

**CITY OF NEW SHARON, IOWA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**June 30, 2014**



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**City of New Sharon, Iowa**  
**City Officials**

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<u>Name</u>	<u>Title</u> (Before January 2014)	<u>Term Expires</u>
Dustin Hite	Mayor	January, 2016
Larry Applegate	Mayor Pro Tem	January, 2016
Lisa Munn	Council Member	Resigned October, 2013
Kenneth Ward	Council Member	January, 2018
Keri Lamberson	Council Member	January, 2018
Jeff Foster	Council Member	January, 2018
Jenell Steel	Appointed Council Member	November, 2013 until January, 2015
Diane Brand	City Clerk	Resigned September, 2013
Lisa Munn	City Clerk	Hired October, 2013 - Indefinite
Misty White	Attorney	Indefinite
(After January 2014)		
Dustin Hite	Mayor	January, 2016
Larry Applegate	Mayor Pro Tem	January, 2016
Kenneth Ward	Council Member	January, 2018
Keri Lamberson	Council Member	January, 2018
Jeff Foster	Council Member	January, 2018
Jenell Steel	Council Member	Resigned March, 2014
Terry Hudson	Appointed Council Member	April, 2014 until January, 2015
Lisa Munn	City Clerk	Indefinite
Misty White	Attorney	Indefinite



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## **Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council  
City of New Sharon  
New Sharon, Iowa

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

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

### Basis of Accounting

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

### Other Matters

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Sharon's basic financial statements. The supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis and Budgetary Comparison Information on pages 5-9 and 20-21 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 26, 2015, on our consideration of the City of New Sharon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Sharon's internal control over financial reporting and compliance.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

February 26, 2015

**Management's Discussion and Analysis**  
**City of New Sharon, Iowa**  
**Year ending June 30, 2014**

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

Because the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

**2014 FINANCIAL HIGHLIGHTS**

- The City's total cash basis net position increased 15.7%, or approximately \$201,000, from June 30, 2013 to June 30, 2014. Of this amount, the assets of the governmental activities increased approximately \$166,000 and the assets of the business type activities increased approximately \$35,000.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an 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.
- Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

**BASIS OF ACCOUNTING**

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

**REPORTING THE CITY'S FINANCIAL ACTIVITIES**

*Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The 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 decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**Management's Discussion and Analysis**  
**City of New Sharon, Iowa**  
**Year ending June 30, 2014**

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system and the prairie village trailer park. 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 Local Option Sales Tax and 3) Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$958,000 to approximately \$1,124,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

<b>Changes in Cash Basis Net Postion of Governmental Activities</b>	
<b>(Expressed in thousands)</b>	
<b>Year ended June 30, 2014</b>	
Receipts:	
Program receipts:	
Charges for service	\$ 71
Operating grants, contributions and restricted interest	131
Capital grants, contributions and restricted interest	-
General receipts:	
Property tax	209
Local option sales tax	100
Other taxes	25
Unrestricted interest on investments	4
Other general receipts	59
Total receipts	<u>599</u>
Disbursements:	
Public safety	160
Public works	125
Culture and recreation	36
Community and economic development	7
General government	105
Total disbursements	<u>433</u>
Change in cash basis net position	166
Cash basis net position beginning of year,	<u>958</u>
Cash basis net position end of year	<u>\$ 1,124</u>

The cash basis net position of the City's governmental funds increased primarily due to decreased community and economic development expenditures from the Local Option Sales Tax Fund.

**Changes in Cash Basis Net Position of Business Type Activities**  
**(Expressed in thousands)**  
**Year ended June 30, 2014**

Receipts:	
Program receipts:	
Charges for service:	
Water	\$ 219
Sewer	132
Prairie Village Trailer Park	16
General receipts:	
Unrestricted interest on investments	-
Loan proceeds	111
Total receipts	<u>478</u>
Disbursements:	
Water	266
Sewer	173
Prairie Village Trailer Park	4
Total disbursements and transfers:	<u>443</u>
Change in cash basis net position	35
Cash basis net position beginning of year	<u>316</u>
Cash basis net position end of year	<u>\$ 351</u>

The total business type activities net position increased from a year ago, increasing from approximately \$35,000 to \$351,000.

