

City of Maquoketa, Iowa

Financial Report
June 30, 2015

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City of Maquoketa, Iowa

List of Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 1, 2015)		
Don Schwenker	Mayor	January 1, 2016
Cory Simonson	Council Member	January 1, 2018
Amy Moore	Council Member	January 1, 2018
Eric Pape	Council Member	January 1, 2016
Jerry Bowen	Council Member	January 1, 2016
Josh Collister	Council Member	January 1, 2018
Troy Thede	Council Member	January 1, 2016
Ed Turney	Council Member	January 1, 2016
Brian Wagner	City Manager	Indefinite
Judy Carr	Deputy City Clerk	Indefinite
Diane Frandsen	City Treasurer	Indefinite
Lynch Dallas	City Attorney	August 1, 2015
(After January 1, 2015)		
Don Schwenker	Mayor	January 1, 2016
Cory Simonson	Council Member	January 1, 2018
Amy Moore	Council Member	January 1, 2018
Eric Pape	Council Member	January 1, 2016
Jerry Bowen	Council Member	January 1, 2016
Josh Collister	Council Member	January 1, 2018
Troy Thede	Council Member	January 1, 2016
Ed Turney	Council Member	January 1, 2016
Brian Wagner	City Manager	Indefinite
Judy Carr	Deputy City Clerk	Indefinite
Diane Frandsen	City Treasurer	Indefinite
Lynch Dallas	City Attorney	August 1, 2018



Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Maquoketa, Iowa (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Maquoketa, Iowa, as of June 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information

The basis of cash receipts and cash disbursements requires that the budgetary comparison information on pages 30 – 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
November 10, 2015

City of Maquoketa, Iowa

Statement of Net Position - Cash Basis
June 30, 2015

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
Assets:				
Cash	\$ 4,503,223	\$ 1,935,101	\$ 6,438,324	\$ 4,952,717
Investments	1,968,431	-	1,968,431	-
Total assets	\$ 6,471,654	\$ 1,935,101	\$ 8,406,755	\$ 4,952,717
Net Position:				
Restricted:				
Streets	\$ 580,009	\$ -	\$ 580,009	\$ -
Urban renewal purposes	35,254	-	35,254	-
Debt service	299,842	346,097	645,939	-
Library	2,032,138	-	2,032,138	-
Economic development	350,466	-	350,466	-
Employee benefits	234,602	-	234,602	-
Police	4,359	-	4,359	-
Unrestricted	2,934,984	1,589,004	4,523,988	4,952,717
Total net position	\$ 6,471,654	\$ 1,935,101	\$ 8,406,755	\$ 4,952,717

See Notes to Financial Statements.

City of Maquoketa, Iowa

**Statement of Activities - Cash Basis
Year Ended June 30, 2015**

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary government:				
Governmental activities:				
Public safety	\$ 1,580,666	\$ 75,921	\$ 313,463	\$ 9,083
Public works	1,353,937	186,832	655,396	29,111
Culture and recreation	1,104,139	423,835	190,847	-
Community and economic development	911,372	-	-	-
General government	601,385	21,491	3,749	-
Debt service	722,209	-	-	-
Capital projects	96,553	-	-	-
Total governmental activities	6,370,261	708,079	1,163,455	38,194
Business-type activities:				
Water utility	523,936	692,053	-	-
Wastewater treatment	820,433	918,244	-	-
Storm water	4,266	122,454	-	-
Total business-type activities	1,348,635	1,732,751	-	-
Total primary government	\$ 7,718,896	\$ 2,440,830	\$ 1,163,455	\$ 38,194
Discretely presented component unit:				
Maquoketa Municipal Electric Utility	\$ 8,431,505	\$ 8,694,557	\$ 372,686	\$ -
General receipts:				
Property tax levied for:				
General purposes				
Insurance				
Employee benefits				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel tax				
Franchise tax				
Unrestricted interest on investments				
Miscellaneous				
Sale of capital assets				
Transfers in (out)				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position, beginning of year				
Cash basis net position, end of year				

See Notes to Financial Statements.

Net (Disbursements) Receipts and Change in Cash Basis Net Position			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (1,182,199)	\$ -	\$ (1,182,199)	\$ -
(482,598)	-	(482,598)	-
(489,457)	-	(489,457)	-
(911,372)	-	(911,372)	-
(576,145)	-	(576,145)	-
(722,209)	-	(722,209)	-
(96,553)	-	(96,553)	-
(4,460,533)	-	(4,460,533)	-
-	168,117	168,117	-
-	97,811	97,811	-
-	118,188	118,188	-
-	384,116	384,116	-
(4,460,533)	384,116	(4,076,417)	-
-	-	-	635,738
1,501,014	-	1,501,014	-
84,880	-	84,880	-
666,679	-	666,679	-
168,952	-	168,952	-
1,144,525	-	1,144,525	-
399,173	133,058	532,231	-
68,561	-	68,561	-
219,019	-	219,019	-
5,431	2,492	7,923	47,158
377,522	8,617	386,139	118,631
30,331	733	31,064	-
379,354	(379,354)	-	-
5,045,441	(234,454)	4,810,987	165,789
584,908	149,662	734,570	801,527
5,886,746	1,785,439	7,672,185	4,151,190
\$ 6,471,654	\$ 1,935,101	\$ 8,406,755	\$ 4,952,717

