

# City of Maquoketa, Iowa

Financial Report  
June 30, 2017

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**City of Maquoketa, Iowa**

**List of Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 1, 2017)</b>		
Don Schwenker	Mayor	January 1, 2018
Kevin Kuhlman	Council Member	January 1, 2020
Josh Collister	Council Member	January 1, 2018
Craig Orris	Council Member	January 1, 2020
Cory Simonson	Council Member	January 1, 2018
Amy Moore	Council Member	January 1, 2018
Chuck Current	Council Member	January 1, 2020
Brian Wagner	City Manager	Indefinite
Judy Carr	Deputy City Clerk	Indefinite
Diane Frandsen	City Treasurer	Indefinite
Lynch Dallas	City Attorney	August 1, 2018
<b>(After January 1, 2017)</b>		
Don Schwenker	Mayor	January 1, 2018
Kevin Kuhlman	Council Member	January 1, 2020
Josh Collister	Council Member	January 1, 2018
Craig Orris	Council Member	January 1, 2020
Cory Simonson	Council Member	January 1, 2018
Amy Moore	Council Member	January 1, 2018
Chuck Current	Council Member	January 31, 2017
Cecil Bently (replaced Chuck Current)	Council Member	September 17, 2017
Mark Lyon (replaced Cecil Bently)	Council Member	January 1, 2020
Brian Wagner	City Manager	May 2017
Gerald Smith	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

### **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, 2017, 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 assets, 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, 2017, 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**

#### *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.

The nonmajor governmental funds statement of cash receipts, disbursements and changes in cash balance, schedule of indebtedness and schedule of bond and note maturities, 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 and proprietary funds budgetary comparison schedule of receipts, disbursements and changes in cash balances, the note to budgetary reporting, 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 December 14, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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  
December 14, 2017

City of Maquoketa, Iowa

Statement of Net Position - Cash Basis  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
<b>Assets</b>				
Cash	\$ 4,727,073	\$ 1,680,401	\$ 6,407,474	\$ 4,657,021
Investments	1,891,701	-	1,891,701	-
<b>Total assets</b>	<b>\$ 6,618,774</b>	<b>\$ 1,680,401</b>	<b>\$ 8,299,175</b>	<b>\$ 4,657,021</b>
<b>Net Position</b>				
Restricted:				
Streets	\$ 695,468	\$ -	\$ 695,468	\$ -
Urban renewal purposes	43,357	-	43,357	-
Debt service	307,939	212,102	520,041	-
Library	2,114,812	-	2,114,812	-
Economic development	9,712	-	9,712	-
Housing assistance	10,742	-	10,742	-
Employee benefits	285,370	-	285,370	-
Police	2,247	-	2,247	-
Emergency management	773	-	773	-
Insurance	10,343	-	10,343	-
Unrestricted	3,138,011	1,468,299	4,606,310	4,657,021
<b>Total net position</b>	<b>\$ 6,618,774</b>	<b>\$ 1,680,401</b>	<b>\$ 8,299,175</b>	<b>\$ 4,657,021</b>

See notes to financial statements.

**City of Maquoketa, Iowa**

**Statement of Activities - Cash Basis  
Year Ended June 30, 2017**

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Primary government:				
Governmental activities:				
Public safety	\$ 1,684,763	\$ 10,314	\$ 302,884	\$ 4,200
Public works	1,459,443	140,260	762,366	83,454
Culture and recreation	1,140,204	457,054	143,540	-
Community and economic development	316,536	-	-	-
General government	662,473	21,882	302,534	-
Debt service	629,484	-	-	-
Capital projects	3,989,594	-	-	-
<b>Total governmental activities</b>	<b>9,882,497</b>	<b>629,510</b>	<b>1,511,324</b>	<b>87,654</b>
Business-type activities:				
Water utility	440,294	676,981	-	-
Wastewater treatment	955,415	894,364	-	-
Storm water	469,850	122,528	-	-
<b>Total business-type activities</b>	<b>1,865,559</b>	<b>1,693,873</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 11,748,056</b>	<b>\$ 2,323,383</b>	<b>\$ 1,511,324</b>	<b>\$ 87,654</b>
Discretely presented component unit, Maquoketa Municipal Electric Utility				
	\$ 9,973,931	\$ 8,731,322	\$ 12,111	\$ -