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As City of New Sharon, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,124,262, an increase of \$165,829 from last year's total of \$958,433. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The Special Revenue, Road Use Tax Fund cash balance increased \$97,568 during the fiscal year to a cash balance of \$130,677. The increase was primarily due to higher Road Use Tax received and lower total street repairs.
- The Special Revenue, Local Option Sales Tax Fund was established to promote economic development within the City. At the end of the fiscal year, the cash balance was \$590,869, an increase of \$125,279 from the previous year. The increase was the result of decreased spending from the LOST fund.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$8,083 to \$47,639, the increase was less than the prior year. While there was an increase in charges for service, it was less than the increases in debt service and other water operating expenses.
- The Enterprise, Sewer Fund cash balance increased \$13,972 to \$290,327, the increase was less than the prior year. While there was an increase in charges for service, it was less than the increases in debt service and other water operating expenses.
- The Enterprise, Prairie Village trailer park cash balance increased \$12,593, due primarily to rents collected in excess of related costs.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment was approved on June 4, 2014 and resulted in an increase in intergovernmental revenues of \$40,374 charges for service by \$25,127 and other financing sources by \$60,000.

The City's receipts were \$108,640 more than budgeted. This was primarily in the miscellaneous and other financing sources areas.

With the budget amendments, total disbursements were \$12,103 less than the amended budget. However, actual disbursements for the public safety and business type activities functions were \$2,970 and \$62,579 respectively, more than the amended budget. This was primarily due to costs of a new Caterpillar loader.

**DEBT ADMINISTRATION**

At June 30, 2014, the City had \$821,504 in revenue notes and equipment loans. Debt increased \$41,773 mainly as a result of purchasing a new Caterpillar loader the amount of \$110,550.

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 carries no outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

New Sharon's elected and appointed officials considered many factors when setting the fiscal year of 2015 budget,. Among the factors considered were the rates and fees charged for various services. Another factor was the economy and the expected cost for repairs of our city streets, water and sewer systems.

Increased health care costs, street repair and maintenance, and updates and repairs to the water plant in regards to the flooding issue and the increase in fuel costs represent the largest increases.

The property taxes increased from \$213,646 to \$226,729 for the fiscal year budget. This increase of \$13, 083 will be used to help defer the cost of adding a part-time police officer that is needed for the City's citizen protection.

**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 Lisa Munn, City Clerk, P.O. Box 507, New Sharon, Iowa, Iowa 50207.

## **Basic Financial Statements**

**City of New Sharon, Iowa**  
**Cash Basis Statement of Activities and Net Position**  
**As of and for the year ended June 30, 2014**

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 160,372	65,484	630	-	(94,258)	-	(94,258)
Public works	125,191	-	130,012	-	4,821	-	4,821
Culture and recreation	36,361	-	-	-	(36,361)	-	(36,361)
Community and economic development	6,921	-	-	-	(6,921)	-	(6,921)
General government	104,525	5,735	-	-	(98,790)	-	(98,790)
Total governmental activities	433,370	71,219	130,642	-	(231,509)	-	(231,509)
Business type activities:							
Water	266,361	219,169	-	-	-	(47,192)	(47,192)
Sewer	173,374	132,071	-	-	-	(41,303)	(41,303)
Prairie Village Trailer Park	3,817	16,410	-	-	-	12,593	12,593
Total business type activities	443,552	367,650	-	-	-	(75,902)	(75,902)
Total	\$ 876,922	438,869	130,642	-	(231,509)	(75,902)	(307,411)
<b>General Receipts and Transfers:</b>							
Property and other city tax levied for:							
General purposes					\$ 208,723	-	208,723
Local option sales tax					100,600	-	100,600
Other taxes					25,464	-	25,464
Unrestricted interest on investments					3,629	-	3,629
Miscellaneous					58,166	-	58,166
Equipment loan proceeds					-	110,550	110,550
Sale of capital assets					756	-	756
Total general receipts					397,338	110,550	507,888
Change in cash basis net position					165,829	34,648	200,477
Cash basis net position beginning of year					958,433	315,911	1,274,344
Cash basis net position end of year					\$ 1,124,262	350,559	1,474,821
<b>Cash Basis Net Position</b>							
Restricted:							
Non expendable:							
Permanent endowment fund					\$ 57,060	-	57,060
Expendable:							
Streets					130,677	-	130,677
Debt service					-	71,194	71,194
Other Purposes					600,298	-	600,298
Unrestricted					336,227	279,365	615,592
<b>Total cash basis net position</b>					\$ 1,124,262	350,559	1,474,821

See notes to financial statements.