City of Maquoketa, Iowa

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
Governmental Funds
Year Ended June 30, 2015**

	General	Capital Projects
Receipts:		
Property tax	\$ 1,585,894	\$ -
Tax increment financing collections	-	-
Other city taxes	686,753	-
Licenses and permits	17,109	-
Use of money and property	63,591	2,132
Intergovernmental	348,240	-
Charges for service	690,814	-
Fines and fees	5,811	-
Miscellaneous	296,725	-
Total receipts	3,694,937	2,132
Disbursements:		
Operating:		
Public safety	1,343,339	-
Public works	764,707	-
Culture and recreation	792,537	-
Community and economic development	98,748	-
General government	539,904	-
Debt service:		
Principal	-	7,390
Interest and other charges	-	-
Capital projects	120	49,291
Total disbursements	3,539,355	56,681
Excess (deficiency) of receipts over disbursements	155,582	(54,549)
Other financing sources (uses):		
Interfund loans	(8,000)	146,879
Sale of capital assets	30,170	-
Transfers in	279,079	321,686
Transfers out	(290,151)	(75,000)
Total other financing sources (uses)	11,098	393,565
Net change in cash balances	166,680	339,016
Cash and investment balances, beginning of year	1,249,226	966,835
Cash and investment balances, end of year	\$ 1,415,906	\$ 1,305,851

(Continued)

Library	Special Revenue			Debt Service	Other Nonmajor Governmental Funds	Total
	Urban Renewal Tax Increment	Road Use Tax	Employee Benefits			
\$ -	\$ -	\$ -	\$ 666,679	\$ 168,952	\$ -	\$ 2,421,525
-	1,144,525	-	-	-	-	1,144,525
-	-	-	-	-	-	686,753
-	-	-	-	-	-	17,109
151,874	977	-	-	-	423	218,997
27,581	-	667,668	-	-	-	1,043,489
156	-	-	-	-	-	690,970
7,050	-	-	-	-	-	12,861
11,645	-	-	-	-	788	309,158
198,306	1,145,502	667,668	666,679	168,952	1,211	6,545,387
-	-	-	240,759	-	824	1,584,922
-	-	459,389	131,185	-	-	1,355,281
247,958	-	-	64,988	-	-	1,105,483
-	811,787	-	-	-	837	911,372
-	-	-	63,048	-	-	602,952
-	-	-	-	599,079	-	606,469
-	-	-	-	115,740	-	115,740
-	-	5,302	-	-	41,840	96,553
247,958	811,787	464,691	499,980	714,819	43,501	6,378,772
(49,652)	333,715	202,977	166,699	(545,867)	(42,290)	166,615
-	-	(138,879)	-	-	-	-
161	-	-	-	-	-	30,331
90,938	-	213,879	-	549,574	241,840	1,696,996
(42,440)	(474,879)	(314,052)	(121,120)	-	-	(1,317,642)
48,659	(474,879)	(239,052)	(121,120)	549,574	241,840	409,685
(993)	(141,164)	(36,075)	45,579	3,707	199,550	576,300
2,033,131	176,418	616,084	189,023	296,135	255,833	5,782,685
\$ 2,032,138	\$ 35,254	\$ 580,009	\$ 234,602	\$ 299,842	\$ 455,383	\$ 6,358,985

City of Maquoketa, Iowa

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
Governmental Funds (Continued)
Year Ended June 30, 2015**

	General	Capital Projects
Assets:		
Cash	\$ 1,415,906	\$ 1,305,851
Investments	-	-
	<u>\$ 1,415,906</u>	<u>\$ 1,305,851</u>
Cash basis fund balances:		
Restricted:		
Debt service	\$ -	\$ -
Urban renewal purposes	-	-
Streets	-	-
Library	-	-
Economic development	-	-
Employee benefits	-	-
Police	-	-
Assigned for capital projects	-	1,305,851
Unassigned	1,415,906	-
Total cash basis fund balances	<u>\$ 1,415,906</u>	<u>\$ 1,305,851</u>

See Notes to Financial Statements

Special Revenue					Debt Service	Other Nonmajor Governmental Funds	Total
Library	Urban Renewal Tax Increment	Road Use Tax	Employee Benefits				
\$ 63,707	\$ 35,254	\$ 580,009	\$ 234,602	\$ 299,842	\$ 455,383	\$ 4,390,554	
1,968,431	-	-	-	-	-	1,968,431	
<u>\$ 2,032,138</u>	<u>\$ 35,254</u>	<u>\$ 580,009</u>	<u>\$ 234,602</u>	<u>\$ 299,842</u>	<u>\$ 455,383</u>	<u>\$ 6,358,985</u>	
\$ -	\$ -	\$ -	\$ -	\$ 299,842	\$ -	\$ 299,842	
-	35,254	-	-	-	-	35,254	
-	-	580,009	-	-	-	580,009	
2,032,138	-	-	-	-	-	2,032,138	
-	-	-	-	-	350,466	350,466	
-	-	-	234,602	-	-	234,602	
-	-	-	-	-	4,359	4,359	
-	-	-	-	-	101,395	1,407,246	
-	-	-	-	-	(837)	1,415,069	
<u>\$ 2,032,138</u>	<u>\$ 35,254</u>	<u>\$ 580,009</u>	<u>\$ 234,602</u>	<u>\$ 299,842</u>	<u>\$ 455,383</u>	<u>\$ 6,358,985</u>	

