	69,928
Other city taxes	165,888	164,667
Licenses and permits	4,186	4,398
Use of money and property	32,741	50,433
Intergovernmental	238,890	214,343
Charges for services	104,587	80,404
Special assessments	3,826	3,512
Miscellaneous	<u>98,352</u>	<u>83,345</u>
Total	\$ <u>1,148,042</u>	\$ <u>1,072,871</u>
Disbursements:		
Public safety	\$ 202,403	\$ 256,213
Public works	174,178	197,365
Culture and recreation	235,404	187,271
Economic development	147,368	83,693
General government	214,451	128,068
Debt service	107,909	104,705
Capital projects	<u>-0-</u>	<u>362,555</u>
Total	\$ <u>1,081,713</u>	\$ <u>1,319,870</u>

* Unaudited



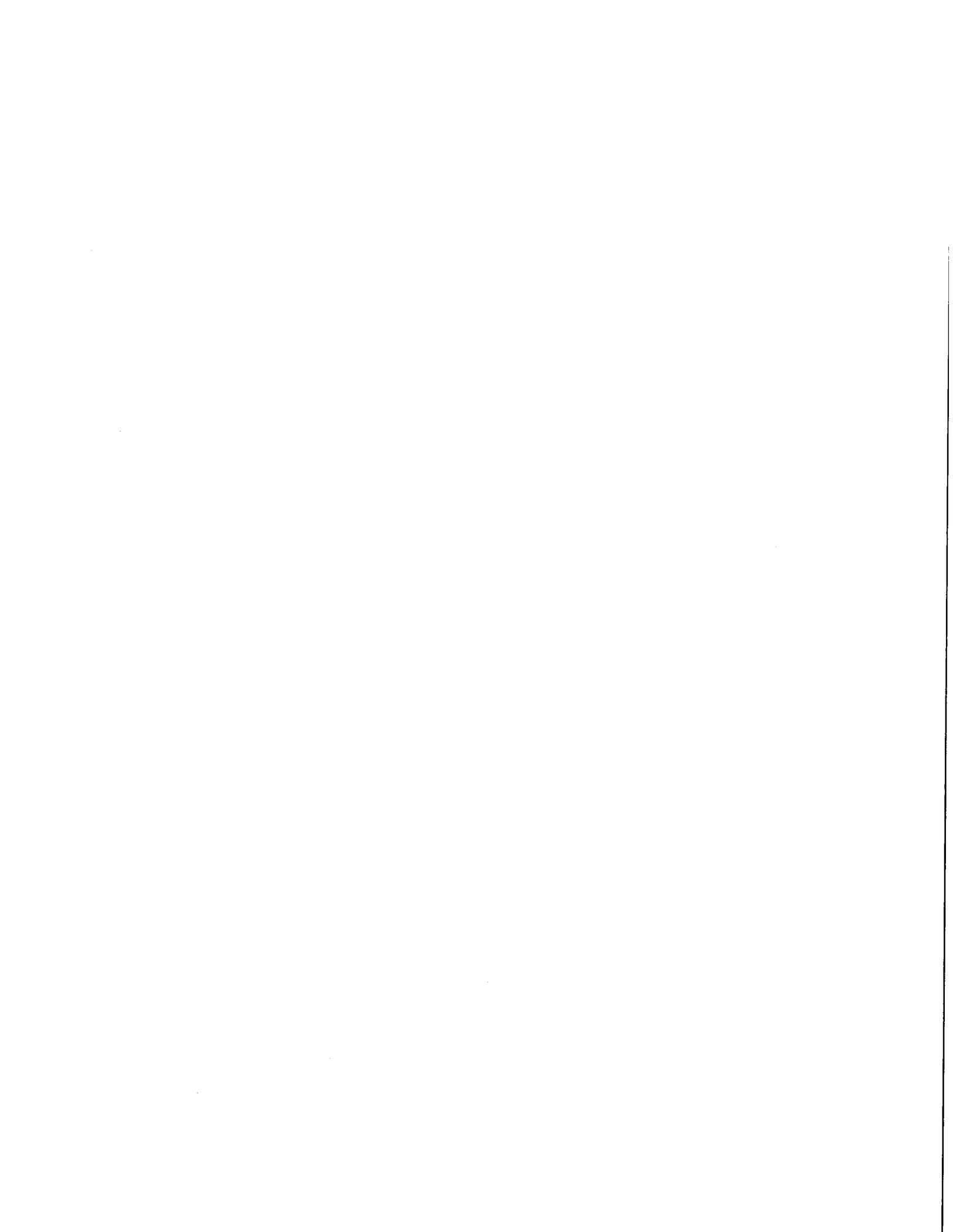
CITY OF MANNING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Grantor / Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/ States Programs and Non-Entitlement Grants in Hawaii			
	14.228	12-DTR-008	\$ 500,000
Department of the Interior:			
Iowa Department of Cultural Affairs:			
Historic Preservation Fund Grants-in-Aid			
	15.904	NA	<u>11,300</u>
Total			\$ <u>511,300</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Manning and is presented on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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

MUXFELDT ASSOCIATES, CPA, P.C.