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				
Proceeds of debt				
Interfund loans				
Sale of capital assets				
Transfers in (out)				
<b>Total general receipts and transfers</b>				

**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	
\$ (1,367,365)	\$ -	\$ (1,367,365)	\$ -
(473,363)	-	(473,363)	-
(539,610)	-	(539,610)	-
(316,536)	-	(316,536)	-
(338,057)	-	(338,057)	-
(629,484)	-	(629,484)	-
(3,989,594)	-	(3,989,594)	-
(7,654,009)	-	(7,654,009)	-
-	236,687	236,687	-
-	(61,051)	(61,051)	-
-	(347,322)	(347,322)	-
-	(171,686)	(171,686)	-
(7,654,009)	(171,686)	(7,825,695)	-
-	-	-	(1,230,498)
1,724,266	-	1,724,266	-
89,786	-	89,786	-
694,310	-	694,310	-
159,609	-	159,609	-
320,466	-	320,466	-
434,265	144,755	579,020	-
75,249	-	75,249	-
218,740	-	218,740	-
5,434	2,514	7,948	72,152
290,451	28,249	318,700	104,742
49,923	5,000	54,923	-
(300,000)	300,000	-	-
19,814	1,292	21,106	-
705,887	(705,887)	-	-
4,488,200	(224,077)	4,264,123	176,894
(3,165,809)	(395,763)	(3,561,572)	(1,053,604)
9,784,583	2,076,164	11,860,747	5,710,625
\$ 6,618,774	\$ 1,680,401	\$ 8,299,175	\$ 4,657,021

**City of Maquoketa, Iowa**

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
Governmental Funds  
Year Ended June 30, 2017**

	General	Capital Projects	
		Capital Projects	Downtown Project
<b>Receipts:</b>			
Property tax	\$ 1,814,052	\$ -	\$ -
Tax increment financing collections	-	-	-
Other city taxes	728,254	-	-
Licenses and permits	16,299	-	-
Use of money and property	77,890	2,940	-
Intergovernmental	672,044	21,028	-
Charges for service	613,211	-	-
Fines and fees	48,223	-	-
Miscellaneous	129,239	1,250	25,004
<b>Total receipts</b>	<b>4,099,212</b>	<b>25,218</b>	<b>25,004</b>
<b>Disbursements:</b>			
<b>Operating:</b>			
Public safety	1,397,619	-	-
Public works	1,058,436	-	-
Culture and recreation	811,062	-	-
Community and economic development	150,186	-	-
General government	597,719	-	-
<b>Debt service:</b>			
Principal	-	6,158	-
Interest and other charges	-	-	-
Capital projects	79,550	530,793	3,372,659
<b>Total disbursements</b>	<b>4,094,572</b>	<b>536,951</b>	<b>3,372,659</b>
<b>Excess of receipts over (under) disbursements</b>	<b>4,640</b>	<b>(511,733)</b>	<b>(3,347,655)</b>
<b>Other financing sources (uses):</b>			
Proceeds of debt	49,923	-	-
Interfund loans	-	(150,719)	-
Sale of capital assets	3,664	16,150	-
Transfers in	307,974	766,345	967,993
Transfers out	(893,015)	-	-
<b>Total other financing sources (uses)</b>	<b>(531,454)</b>	<b>631,776</b>	<b>967,993</b>
<b>Net change in cash and investment balances</b>	<b>(526,814)</b>	<b>120,043</b>	<b>(2,379,662)</b>
Cash and investment balances, beginning of year	1,458,571	1,895,255	2,379,662
Cash and investment balances, end of year	\$ 931,757	\$ 2,015,298	\$ -

See notes to financial statements.