**City of New Sharon, Iowa**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Governmental Funds**  
**As of and for the year ended June 30, 2014**

	Special Revenue				Total
	General	Road Use Tax	Local Option Sales Tax	Non-major	
<b>Receipts:</b>					
Property tax	\$ 208,723	-	-	-	208,723
Other city taxes	25,464	-	100,600	-	126,064
Licenses and permits	2,385	-	-	-	2,385
Use of money and property	4,549	-	2,072	341	6,962
Intergovernmental	65,319	130,012	-	-	195,331
Charges for service	17	-	-	80	97
Miscellaneous	29,433	-	29,528	-	58,961
Total receipts	335,890	130,012	132,200	421	598,523
<b>Disbursements:</b>					
Operating:					
Public safety	160,372	-	-	-	160,372
Public works	92,747	32,444	-	-	125,191
Culture and recreation	36,361	-	-	-	36,361
Community and economic development	-	-	6,921	-	6,921
General government	104,525	-	-	-	104,525
Total disbursements	394,005	32,444	6,921	-	433,370
Excess (deficiency) of receipts over (under) disbursements	(58,115)	97,568	125,279	421	165,153
<b>Other financing sources (uses):</b>					
Bond proceeds	-	-	-	-	-
Sale of capital assets	676	-	-	-	676
Operating transfers in (out)	-	-	-	-	-
Total other financing sources (uses)	676	-	-	-	676
Change in cash balances	(57,439)	97,568	125,279	421	165,829
Cash balances beginning of year	393,666	33,109	465,590	66,068	958,433
Cash balances end of year	\$ 336,227	130,677	590,869	66,489	1,124,262
<b>Cash Basis Fund Balances</b>					
Nonspendable- Permanent funds	\$ -	-	-	57,060	57,060
Restricted for:					
Streets	-	130,677	-	-	130,677
Other purposes	-	-	590,869	9,429	600,298
Unassigned	336,227	-	-	-	336,227
Total cash basis fund balances	\$ 336,227	130,677	590,869	66,489	1,124,262

See notes to financial statements.

Exhibit C

**City of New Sharon, Iowa**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Proprietary Funds**  
**As of and for the year ended June 30, 2014**

	Enterprise Funds			Total
	Water	Sewer	Prairie Village Trailer Park	
Operating receipts:				
Charges for service	\$ 178,793	132,071	16,410	327,274
Miscellaneous	40,376			40,376
Total operating receipts	219,169	132,071	16,410	367,650
Operating disbursements:				
Business type activities	184,971	134,906	3,817	323,694
Total operating disbursements	184,971	134,906	3,817	323,694
Excess (deficiency) of operating receipts over (under) operating disbursements	34,198	(2,835)	12,593	43,956
Non-operating receipts (disbursements):				
Interest on investments	-	-	-	-
Equipment loan proceeds	55,275	55,275	-	110,550
Debt service	(47,906)	(38,468)	-	(86,374)
Capital Projects	(33,484)	-	-	(33,484)
Total non-operating (disbursements)	(26,115)	16,807	-	(9,308)
Excess of receipts over disbursements	8,083	13,972	12,593	34,648
Change in cash balances	8,083	13,972	12,593	34,648
Cash balances beginning of year	39,556	276,355	-	315,911
Cash balances end of year	\$ 47,639	290,327	12,593	350,559
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ 19,156	52,038	-	71,194
Unrestricted	28,483	238,289	12,593	279,365
Total cash basis fund balances	\$ 47,639	290,327	12,593	350,559

See notes to financial statements.

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

The City of New Sharon is a political subdivision of the State of Iowa located in Mahaska County. It was first incorporated in 1856 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 and sewer utilities and the prairie village trailer park for its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members or appointed representatives to the following boards and commissions: Mahaska County Assessor's Conference Board, Mahaska County Joint E911 Service Board, Mahaska County Emergency Management Commission, Mahaska County Area Solid Waste Management Commission, and Area XV Regional Planning Commission.

B. Basis of Presentation

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

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

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's permanent Funds.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for recreation and economic development financed by local option sales tax.

The City reports the following major proprietary funds:

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

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

The Prairie Village Trailer Park fund accounts for rents collected and costs to maintain the City's trailer park.