Certified Public Accountant

November 24, 2014

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

Lonnie G. Muxfeldt
Certified Public
Accountant

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To the Honorable Mayor and
Members of the City Council:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States, the financial statements of the government activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Manning, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated November 24, 2014. My report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

Continued . . .

November 24, 2014

To the Honorable Mayor and
Members of the City Council:

Page Two

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Manning's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

Compliance and Other Matters

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

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

City of Manning's Responses to the Findings

The City of Manning's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the City's responses, I did not audit the City of Manning's responses and, accordingly, I express no opinion on them.

Continued. . .

November 24, 2014

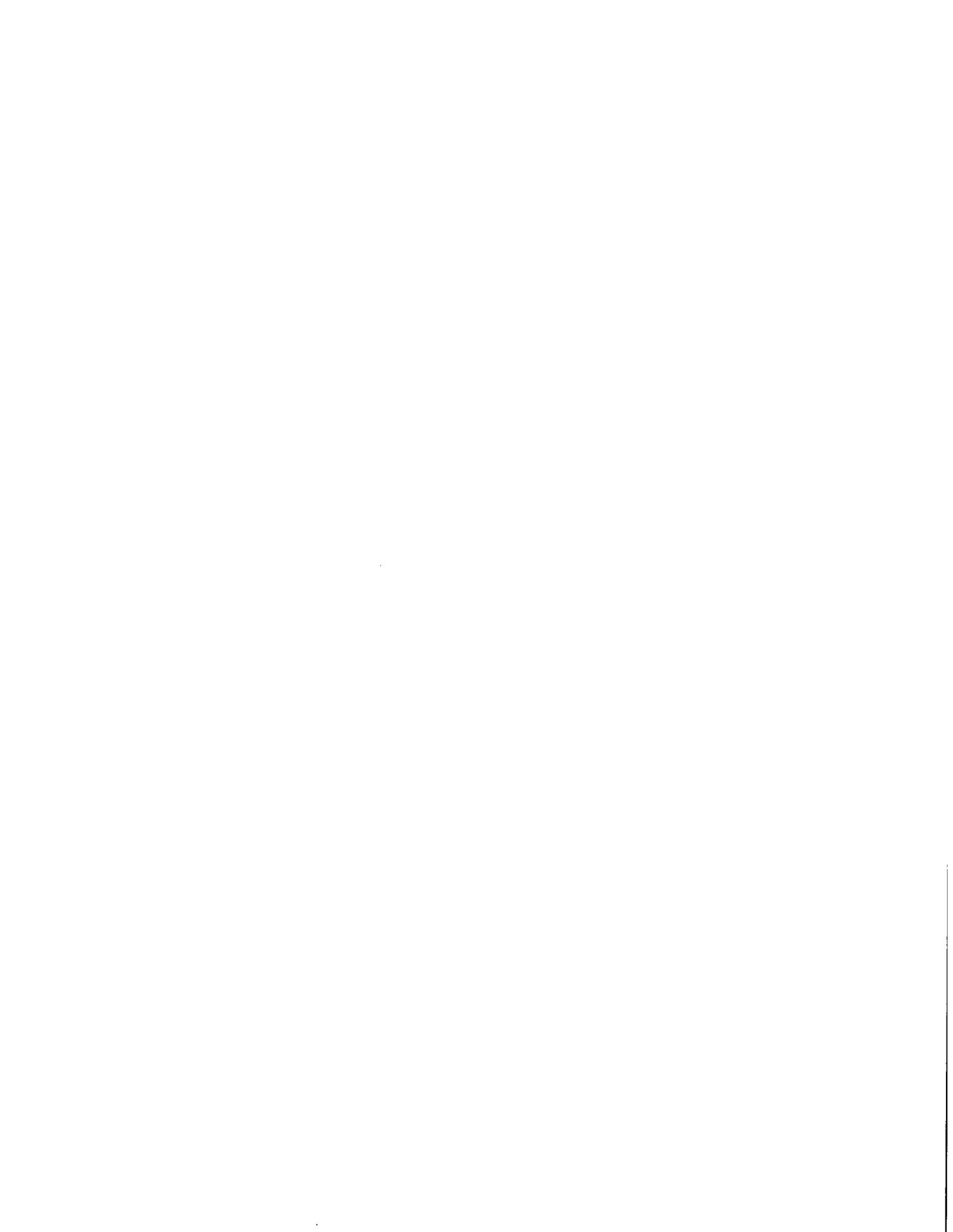
To the Honorable Mayor and
Members of the City Council:
Page Three

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Manning during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

M. J. J. Associates, CPA, P.C.



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

MUXFELDT ASSOCIATES, CPA, P.C.

Certified Public Accountant

November 24, 2014

Independent Auditor's Report on Compliance
For Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

Lonnie G. Muxfeldt
Certified Public
Accountant

To the Honorable Mayor and
Members of the City Council:

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Report on Compliance for Each Major Federal Program

I have audited the City of Manning, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City of Manning's major federal program for the year ended June 30, 2014. The City of Manning's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Continued...