City of Maquoketa, Iowa

Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in
Cash Balances - Governmental Funds to the Statement of Activities and Net Position - Cash Basis
Year Ended June 30, 2015

Total governmental funds cash balance \$ 6,358,985

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

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

Cash basis net position of governmental activities

112,669
\$ 6,471,654

Net change in cash balances

\$ 576,300

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

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

Change in cash basis net position of governmental activities

8,608
\$ 584,908

City of Maquoketa, Iowa

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
Proprietary Funds
Year Ended June 30, 2015**

	Enterprise Funds	
	Water Utility	Wastewater Treatment
Operating receipts:		
Charges for service	\$ 692,053	\$ 918,244
Miscellaneous	8,021	500
Total operating receipts	700,074	918,744
Operating disbursements:		
Contractual services	143,865	530,700
Commodities	105,525	13,155
Repair, maintenance and utilities	180,051	142,247
Capital items	94,495	18,417
Total operating disbursements	523,936	704,519
Excess of operating receipts over operating disbursements	176,138	214,225
Nonoperating receipts (disbursements):		
Debt service:		
Principal	-	(83,000)
Interest and other charges	-	(32,914)
Other city taxes	-	133,058
Use of money and property	1,238	1,254
Total nonoperating receipts (disbursements)	1,238	18,398
Excess of receipts over disbursements before transfers	177,376	232,623
Sale of capital assets	733	-
Transfers out	(249,112)	(130,242)
	(248,379)	(130,242)
Net change in cash balances	(71,003)	102,381
Cash balances, beginning of year	633,158	773,328
Cash balances, end of year	\$ 562,155	\$ 875,709
Cash basis net position:		
Restricted for debt service	\$ 79,259	\$ 266,838
Unrestricted	482,896	608,871
Total cash basis net position	\$ 562,155	\$ 875,709

See Notes to Financial Statements.

Enterprise Funds		Internal Service Fund	
Storm Water	Total	Employee Health	
\$ 122,454	\$ 1,732,751	\$ 376,710	
96	8,617	-	
122,550	1,741,368	376,710	
1,671	676,236	228,305	
-	118,680	139,894	
-	322,298	-	
2,595	115,507	-	
4,266	1,232,721	368,199	
118,284	508,647	8,511	
-	(83,000)	-	
-	(32,914)	-	
-	133,058	-	
-	2,492	97	
-	19,636	97	
118,284	528,283	8,608	
-	733	-	
-	(379,354)	-	
-	(378,621)	-	
118,284	149,662	8,608	
378,953	1,785,439	104,061	
\$ 497,237	\$ 1,935,101	\$ 112,669	
\$ -	\$ 346,097	\$ -	
497,237	1,589,004	112,669	
\$ 497,237	\$ 1,935,101	\$ 112,669	

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
Fiduciary Funds - Restricted for Pension Benefits
Year Ended June 30, 2015

	Police Retirement System
Additions:	
Investment earnings:	
Net decrease in fair value of investments	\$ (51)
Interest	33
Total additions	<u>(18)</u>
Deductions, benefits	<u>70,399</u>
Net change in cash balances	(70,417)
Cash and investment balances, beginning of year, restricted for pension benefits	94,092
Cash balances, end of year	<u><u>\$ 23,675</u></u>

See Notes to Financial Statements.

City of Maquoketa, Iowa

Notes to Financial Statements

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

Nature of operations:

The City of Maquoketa (the City) is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1837 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, public improvements and general administrative services. The City also provides water and sewer utilities for its citizens.

Reporting entity:

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

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

Blended component unit:

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

Discretely presented component unit:

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

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

City of Maquoketa, Iowa

Notes to Financial Statements

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

Jointly governed organizations:

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

Basis of presentation:

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

Net position is reported in the following categories:

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Restricted net position due to enabling legislation consists of \$580,009 for streets, \$35,254 for urban renewal purposes, \$234,602 for employee benefits and \$4,359 for police.

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

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

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

City of Maquoketa, Iowa

Notes to Financial Statements

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

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

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

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

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

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

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

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.

Employee Benefits Fund accounts for property taxes levied for FICA, IPERS and other employee benefits.

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

The other governmental funds of the City are considered nonmajor.

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

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

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

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

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

City of Maquoketa, Iowa

Notes to Financial Statements

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

The City also reports the following additional proprietary fund:

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

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

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

Measurement focus and basis of accounting:

The City maintains its financial records and these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items.

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

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

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

Significant accounting policies:

The significant accounting policies of the City are as follows:

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

Investments: Investments are reported at cost or amortized value.

Property taxes: Property tax receipts are based on January 1, 2013 assessed property valuations and reflects the tax asking contained in the budget certified in March 2014.

City of Maquoketa, Iowa

Notes to Financial Statements

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

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

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

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

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

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

Note 2. Cash and Pooled Investments

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

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

The City's deposits in banks as of June 30, 2015, were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. In addition, the City's and Corporation's investments were held by a custodian in the name of the City or Corporation and not exposed to custodial credit risk.