	Special Revenue			Other Nonmajor Governmental Funds	Total
Library	Road Use Tax	Employee Benefits			
\$ -	\$ -	\$ 694,310	\$ 159,609	\$ 2,667,971	
-	-	-	320,466	320,466	
-	-	-	-	728,254	
-	-	-	-	16,299	
107,243	-	-	558	188,631	
36,297	762,366	-	-	1,491,735	
-	-	-	-	613,211	
6,052	-	-	-	54,275	
4,082	-	-	560	160,135	
<u>153,674</u>	<u>762,366</u>	<u>694,310</u>	<u>481,193</u>	<u>6,240,977</u>	
-	-	295,311	-	1,692,930	
-	284,864	119,025	-	1,462,325	
254,332	-	77,692	-	1,143,086	
-	-	-	166,350	316,536	
-	-	67,156	-	664,875	
-	-	-	451,270	457,428	
-	-	-	172,056	172,056	
-	-	-	6,592	3,989,594	
<u>254,332</u>	<u>284,864</u>	<u>559,184</u>	<u>796,268</u>	<u>9,898,830</u>	
<u>(100,658)</u>	<u>477,502</u>	<u>135,126</u>	<u>(315,075)</u>	<u>(3,657,853)</u>	
-	-	-	-	49,923	
-	-	-	(149,281)	(300,000)	
-	-	-	-	19,814	
87,217	193,299	-	326,288	2,649,116	
(6,592)	(607,702)	(160,345)	(275,575)	(1,943,229)	
<u>80,625</u>	<u>(414,403)</u>	<u>(160,345)</u>	<u>(98,568)</u>	<u>475,624</u>	
(20,033)	63,099	(25,219)	(413,643)	(3,182,229)	
<u>2,134,845</u>	<u>632,369</u>	<u>310,589</u>	<u>832,429</u>	<u>9,643,720</u>	
<u>\$ 2,114,812</u>	<u>\$ 695,468</u>	<u>\$ 285,370</u>	<u>\$ 418,786</u>	<u>\$ 6,461,491</u>	

**City of Maquoketa, Iowa**

**Statement of Cash Basis Assets and Fund Balances -  
Governmental Funds  
Year Ended June 30, 2017**

	General	Capital Projects	
		Capital Projects	Downtown Project
<b>Assets:</b>			
Cash	\$ 931,757	\$ 2,015,298	\$ -
Investments	-	-	-
	<u>\$ 931,757</u>	<u>\$ 2,015,298</u>	<u>\$ -</u>
<b>Cash basis fund balances:</b>			
<b>Restricted:</b>			
Debt service	\$ -	\$ -	\$ -
Urban renewal purposes	-	-	-
Streets	-	-	-
Library	-	-	-
Economic development	-	-	-
Housing assistance	-	-	-
Employee benefits	-	-	-
Police	-	-	-
Emergency management	773	-	-
Insurance	10,343	-	-
Assigned for capital projects	-	2,015,298	-
Unassigned	920,641	-	-
	<u>920,641</u>	<u>-</u>	<u>-</u>
<b>Total cash basis fund balances</b>	<u>\$ 931,757</u>	<u>\$ 2,015,298</u>	<u>\$ -</u>

Special Revenue		Other Nonmajor Governmental Funds		Total
Library	Road Use Tax	Employee Benefits		
\$ 223,111	\$ 695,468	\$ 285,370	\$ 418,786	\$ 4,569,790
1,891,701	-	-	-	1,891,701
<u>\$ 2,114,812</u>	<u>\$ 695,468</u>	<u>\$ 285,370</u>	<u>\$ 418,786</u>	<u>\$ 6,461,491</u>
\$ -	\$ -	\$ -	\$ 307,939	\$ 307,939
-	-	-	43,357	43,357
-	695,468	-	-	695,468
2,114,812	-	-	-	2,114,812
-	-	-	9,712	9,712
-	-	-	10,742	10,742
-	-	285,370	-	285,370
-	-	-	2,247	2,247
-	-	-	-	773
-	-	-	-	10,343
-	-	-	44,789	2,060,087
-	-	-	-	920,641
<u>\$ 2,114,812</u>	<u>\$ 695,468</u>	<u>\$ 285,370</u>	<u>\$ 418,786</u>	<u>\$ 6,461,491</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, 2017**

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Total governmental funds cash balance	\$ 6,461,491
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.	<u>157,283</u>
<b>Cash basis net position of governmental activities</b>	<b><u>\$ 6,618,774</u></b>
Net change in cash balances	\$ (3,182,229)
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.	<u>16,420</u>
<b>Change in cash basis net position of governmental activities</b>	<b><u>\$ (3,165,809)</u></b>

See notes to financial statements.