November 24, 2014

To the Honorable Mayor and
Members of the City Council:
Page Two

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

Opinion on Each Major Federal Program

In my opinion, the City of Manning complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control over compliance I consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-14 to be a material weakness.

Continued...

November 24, 2014

To the Honorable Mayor and
Members of the City Council:
Page Three

The City of Manning's response to the internal control over compliance finding identified in my audit is reported in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

Murphy Associates, CPA, P.C.

**CITY OF MANNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

Part I: Summary of the Independent Auditor's Report:

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 - Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Manning did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Despite adequate personnel, the cash receipts listing, bank deposits and posting of the cash receipts to the cash receipts journal are often performed by the same person.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Response - We will consider alternative procedures to ensure that bookkeeping duties are distinct from preparing deposits and taking them to the bank or recording disbursements, preparing and signing checks.

Conclusion - Response accepted.

**CITY OF MANNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

Part II: Findings Related to the Financial Statements: (Continued)

II-B-2014 Financial Reporting - A material misstatement was noted on the Annual Financial Report for the year ended June 30, 2014. The misstatement was accomplished by pulling financial data from the wrong financial statements of the component units and reporting fund net position as cash basis proprietary fund balance.

Recommendation - The Cash Flow Statements will provide accurate financial data required for the Annual Financial Report. As discussed in Note 1, the cash basis reports cash balances, receipts and disbursements.

Response - The revised procedures and examples provided will aid us in preparing the Annual Financial Report more accurately in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

**CFDA Number 14.228: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii**

Pass-through Agency Number: 12-DTR-008

Federal Award Year: 2014

U.S. Department of Housing and Urban Development

Passed through the Iowa Economic Development Authority

III-A-14 (2014-001) Segregation of Duties over Federal Receipts - The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-14.

**CITY OF MANNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - Disbursements during the year ended June 30, 2014, did not exceed the amounts budgeted.

IV-B-14 Questionable Disbursements - I noted no disbursements for parties, banquets or other entertainment for employees that I believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

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

IV-D-14 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Sheryl Dammann, Councilor Wife of owner of Twin Transfer	Hauling	\$ 1,470
Jerry Rasmussen, Economic Development Agency, Owner of Rasmussen Lumber	Supplies	\$ 13,779
Robert Ehlers and Lynn Stein, Economic Development Agency, Owners of NAPA	Parts and supplies	\$ 2,023
Pam Kusel, Historic Preservation Commission, Owner of Manning News Journal	Subscriptions, advertising	\$ 133

In accordance with Chapter 362.5(3)k of the Code of Iowa, the transactions with the economic development agency commissioner appear to represent a conflict of interest because the cumulative totals exceed \$2,500.

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

IV-F-14 Council Minutes - No transactions were found that I believe should have been approved in the Council minutes but were not.



**CITY OF MANNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

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

IV-G-14 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the city's investment policy were noted.

IV-H-14 Revenue Bonds and Notes - The City has complied with the revenue bond resolutions.

IV-I-14 Payment of General Obligation Notes - Certain general obligation notes were paid from the Special Revenue, Fire Truck Trust Fund. Chapter 384.4 of the Code of Iowa states, in part "Moneys pledged or available to service general obligation notes, and received from sources other than property tax must be deposited in the debt service fund."

Recommendation - The City should transfer from the Special Revenue, Fire Truck Trust Fund for future funding contributions. Payment of the notes should then be disbursed from the Debt Service Fund.

Response - We will transfer in the future as recommended.

Conclusion - Response accepted.

IV-J-14 Financial Condition - The Housing and Urban Renewal Fund had a deficit balance of \$44,046 at June 30, 2014.

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

Response - The deficit was due to economic development costs incurred prior to receipt of additional funds to eliminate the deficit.

Conclusion - Response accepted.

IV-K-14 Annual Urban Renewal Report - The annual urban renewal report was approved and certified to the Iowa Department of Management before December 1 and no exceptions were noted.

CITY OF MANNING
MANNING, IOWA 51455

NEWS RELEASE

Muxfeldt Associates, CPA-P.C., 2309 B Chatburn Avenue, Harlan, Iowa, today released an audit report on the City of Manning, Iowa.

The City's receipts totaled \$4,133,817 for the year ended June 30, 2014, a 58% increase from the prior year. The receipts included \$519,291 in property tax, \$70,386 from tax increment financing, \$896,083 from charges for services, \$352,808 from operating grants, contributions and restricted interest, \$816,693 from capital grants, contributions and restricted interest, \$207,616 for local option sales tax, \$3,121 from unrestricted interest on investments, \$1,254,761 from loan proceeds, \$100 from the sale of assets and \$12,958 from miscellaneous receipts.

Disbursements for the year ended June 30, 2014 totaled \$3,233,054, a 43% increase from the prior year, and included \$831,976 for community and economic development, \$493,913 for public works, and \$296,475 for capital projects. Also, disbursements for business type activities totaled \$609,389.

The significant increase in receipts and disbursements is due primarily to the fire station and the downtown revitalization projects.

A copy of the audit report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