C. Measurement Focus and Basis of Accounting

The City of New Sharon 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 programs disbursements are incurred, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from 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 are 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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the public safety and business type activities functions.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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 had the following investments:

Investments	Carrying Amount	Fair Value	Maturity
Certificate of Deposit	\$ 50,000	50,000	September 2014
Certificate of Deposit	20,000	20,000	September 2014
Certificate of Deposit	30,000	30,000	September 2014
Certificate of Deposit	30,000	30,000	September 2014
Certificate of Deposit	6,095	6,095	November 2014
Certificate of Deposit	15,000	15,000	November 2014
Certificate of Deposit	100,000	100,000	December 2014
Certificate of Deposit	50,000	50,000	January 2015
Certificate of Deposit	42,000	42,000	January 2015
Certificate of Deposit	5,000	5,000	January 2015
Certificate of Deposit	10,000	10,000	June 2015
Certificate of Deposit	30,906	30,906	December 2015
Certificate of Deposit	32,940	32,940	December 2015
Certificate of Deposit	26,000	26,000	December 2015
Certificate of Deposit	29,933	29,933	February 2018
Certificate of Deposit	20,075	20,075	March 2018
	<u>\$ 497,949</u>	<u>497,949</u>	

(3) **Revenue Notes and Loans Payable**

Annual debt service requirements to maturity for revenue notes and other loans are as follows:

Years ending June 30,	Revenue Notes		Vehicle/Equip. Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 47,000	18,262	28,191	4,237	75,191	22,499
2016	48,000	17,128	29,095	3,332	77,095	20,460
2017	49,000	15,962	30,028	2,399	79,028	18,361
2018	51,000	14,780	16,120	1,436	67,120	16,216
2019	53,000	13,550	16,606	950	69,606	14,500
2020-2024	210,000	49,003	21,464	482	231,464	49,485
2025-2029	182,000	22,770	-	-	182,000	22,770
2030	40,000	1,200	-	-	40,000	1,200
Total	<u>\$ 680,000</u>	<u>152,655</u>	<u>141,504</u>	<u>12,836</u>	<u>821,504</u>	<u>165,491</u>

#### Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements to repay the Water Revenue notes issued September 2009. Proceeds from the notes provided financing for the construction of water main improvements. The note is payable solely from water customer receipts and are payable through 2030. The total principal and interest remaining to be paid on the notes is \$649,160. For the current year, principal, interest and fees paid was \$41,323.

The City has pledged future sewer customer receipts, net specified operating disbursements, to repay \$388,000 of Sewer Revenue notes issued September 2001. Proceeds from the notes provided financing for the construction and improvement of the sewer treatment plant. The notes are payable solely from customer net receipts and are payable through 2021. Total principal and interest remaining to be paid on the notes is \$183,495. For the current year, principal interest and fees paid were \$24,456.

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

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to separate revenue note sinking account for the purpose of making the note principal and interest payments when due.
- c) The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the sewer utility so as to provide a balance of net revenues equal to at least 110% of the principal and interest on all the bonds due in each fiscal year.
- d) All funds remaining in the sewer rental account after the payment of all maintenance and operating expenses and required transfers shall be placed in a sewer revenue surplus account. This account is available for the purpose of paying note and interest payments which the other accounts might be unable to make. However, as long as the revenue note sinking account has been funded, the balance of the surplus may be made available as the City Council may direct. As such, this balance has been included with the sewer operating account.

#### Vehicle/Equipment Loans

The City purchased 2 vehicles and entered a loan agreement January 2013. The vehicles serve as security on the loan in case of default. The principal and interest payments for these vehicles are being paid 50% through the general fund and 50% through the sewer fund through 2017. The cost of the vehicle payments is reflected in the public safety function in the general fund. The total principal and interest remaining to be paid on the vehicle loan is \$44,616. For the current year, principal, interest and fees paid was \$14,857.19.

The City purchased a Caterpillar Loader and entered a lease agreement to buy the equipment July 2013. The equipment serves as security in case of default on the lease. The principal and interest payments for this equipment is being paid 50% through the sewer fund and 50% through the water fund through 2021. The loan received is reflected in equipment loan proceeds and the cost of the equipment in the business type activities disbursements in the current year. The total principal and interest remaining to be paid on the equipment loan is \$109,724. For the current year, principal, interest and fees paid was \$13,166.76.