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Proprietary Funds  
 Year Ended June 30, 2017

	Enterprise Funds	
	Water Utility	Wastewater Treatment
Operating receipts:		
Charges for service	\$ 676,981	\$ 894,364
Miscellaneous	14,812	13,437
<b>Total operating receipts</b>	<b>691,793</b>	<b>907,801</b>
Operating disbursements:		
Contractual services	185,277	548,614
Commodities	97,826	10,287
Repair, maintenance and utilities	142,656	114,543
Capital items	14,535	57,406
<b>Total operating disbursements</b>	<b>440,294</b>	<b>730,850</b>
<b>Excess of operating receipts over (under) operating disbursements</b>	<b>251,499</b>	<b>176,951</b>
Nonoperating receipts (disbursements):		
Debt service:		
Principal	-	(196,000)
Interest and other charges	-	(28,565)
Other city taxes	-	144,755
Use of money and property	1,282	1,232
<b>Total nonoperating receipts (disbursements)</b>	<b>1,282</b>	<b>(78,578)</b>
<b>Excess of receipts over (uncer) disbursements before proceeds of debt, sale of capital assets, interfund loans and transfers</b>	<b>252,781</b>	<b>98,373</b>
Proceeds of debt	5,000	-
Interfund loans	-	-
Sale of capital assets	1,292	-
Transfers out	(237,093)	(124,993)
	(230,801)	(124,993)
<b>Net change in cash balances</b>	<b>21,980</b>	<b>(26,620)</b>
Cash balances, beginning of year	689,631	801,985
Cash balances, end of year	<b>\$ 711,611</b>	<b>\$ 775,365</b>
Cash basis net position:		
Restricted for debt service	\$ 92,641	\$ 119,461
Unrestricted	618,970	655,904
<b>Total cash basis net position</b>	<b>\$ 711,611</b>	<b>\$ 775,365</b>

See notes to financial statements.

Enterprise Funds		Internal Service Fund
Storm Water	Total	Employee Health
\$ 122,528	\$ 1,693,873	\$ 429,798
-	28,249	31
122,528	1,722,122	429,829
1,652	735,543	254,170
-	108,113	159,326
-	257,199	-
468,198	540,139	-
469,850	1,640,994	413,496
(347,322)	81,128	16,333
-	(196,000)	-
-	(28,565)	-
-	144,755	-
-	2,514	87
-	(77,296)	87
(347,322)	3,832	16,420
-	5,000	-
300,000	300,000	-
-	1,292	-
(343,801)	(705,887)	-
(43,801)	(399,595)	-
(391,123)	(395,763)	16,420
584,548	2,076,164	140,863
\$ 193,425	\$ 1,680,401	\$ 157,283
\$ -	\$ 212,102	\$ -
193,425	1,468,299	157,283
\$ 193,425	\$ 1,680,401	\$ 157,283

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, 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's audited financial statements for the year ended December 31, 2016 are included within these financial statements and can be obtained at Maquoketa Municipal Electric Utility, located at 201 E. Pleasant Street, Maquoketa, Iowa 52060-3013.

**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: Airport Commission, Cable Commission, Parks Commission, Jackson County Economic Development Authority, Jackson County Landfill Board and Jackson County E911 Board.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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

##### 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 \$695,468 for streets, \$43,357 for urban renewal purposes, \$285,370 for employee benefits and \$2,247 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 City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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.

**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: to account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary 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.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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

Downtown Project Fund: a capital projects fund, is used to account for resources used in the reconstruction of the streets and utilities in the downtown business area.

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

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

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

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

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. This fund is considered major for public interest purposes.

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.

**Basis of accounting**: The City maintained 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, accrued items, capital assets and depreciation. Disclosures on the City's bonds and notes payable are included in the financial statements to disclose repayment terms and the bonds requirement of restricted cash.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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

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

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

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

The significant accounting policies of the City are as follows:

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

**Investments:** Investments are reported at cost.

**Property taxes:** Property tax receipts are based on January 1, 2015 assessed property valuations and reflects the tax asking contained in the budget certified in March 2016.

**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.

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.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### 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. As of June 30, 2017, the City did not hold any investments other than the investments held by the Corporation, a blended component unit. The Corporation does not have an investment policy and is not limited in the types of investments it can hold by statute.