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

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

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

City of Maquoketa, Iowa

Notes to Financial Statements

Note 2. Cash and Pooled Investments (Continued)

At June 30, 2015, the City's investments had specific maturities and credit ratings as follows:

Type	Carrying Value	Fair Value	Maturity	Standard and Poor's Credit Rating	Concentration of Credit
Mutual funds	\$ 663,913	\$ 701,073	NA	N/A	N/A
Stocks	744,319	953,293	NA	N/A	N/A
Municipal bonds	26,815	28,065	06/01/2022	AA	1%
Corporate bonds:					
General Electric Cap. Corp.	30,000	31,630	07/15/2018	AA+	
General Electric Cap. Corp.	10,287	10,326	11/15/2020	AA+	
	<u>40,287</u>	<u>41,956</u>			2%
Aflac, Inc.	15,319	14,482	03/17/2025	A	1%
Ameriprise Financial	46,467	45,987	10/15/2024	A	2%
Archer Daniels Midland Co.	20,337	22,062	03/01/2021	A	1%
Berkshire Hathaway Fin Corp	25,311	27,303	01/15/2021	AA	1%
Blackrock, Inc.	34,248	37,156	05/24/2021	AA-	2%
Conoco Phillips	32,973	38,619	05/15/2018	A	2%
Diamond Offshore Drilling, Inc.	25,254	23,641	11/01/2023	BBB+	1%
Mid American Energy Co.	38,996	43,634	07/15/2017	A	2%
National Rural Utils Corp. Fin.	20,000	21,029	03/15/2020	A	1%
Walgreen Co.	14,085	15,351	01/15/2019	BBB	1%
Goldman Sachs Group, Inc.	25,000	25,841	08/15/2021	A-	
Goldman Sachs Group, Inc.	20,506	20,282	09/15/2021	A-	
	<u>45,506</u>	<u>46,123</u>			2%
Verizon Communications, Inc.	<u>20,246</u>	<u>20,276</u>	11/01/2021	BBB+	1%
AT&T, Inc.	19,871	22,361	02/15/2019	BBB+	
AT&T, Inc.	10,130	10,737	02/15/2022	BBB+	
	<u>30,001</u>	<u>33,098</u>			1%
Wells Fargo and Co.	40,547	41,088	03/08/2022	A+	
Wells Fargo and Co.	9,470	9,946	02/13/2023	A	
	<u>50,017</u>	<u>51,034</u>			2%
JP Morgan Chase & Co.	29,070	31,966	03/25/2020	A	
JP Morgan Chase & Co.	20,207	19,870	09/23/2022	A	
	<u>49,277</u>	<u>51,836</u>			2%
Metlife Inc.	25,060	24,730	12/15/2022	A-	1%
	<u>\$ 1,968,431</u>	<u>\$ 2,240,748</u>			

City of Maquoketa, Iowa

Notes to Financial Statements

Note 3. Bonds and Notes Payable

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

Year Ending June 30:	General Obligation Capital Loan Notes		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2016	\$ 125,000	\$ 38,937	\$ 18,197	\$ 92
2017	125,000	33,375	6,189	-
2018	125,000	27,812	-	-
2019	125,000	22,250	-	-
2020	125,000	16,688	-	-
2021-2024	250,000	16,688	-	-
	<u>\$ 875,000</u>	<u>\$ 155,750</u>	<u>\$ 24,386</u>	<u>\$ 92</u>

Year Ending June 30:	Loan Payable	
	Principal	Interest
2016	\$ 25,205	\$ -
2017	25,205	-
2018	25,205	-
2019	25,205	-
2020	25,205	-
2021-2024	60,908	-
	<u>\$ 186,933</u>	<u>\$ -</u>

Year Ending June 30:	Revenue Bonds and Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest
2016	\$ 232,000	\$ 82,726	\$ 400,402	\$ 121,755
2017	347,000	76,060	503,394	109,435
2018	358,000	68,250	508,205	96,062
2019	369,000	60,189	519,205	82,439
2020	381,000	51,900	531,205	68,588
2021-2025	1,590,000	134,203	1,900,908	150,891
2026-2030	333,000	20,490	333,000	20,490
2031-2033	87,000	3,081	87,000	3,081
	<u>\$ 3,697,000</u>	<u>\$ 496,899</u>	<u>\$ 4,783,319</u>	<u>\$ 652,741</u>

City of Maquoketa, Iowa

Notes to Financial Statements

Note 3. Bonds and Notes Payable (Continued)

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

In November 2012, the City entered into a loan payable with WPPI Energy for \$252,046. The loan bears no interest and is repaid in monthly installments of \$2,100 commencing in December 2012. The final payment is due in November 2022.

The water and sewer revenue bonds and capital loan notes require that monies be deposited into various restricted reserve accounts and that these deposits be used only for the payment of principal and interest on the related bonds when due or for other purposes as set forth in the bond agreement. The deposits in these restricted reserve accounts total \$346,097 as of June 30, 2015.

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

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2.5 million in water system revenue bonds issued May, 2002 with the Iowa Financing Authority. Proceeds from the bonds were used to finance a portion of the costs of construction of the Wastewater Treatment System. The bonds are payable solely from sewer customer net receipts and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,722,401. Principal and interest paid for the current year and total customer net receipts were \$111,709 and \$366,954, respectively.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$2.5 million in water system revenue bonds issued June, 2005 with the Iowa Financing Authority. Proceeds from the bonds were used to finance construction activities approved by the department and being undertaken with respect to the operation or infrastructure of the Water System for the purpose of providing safe drinking water to the customers. The bonds are payable solely from water customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,824,170. Principal and interest paid for the current year and total customer net receipts were \$166,390 and \$277,318, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$138,000 in sewer system revenue capital loan notes issued February, 2010 with the Iowa Financing Authority. Proceeds from the bonds were used to finance construction activities approved by the department and being undertaken with respect to the Wastewater Treatment System. The bonds are payable solely from sewer customer net receipts and are payable through 2030. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$117,000. Principal and interest paid for the current year and total customer net receipts were \$7,940 and \$366,954, respectively.