#### **(4) Pension and Retirement Benefits**

The City of New Sharon 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 year ended June 30, 2014 was \$12,130, equal to the required contribution for the year.

Plan members covered under police IPERS are required to contribute 6.76% of their annual covered salary, and the City is required to contribute 10.14% of covered salary. The City's contributions to police IPERS for the year ended June 30, 2014 was \$4,140, equal to the required contribution for the year.

**(5) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 3 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$585 for single coverage and \$1,426 for family coverage. The City pays 100% of single coverage for eligible employees while actively working. The same monthly premiums apply to retirees. For the year ended June 30, 2014, the City contributed \$21,204 and plan members eligible for benefits contributed \$0 to the plan.

**(6) Compensated Absences**

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

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$15,427

This liability has been computed based on current rates of pay.

**(8) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$850 during the year ended June 30, 2014.

**(9) Risk Management**

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

**(10) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statements 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 New Sharon, Iowa**  
**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances**  
**Budget and Actual (Cash Basis)**  
**All Governmental Funds and Proprietary Funds**  
**Other Information**  
**Year ended June 30, 2014**

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
Receipts:						
Property tax	\$ 208,723	-	208,723	219,832	219,832	(11,109)
Other city tax	126,064	-	126,064	95,476	95,476	30,588
Licenses and permits	2,385	-	2,385	3,000	3,000	(615)
Use of money and property	6,962	-	6,962	45,700	45,700	(38,738)
Intergovernmental	195,331	-	195,331	184,000	224,374	(29,043)
Charges for services	97	327,274	327,371	295,000	320,127	7,244
Miscellaneous	59,637	40,376	100,013	250	250	99,763
Other financing sources	-	110,550	110,550	-	60,000	50,550
Total receipts	599,199	478,200	1,077,399	843,258	968,759	108,640
Disbursements:						
Public safety	160,372	-	160,372	157,402	157,402	(2,970)
Public works	125,191	-	125,191	139,000	139,000	13,809
Culture and Recreation	36,361	-	36,361	45,900	45,900	9,539
Community & Economic Development	6,921	-	6,921	75,700	10,700	3,779
General government	104,525	-	104,525	155,050	155,050	50,525
Business type activities	-	443,552	443,552	269,800	380,973	(62,579)
Total disbursements	433,370	443,552	876,922	842,852	889,025	12,103
Excess (deficiency) of receipts over (under) disbursements	165,829	34,648	200,477	406	79,734	120,743
Other financing sources, net	-	-	-	-	(60,000)	
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	165,829	34,648	200,477	406	19,734	
Balances beginning of year	958,433	315,911	1,274,344	1,101,299	1,274,344	
Balances end of year	\$ 1,124,262	350,559	1,474,821	1,101,705	1,294,078	

See accompanying independent auditor's report.

**City of New Sharon, Iowa**  
**Notes to Other Information - Budgetary Reporting**  
**June 30, 2014**

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

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

Formal and legal budgetary control for the certified budget is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budget disbursements by \$46,173. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in public safety and business type activities functions.

## Supplementary Information



**City of New Sharon, Iowa**  
**Schedule of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Non-Major Governmental Funds**  
**As of and for the year ended June 30, 2014**

	Permanent		Total
	Fleener	Perpetual	
Receipts:			
Use of money and property	\$ 250	91	341
Charges for service	-	80	80
Total receipts	250	171	421
Disbursements:			
Operating:			
Culture and recreation	-	-	-
Total disbursements	-	-	-
Excess of receipts over disbursements	250	171	421
Cash balances beginning of year	29,179	36,889	66,068
Cash balances end of year	\$ 29,429	37,060	66,489
<b>Cash Basis Fund Balances</b>			
Nonspendable:			
Cemetery perpetual care	\$ -	37,060	37,060
Permanent fund	20,000	-	20,000
Restricted for other purposes	9,429	-	9,429
Unassigned	-	-	-
Total cash basis fund balances	\$ 29,429	37,060	66,489

See accompanying independent auditor's report.