**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 and Corporation's deposits in banks as of June 30, 2017, 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 Corporation's investments were held by a custodian in the name of the 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 Corporation'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 for the Corporation's investments 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 total investments in any one issuer. Information about this risk for the Corporation's investments 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, 2017, the Corporation's investments had specific maturities and credit ratings as follows:

Type	Carrying Value	Maturity	Standard and Poor's Credit Rating	Concentration of Credit
Mutual funds, fixed income	\$ 503,301	N/A	N/A	N/A
Exchange traded funds	421,625	N/A	N/A	N/A
Stocks:				
United States Common Stock	483,070	N/A	N/A	N/A
International Common Stock	54,330	N/A	N/A	N/A
	<u>537,400</u>			
Municipal bonds	<u>26,815</u>	6/1/2022	AA-	1.10%
Corporate bonds:				
Berkshire Hathaway Fin Corp	15,544	2/11/2023	AA	0.63%
American Express	25,207	5/3/2027	A-	1.02%
American Tower Corp	24,943	7/15/2027	BBB-	1.01%
Apple Inc	24,942	6/20/2027	AA+	1.01%
BB&T	26,027	9/16/2025	A-	1.06%
Charter Communications	21,780	7/23/2025	BBB-	0.88%
Chevron Corp New	25,076	5/16/2026	AA-	1.01%
Duke Energy	25,623	1/15/2027	A	1.05%
Exxon Mobil Corp	25,522	3/1/2026	AA+	1.03%
Ford Motor Company	25,897	12/8/2026	BBB	1.05%
Hawaiian Airls	21,455	7/15/2027	A-	0.87%
Masco Corp	24,977	11/15/2027	BBB	1.01%
Microsoft Corp Nt	14,924	2/12/2025	AAA	0.61%
State Street Corp	24,461	5/19/2026	A	0.99%
Tall Bros Fin Corp	25,909	3/15/2027	BB+	1.05%
Union Pac Corp	25,192	4/15/2027	A	1.02%
US Bancorp	25,081	4/27/2026	A-	1.01%
	<u>402,560</u>			
	<u>\$ 1,891,701</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:

	General Obligation Capital Loan Notes			
	Principal	Interest		
Year Ending June 30:				
2018	\$ 300,000	\$ 102,235		
2019	305,000	93,173		
2020	305,000	84,010		
2021	310,000	74,848		
2022	315,000	65,585		
2023-2027	1,010,000	241,208		
2028-2032	1,125,000	124,138		
2033-2034	245,000	7,105		
	<u>\$ 3,915,000</u>	<u>\$ 792,302</u>		
	Loan Payable			
	Principal	Interest		
Year Ending June 30:				
2018	\$ 34,659	\$ -		
2019	34,246	-		
2020	34,246	-		
2021	34,246	-		
2022	34,246	-		
2023-2027	48,807	-		
	<u>\$ 220,450</u>	<u>\$ -</u>		
	Revenue Bonds and Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2018	\$ 353,000	\$ 51,061	\$ 687,659	\$ 153,296
2019	364,000	44,725	703,246	137,898
2020	376,000	38,205	715,246	122,215
2021	388,000	31,445	732,246	106,293
2022	399,000	24,484	748,246	90,069
2023-2027	992,000	48,631	2,050,807	289,839
2028-2032	129,000	9,033	1,254,000	133,171
2033-2034	23,000	403	268,000	7,508
	<u>\$ 3,024,000</u>	<u>\$ 247,987</u>	<u>\$ 7,159,450</u>	<u>\$ 1,040,289</u>

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### 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 and providing funds to pay the cost of the downtown street project. The City plans to pay the debt service 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. In November 2015, the City entered into another loan with WPPI Energy for \$40,492. The loan bears no interest and is repaid in monthly installments of \$337 commencing in December 2015. The final payment is due in November 2025. In April 2017, the City entered into another loan with WPPI Energy for \$49,923. The loan bears no interest and is repaid in monthly installments of \$416 commencing in May 2017. The final payment is due in April 2027.

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 \$212,102 as of June 30, 2017.

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 water and sewer revenue bonds are through the Iowa Finance Authority.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2.5 million in sewer 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 \$1,389,383. Principal and interest paid for the current year and total customer net receipts were \$220,780 and \$414,117, 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 \$1,416,894. Principal and interest paid for the current year and total customer net receipts were \$148,984 and \$267,316, 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 \$101,570. Principal and interest paid for the current year and total customer net receipts were \$7,640 and \$414,117, respectively.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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

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 \$367,650. Principal and interest paid for the current year and total customer net receipts were \$23,853 and \$267,316, respectively. During the year ended June 30, 2017, the Iowa Financing Authority forgave approximately \$98,000 of the unpaid principle.