The City has pledged future water customer receipts, net of specified operating expenses, to repay \$492,000 in water system revenue bonds issued May, 2013 with the Iowa Financing Authority. Proceeds from the bonds were used to finance the acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping of the municipal water utility. The bonds are payable solely from water customer net receipts and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$530,328. Principal and interest paid for the current year and total customer net receipts were \$28,431 and \$277,318, respectively.

City of Maquoketa, Iowa

Notes to Financial Statements

Note 3. Bonds and Notes Payable (Continued)

The 2014 equalized valuation of taxable property of the City, as certified by Jackson County, Iowa, is \$307,874,145. The legal debt limit as of June 30, 2015, in accordance with the Iowa Constitution Article XI.3 is as follows:

Debt limit (5% of \$306,251,860)		\$ 15,312,593
Debt applicable to debt limit:		
General obligation notes	\$ 875,000	
Capital lease obligations	24,386	
Loan payable	186,933	1,086,319
Legal debt margin		<u><u>\$ 14,226,274</u></u>

Note 4. Interfund Loans

During the year ended June 30, 2013, the Capital Improvements General Fund loaned \$250,000 to the Road Use Tax Fund to resurface 17th Street, which bears interest at 5.0 percent per annum. The loan will be repaid through annual Tax-Increment Financing claims from the territory. As of June 30, 2015, the Road Use Tax Fund made payments of \$138,879. The outstanding balance of the loan is \$143,309 as of June 30, 2015.

Note 5. Pension and Retirement Benefits

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

Most regular Plan members are required to contribute 5.95 percent of their annual salary, and the City is required to contribute 8.93 percent of covered salary, except for police employees, in which case the percentages are 6.76 percent and 10.14 percent, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2015, 2014 and 2013, were \$89,964, \$89,964 and \$84,591, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.40 percent of their earnable compensation, and the City's contribution rate, based on an actuarially determined normal contribution rate, cannot be less than 17 percent of earnable compensation. For the year ended June 30, 2015, the City's contribution rate was 30.41 percent. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2015, 2014 and 2013, were \$173,405, \$167,759 and \$142,395, respectively, which met or exceeded the requirement minimum contribution for each year. The employer and employee portions of the contribution to the Plan are paid from the Police Retirement System fund, a fiduciary fund.

City of Maquoketa, Iowa

Notes to Financial Statements

Note 6. Other Postemployment Benefits (OPEB)

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

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

Funding policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$535 for single coverage and \$1,341 for family coverage. The same monthly premiums apply to retirees, and the retiree is responsible for the entire premium. For the year ended June 30, 2015, the City contributed \$4,648 and plan members eligible for benefits contributed none to the plan. The City has one retired employee who qualifies as disabled under the Chapter 411 Plan. The City is required to pay for all medical conditions related to his health condition including health insurance premiums and medication. Therefore, the contributions noted above relate to this disabled retiree.

Note 7. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2015 is as follows:

Type of Benefit	Amount
Vacation	\$ 93,208
Sick leave	52,527
Total	\$ 145,735

Sick leave is accumulated and paid out upon separation from the City's employment only to employees hired before July 1, 1990. If sick leave is paid upon termination, retirement or death, the total accumulated hours are paid at one-half of the then effective hourly rate for that employee. This liability has been computed based on rates of pay as of June 30, 2015.

Generally these liabilities will be liquidated by the General Fund.

City of Maquoketa, Iowa

Notes to Financial Statements

Note 8. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015, is as follows:

Transfer To	Transfer From	Amount
General	Special revenue:	
	Library	\$ 600
	Road use tax	50,600
	Employee benefits, nonmajor fund	121,120
	Enterprise:	
	Water utility	48,102
	Wastewater treatment	58,657
		<u>279,079</u>
Library, special revenue fund	General	<u>90,938</u>
General CIP, capital project fund	General	174,008
	Special revenue, road use tax	147,678
		<u>321,686</u>
Road use tax, special revenue fund	Special revenue:	
	Capital projects	75,000
	Urban renewal tax increment	138,879
		<u>213,879</u>
Debt service	General	25,205
	Special revenue:	
	Road use tax	115,774
	Urban renewal tax increment	136,000
	Enterprise:	
	Water utility	201,010
	Wastewater treatment	71,585
		<u>549,574</u>
Library, nonmajor capital projects fund	Library, special revenue fund	<u>41,840</u>
Economic development revolving, nonmajor special revenue fund	Urban renewal tax increment	200,000
		<u>\$ 1,696,996</u>

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

City of Maquoketa, Iowa

Notes to Financial Statements

Note 9. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Note 10. Commitments

The City has entered into various construction contracts totaling approximately \$1,186,000. The unpaid contract balances as of June 30, 2015, totaled approximately \$584,000, which will be paid as work on the projects progress.