**City of New Sharon, Iowa**  
**Schedule of Indebtedness**  
**Year ended June 30, 2014**

Obligation	Date of Issue	Interest Rate	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
Revenue notes:									
Sewer	9/28/2001	1.75%	\$ 388,000	\$ 192,000	-	21,000	171,000	3,360	249
Water	9/23/2009	3.00%	600,000	533,000	-	24,000	509,000	15,990	1,273
Equipment loans:									
Vehicle loan	1/24/2013	3.42%	54,731	54,731	-	13,001	41,730	1,856	595
Equipment Lease	7/25/2013	3.00%	110,550	-	110,550	10,776	99,774	2,391	495
				<u>\$ 779,731</u>	<u>110,550</u>	<u>68,777</u>	<u>821,504</u>	<u>23,597</u>	<u>2,612</u>

See accompanying independent auditor's report.

## Schedule 3

**City of New Sharon, Iowa**  
**Note and Loan Maturities**  
**Year ended June 30, 2014**

Year Ending June 30,	Revenue Notes							
	Water SRF Issued 9-23-2009			Sewer Issued 9-28-2001			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2015	3.00%	\$ 25,000	15,270	1.75%	\$ 22,000	2,992	\$ 47,000	18,262
2016	3.00%	26,000	14,520	1.75%	22,000	2,608	48,000	17,128
2017	3.00%	26,000	13,740	1.75%	23,000	2,222	49,000	15,962
2018	3.00%	27,000	12,960	1.75%	24,000	1,820	51,000	14,780
2019	3.00%	28,000	12,150	1.75%	25,000	1,400	53,000	13,550
2020	3.00%	29,000	11,310	1.75%	27,000	963	56,000	12,273
2021	3.00%	30,000	10,440	1.75%	28,000	490	58,000	10,930
2022	3.00%	31,000	9,540				31,000	9,540
2023	3.00%	32,000	8,610				32,000	8,610
2024	3.00%	33,000	7,650				33,000	7,650
2025	3.00%	34,000	6,660				34,000	6,660
2026	3.00%	35,000	5,640				35,000	5,640
2027	3.00%	36,000	4,590				36,000	4,590
2028	3.00%	38,000	3,510				38,000	3,510
2029	3.00%	39,000	2,370				39,000	2,370
2030	3.00%	40,000	1,200				40,000	1,200
		<u>\$ 509,000</u>	<u>140,160</u>		<u>\$ 171,000</u>	<u>12,495</u>	<u>\$ 680,000</u>	<u>152,655</u>

Year Ending June 30,	Equipment Loans							
	Equipment Lease Issued 7-25-2013			Vehicle loan Issued 1-24-2013			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2015	2.98%	\$ 14,746	2,810	3.42%	\$ 13,445	1,427	\$ 28,191	4,237
2016	2.98%	15,190	2,365	3.42%	13,905	967	29,095	3,332
2017	2.98%	15,648	1,907	3.42%	14,380	492	30,028	2,399
2018	2.98%	16,120	1,436				16,120	1,436
2019	2.98%	16,606	950				16,606	950
2020	2.98%	17,106	450				17,106	450
2021	2.98%	4,358	32				4,358	32
		<u>\$ 99,774</u>	<u>9,950</u>		<u>\$ 41,730</u>	<u>2,886</u>	<u>\$ 141,504</u>	<u>12,836</u>

See accompanying independent auditor's report.

**City of New Sharon, Iowa**



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Honorable Mayor and Members of the City Council  
City of New Sharon  
New Sharon, Iowa

We 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 the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of New Sharon 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 our report thereon dated September 5, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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 City of New Sharon's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Sharon's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

#### City of New Sharon's Responses to Findings

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Audit Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

February 26, 2015

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

**INTERNAL CONTROL DEFICIENCY:**

- (A) 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. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Response - We will consider this.

Conclusion - Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

- (1) Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the budget in the public safety and business type functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered under an annual or continuing appropriation.

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

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

Conclusion - Response accepted.

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

- (3) Travel Expense - No disbursements of City of New Sharon money for travel expenses of spouses of City officials or employees were noted.

- (4) Business Transactions

Business transactions between the City and City officials or employees for the year ended June 30, 2014 are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Sherrill's Backhoe Service Owned by Gary Strobel's wife	Backhoe Work, repairs	\$850

The transactions do not appear to be a conflict of interest since the total was in accordance with Chapter 362.5(10) of the Code of Iowa and was less than \$1,500 during the fiscal year.

- (5) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

**City of New Sharon, Iowa**  
**Schedule of Findings**  
**Year Ended June 30, 2014**

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- (6) City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) 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.
- (8) Revenue Bonds and Notes - The City of New Sharon has established proper accounts as required by the City revenue note resolution.