Note 11. Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental tax paid by the developer in exchange for the construction of buildings and certain infrastructure improvements by the developers. Certain agreements also require the developer to certify specific employment requirements are met. Obligations under the agreement are subject to annual appropriation by the City Council. The total paid by the City under the agreements during the year ended June 30, 2015 was \$1,007,179. The City's obligation under these agreements for the fiscal year 2016 will not exceed \$80,665.

Note 12. Lease Agreements

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

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

City of Maquoketa, Iowa

Notes to Financial Statements

Note 13. General Fund Cash Balance

As of June 30, 2015 the ending cash balance for the General Fund was \$1,415,906. Several subfunds comprise this balance and are as follows:

Fund Name	Fund Number	Balance
General	001	\$ 1,062,804
YMCA operating account	002	16,254
Rehab	014	11,532
Insurance reserve	019	181,461
Historic preservation	067	5,092
Historic preservation	069	5,716
Airport	660	132,047
Local option sales tax	121	1,000
Total		\$ 1,415,906

Note 14. Scott County Family YMCA Agreement

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

Subsequent to year-end on October 1, 2015, the City and the YMCA renewed the agreement for an additional term of five years, with an option to extend the agreement for an additional five years at the option of the YMCA.

Note 15. Conduit Debt Obligations

The City issued Industrial Revenue Bonds in the current year to provide financial assistance to a private-sector entity for the acquisition, rehabilitation, and/or improvement of several multi-family rental housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the rental payments received on the properties. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bond principal and interest do not constitute liabilities nor cash receipts or cash disbursements of the City.

As of June 30, 2015, the Industrial Revenue Bonds outstanding had an aggregate principal amount payable of \$16,960,000.

City of Maquoketa, Iowa

Notes to Financial Statements

Note 16. Governmental Accounting Standards Board (GASB) Pending Pronouncements

As of June 30, 2015, the GASB had issued statements not yet implemented by the City. The Statements which might impact the City are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City, with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

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

Required Supplementary Information

City of Maquoketa, Iowa

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Cash Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year Ended June 30, 2015**

	Governmental Funds Actual	Enterprise Funds Actual
Receipts:		
Property tax	\$ 2,421,525	\$ -
Tax increment financing collections	1,144,525	-
Other city taxes	686,753	133,058
Licenses and permits	17,109	-
Use of money and property	218,997	2,492
Intergovernmental	1,043,489	-
Charges for services	690,970	1,732,751
Miscellaneous	322,019	8,617
Total receipts	6,545,387	1,876,918
Disbursements:		
Public safety	1,584,922	-
Public works	1,355,281	-
Culture and recreation	1,105,483	-
Community and economic development	911,372	-
General government	602,952	-
Debt service	722,209	-
Capital projects	96,553	-
Enterprise funds	-	1,348,635
Total disbursements	6,378,772	1,348,635
Excess (deficiency) of receipts over disbursements	166,615	528,283
Other financing sources, net	409,685	(378,621)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	576,300	149,662
Cash balances, beginning of year	5,782,685	1,785,439
Cash balances, end of year	\$ 6,358,985	\$ 1,935,101

See Note to Required Supplementary Information.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,421,525	\$ 2,330,097	\$ 2,330,097	\$ 91,428
	1,144,525	1,162,200	1,220,200	(75,675)
	819,811	775,758	827,759	(7,948)
	17,109	11,926	19,126	(2,017)
	221,489	285,965	275,200	(53,711)
	1,043,489	2,120,246	989,249	54,240
	2,423,721	2,060,731	2,062,531	361,190
	330,636	939,873	1,532,374	(1,201,738)
	8,422,305	9,686,796	9,256,536	(834,231)
	1,584,922	1,333,327	1,659,452	74,530
	1,355,281	2,548,867	2,028,977	673,696
	1,105,483	1,463,986	1,566,101	460,618
	911,372	207,120	1,137,848	226,476
	602,952	528,408	585,070	(17,882)
	722,209	1,510,194	719,074	(3,135)
	96,553	182,344	230,270	133,717
	1,348,635	1,951,383	1,952,683	604,048
	7,727,407	9,725,629	9,879,475	2,152,068
	694,898	(38,833)	(622,939)	1,317,837
	31,064	-	29,470	1,594
	725,962	(38,833)	(593,469)	1,319,431
	7,568,124	4,855,173	4,855,173	2,712,951
\$	8,294,086	\$ 4,816,340	\$ 4,261,704	\$ 4,032,382

City of Maquoketa, Iowa

Note to Required Supplementary Information – Budgetary Reporting

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and enterprise. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted revenues by \$430,260 and increased budgeted disbursements by \$153,846. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in general government and the debt service functions.

Supplementary Information

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
 Nonmajor Governmental Funds
 Year Ended June 30, 2015

	Special Revenue	
	GREAT	Bi-Centennial
Receipts:		
Use of money and property	\$ -	\$ 47
Miscellaneous	-	-
Total receipts	-	47
Disbursements:		
Operating:		
Public safety	-	-
Community and economic development	-	-
Capital projects	-	-
Total disbursements	-	-
Excess (deficiency) of receipts over disbursements	-	47
Other financing sources, transfers in	-	-
Net change in cash balances	-	47
Cash balances, beginning of year	153	1,783
Cash balances, end of year	\$ 153	\$ 1,830
Cash basis fund balances:		
Restricted:		
Economic development	\$ -	\$ 1,830
Police	153	-
Assigned for capital projects	-	-
Unassigned	-	-
Total cash basis fund balance	\$ 153	\$ 1,830

(Continued)

Special Revenue		
Economic Development Revolving	Housing Assistance Program	Police Forfeiture
\$ 313	\$ -	\$ 7
-	-	788
313	-	795
-	-	824
-	837	-
-	-	-
-	837	824
313	(837)	(29)
200,000	-	-
200,313	(837)	(29)
148,323	-	4,235
\$ 348,636	\$ (837)	\$ 4,206
\$ 348,636	\$ -	\$ -
-	-	4,206
-	-	-
-	(837)	-
\$ 348,636	\$ (837)	\$ 4,206

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
 Nonmajor Governmental Funds (Continued)
 Year Ended June 30, 2015

	Capital Projects	
	ARC	Industrial Park
Receipts:		
Use of money and property	\$ -	\$ -
Miscellaneous	-	-
Total receipts	-	-
Disbursements:		
Operating:		
Public safety	-	-
Community and economic development	-	-
Capital projects	-	-
Total disbursements	-	-
Excess (deficiency) of receipts over disbursements	-	-
Other financing sources, transfers in	-	-
Net change in cash balances	-	-
Cash balances, beginning of year	56,707	16,326
Cash balances, end of year	<u>\$ 56,707</u>	<u>\$ 16,326</u>
Cash basis fund balances:		
Restricted:		
Economic development	\$ -	\$ -
Police	-	-
Assigned for capital projects	56,707	16,326
Unassigned	-	-
Total cash basis fund balance	<u>\$ 56,707</u>	<u>\$ 16,326</u>

Capital Projects

Library	Airport	Total
\$ -	\$ 56	\$ 423
-	-	788
-	56	1,211
-	-	824
-	-	837
41,840	-	41,840
41,840	-	43,501
(41,840)	56	(42,290)
41,840	-	241,840
-	56	199,550
31	28,275	255,833
\$ 31	\$ 28,331	\$ 455,383
\$ -	\$ -	\$ 350,466
-	-	4,359
31	28,331	101,395
-	-	(837)
\$ 31	\$ 28,331	\$ 455,383

City of Maquoketa, Iowa

**Schedule of Indebtedness
Year Ended June 30, 2015**

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

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Current
\$ 195,000	\$ -	\$ 195,000	\$ -	\$ 3,900	\$ -
1,000,000	-	125,000	875,000	44,423	125,000
68,000	-	68,000	-	2,025	-
<u>\$ 1,263,000</u>	<u>\$ -</u>	<u>\$ 388,000</u>	<u>\$ 875,000</u>	<u>\$ 50,348</u>	<u>\$ 125,000</u>
<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,682,000	\$ -	\$ 83,000	\$ 1,599,000	\$ 28,709	\$ 85,000
1,672,000	-	118,000	1,554,000	48,390	121,000
98,000	-	5,000	93,000	2,940	5,000
371,542	-	21,000	350,542	7,431	21,000
<u>\$ 3,823,542</u>	<u>\$ -</u>	<u>\$ 227,000</u>	<u>\$ 3,596,542</u>	<u>\$ 87,470</u>	<u>\$ 232,000</u>
\$ 52,681	\$ -	\$ 41,874	\$ 10,807	\$ 1,731	\$ 10,807
20,969	-	7,390	13,579	-	7,390
<u>\$ 73,650</u>	<u>\$ -</u>	<u>\$ 49,264</u>	<u>\$ 24,386</u>	<u>\$ 1,731</u>	<u>\$ 18,197</u>
<u>\$ 212,138</u>	<u>\$ -</u>	<u>\$ 25,205</u>	<u>\$ 186,933</u>	<u>\$ -</u>	<u>\$ 25,205</u>

Revenue Bonds and Capital Loan Notes

Sewer Capital Loan Notes		Water Capital Loan Notes		
Series 2010		Series 2013, Issued May 24, 2013		
Interest Rates	Amount	Interest Rates	Amount	Total
3.00%	\$ 5,000	1.75%	\$ 21,000	\$ 232,000
3.00	5,000	1.75	21,000	347,000
3.00	5,000	1.75	22,000	358,000
3.00	5,000	1.75	22,000	369,000
3.00	6,000	1.75	23,000	381,000
3.00	31,000	1.75	121,000	1,590,000
3.00	36,000	1.75	134,000	333,000
3.00	-	1.75	87,000	87,000
	<u>\$ 93,000</u>		<u>\$ 451,000</u>	<u>\$ 3,697,000</u>

City of Maquoketa, Iowa

Schedule of Bond and Note Maturities (Continued)
 Year Ended June 30, 2015

Year Ending June 30:	Capital Leases				
	Equipment Capital Lease Issued September 15, 2008		Treadmill Capital Lease Issued September 15, 2008		Total
	Interest Rates	Amount	Interest Rates	Amount	
2016	5.14%	\$ 10,807	- %	\$ 7,390	\$ 18,197
2017	5.14	-	-	6,189	6,189
Total		<u>\$ 10,807</u>		<u>\$ 13,579</u>	<u>\$ 24,386</u>

Year Ending June 30:	Street Lighting Loan Issued December 6, 2012		Total Maturities
	Interest Rates	Amount	
2016	- %	\$ 25,205	\$ 400,402
2017	-	25,205	503,394
2018	-	25,205	508,205
2019	-	25,205	519,205
2020	-	25,205	531,205
2021-2025	-	60,908	1,900,908
2026-2030	-	-	333,000
2031-2035	-	-	87,000
Total		<u>\$ 186,933</u>	<u>\$ 4,783,319</u>

City of Maquoketa, Iowa

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

	2015	2014	2013	2012
Receipts:				
Property tax	\$ 2,421,525	\$ 2,302,969	\$ 2,192,369	\$ 2,075,847
Tax increment financing collections	1,144,525	1,237,606	1,445,426	1,653,143
Other city tax	686,753	729,200	791,735	723,117
Licenses and permits	17,109	15,809	20,293	11,478
Use of money and property	218,997	240,768	151,673	160,669
Intergovernmental	1,043,489	1,279,387	1,722,196	1,755,539
Charges for services	690,970	746,092	682,272	575,201
Miscellaneous, including fines and fees	322,019	304,116	80,995	737,121
Total	\$ 6,545,387	\$ 6,855,947	\$ 7,086,959	\$ 7,692,115
Disbursements:				
Operating:				
Public safety	\$ 1,584,922	\$ 1,520,849	\$ 1,436,274	\$ 1,203,534
Public works	1,355,281	1,492,354	1,243,425	2,267,248
Culture and recreation	1,105,483	1,326,507	1,108,625	1,194,724
Community and economic development	911,372	1,206,863	383,948	527,710
General government	602,952	549,203	521,665	506,234
Debt service	722,209	3,659,946	1,146,332	1,140,132
Capital projects	96,553	355,740	159,001	70,662
Total	\$ 6,378,772	\$ 10,111,462	\$ 5,999,270	\$ 6,910,244

	2011	2010	2009	2008	2007	2006
\$	2,084,517	\$ 2,028,557	\$ 1,972,089	\$ 1,587,970	\$ 1,561,520	\$ 1,570,993
	1,497,040	1,597,006	526,248	557,245	537,118	385,423
	680,920	661,037	652,976	645,247	630,453	568,625
	21,828	13,276	11,456	11,836	12,715	9,456
	291,836	254,500	323,226	322,262	253,697	190,391
	1,490,636	1,289,030	1,797,377	1,168,127	2,316,568	1,357,464
	506,896	706,261	658,759	615,265	192,288	162,455
	1,008,873	1,151,175	1,668,067	944,943	2,034,139	533,621
\$	<u>7,582,546</u>	<u>\$ 7,700,842</u>	<u>\$ 7,610,198</u>	<u>\$ 5,852,895</u>	<u>\$ 7,538,498</u>	<u>\$ 4,778,428</u>
\$	1,097,404	\$ 1,033,300	\$ 1,165,820	\$ 2,190,757	\$ 1,069,364	\$ 1,154,914
	1,630,059	1,619,585	1,084,200	2,337,283	1,423,881	840,013
	1,262,872	1,662,179	1,601,928	1,309,770	495,333	537,154
	570,734	732,362	499,295	161,683	408,563	808,912
	576,463	443,152	438,564	723,448	408,756	420,039
	2,876,002	1,081,752	2,346,690	999,929	936,785	814,281
	255,875	218,783	668,763	2,126,877	4,596,185	833,503
\$	<u>8,269,409</u>	<u>\$ 6,791,113</u>	<u>\$ 7,805,260</u>	<u>\$ 9,849,747</u>	<u>\$ 9,338,867</u>	<u>\$ 5,408,816</u>

City of Maquoketa, Iowa

**Additional Information Required by the Sewer Revenue Bond Resolution
June 30, 2015**

Insurance - the City has the following insurance coverage.

Insurance Company Address and Policy Number	Insurance Coverage	Amount of Coverage	Expiration Date of Policy
Employers Mutual Companies Des Moines, Iowa	Property Inland Marine	\$ 38,984,007 642,225	4/1/2016 4/1/2016
Package Policy Policy #8A5-19-34-12	General Liability Business Auto Umbrella Excess Employee Theft Forgery Computer Fraud Money & Securities Inside Money & Securities Outside Linebacker Commercial Output	1,000,000 1,000,000 4,000,000 300,000 10,000 50,000 15,000 15,000 1,000,000 43,663,154	4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016 4/1/2016
Old Republic Insurance Company Greensburg, Pennsylvania Policy #PR227805	Airport Owners and Liability	2,000,000	1/1/2016
Nationwide Kalispell, Montana Policy #50503262472013, #5050326392013, #50503262542013	Flood Insurance Program	393,600	4/4/2016
VFIS York, Pennsylvania Policy #VFP 4316-3502D-1	Maquoketa Volunteer Fire Department and Rescue Squad	100,000	1/1/2016
Iowa Municipalities Workers' Compensation Association Des Moines, Iowa Policy #1075-1314	Workers' Compensation Coverage	1,000,000	7/1/2016

Rate and number of users of the system:

- User charges - the minimum sewer charge per month shall be \$23.09 up to 300 cubic feet.
- Over 300 cubic feet the charge is \$1.51 per 100 cubic feet as determined in ordinance 1067.
- Number of users - the City has approximately 2,460 users.