The 2016 equalized valuation of taxable property of the City, as certified by Jackson County, Iowa, is \$308,133,378. The legal debt limit as of June 30, 2017, in accordance with the Iowa Constitution Article XI.3 is as follows:

Debt limit (5% of \$308,133.378)		\$	15,406,669
Debt applicable to debt limit:			
General obligation notes	\$	3,915,000	
Loan payable		220,450	4,135,450
Legal debt margin			<u>\$ 11,271,219</u>

#### Note 4. Interfund Loans

During the year ended June 30, 2017, the Economic Development Revolving Fund, a nonmajor governmental fund, loaned \$300,000 to the Storm Water Fund to repair a collapsing storm water pipe on North Jones, which will be repaid over 5 years at 0 percent interest commencing in December 2018.

During the year ended June 30, 2017, the Capital Projects Fund loaned \$150,719 to the Debt Service Fund, a nonmajor governmental fund. The loan is to be repaid through a TIF claim once the debt is paid in full.

#### 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 6.56 percent and 9.84 percent, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2017, 2016 and 2015, were \$99,609, \$94,586 and \$89,964, respectively, equal to the required contributions for each year. Contributions were paid from the General and Employee Benefits Funds.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### Note 5. Pension and Retirement Benefits (Continued)

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 9.4 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, 2017, the City's contribution rate was 25.92 percent. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2017, 2016 and 2015, were \$156,038, \$165,589 and \$173,405, 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 General Fund.

#### 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 2 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 \$595.66 for single coverage and \$1,483.38 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, 2017, the City contributed \$1,750 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 the retiree's 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, 2017 is as follows:

	Amount
Type of benefit:	
Vacation	\$ 77,502
Sick leave	31,219
	<u>\$ 108,721</u>

**City of Maquoketa, Iowa**

**Notes to Financial Statements**

**Note 7. Compensated Absences (Continued)**

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, 2017.

Generally these liabilities will be liquidated by the General Fund.

**Note 8. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017, is as follows:

Transfer To	Transfer From	Amount
General fund, major fund	Employee benefits, major special revenue fund	\$ 160,345
	TIF/Urban renewal, nonmajor special revenue fund	23,682
	Bi-Centennial, nonmajor special revenue fund	1,887
	Enterprise:	
	Water utility, major fund	54,927
	Wastewater treatment, major fund	67,133
		<u>307,974</u>
Library fund, major special revenue fund	General, major fund	<u>87,217</u>
Road use tax, major special revenue fund	TIF/Urban renewal, nonmajor special revenue fund	<u>193,299</u>
Debt service, nonmajor fund	General, major fund	29,670
	Road use tax, major special revenue fund	100,000
	Enterprise:	
	Water utility, major fund	182,166
	Wastewater treatment, major fund	7,860
		<u>319,696</u>
Capital projects fund, major capital projects fund	General, major fund	501,936
	Road use tax, major special revenue fund	207,702
	ARC, nonmajor special revenue fund	56,707
		<u>766,345</u>
Downtown Project, major capital projects fund	General, major fund	274,192
	Road Use Tax, major special revenue fund	300,000
	Enterprise:	
	Wastewater, major fund	50,000
	Stormwater, major fund	343,801
		<u>967,993</u>
Library, nonmajor capital projects fund	Library, major special revenue fund	<u>6,592</u>
		<u>\$ 2,649,116</u>

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 8. Interfund Transfers (Continued)**

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources or use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other governmental funds in accordance with budgetary authorizations.

#### **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 \$7,229,000 related to governmental activities. The unpaid contract balances as of June 30, 2017, totaled approximately \$865,000, which will be paid as work on the projects progress.

#### **Note 11. Development Agreements Commitments**

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, 2017 was \$112,877. The City's obligation under these agreements for the fiscal year 2018 will not exceed \$118,333.

#### **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 January 1, 2015 through December 31, 2017, and requires rental payments of \$806 per month. The tenant is to pay all separately metered utilities.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### Note 13. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**City tax abatements:** The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated approximately \$100,600 of property tax under the urban renewal and economic development projects.

#### Note 14. General Fund Cash Balance

As of June 30, 2016 the ending cash balance for the General Fund was \$931,757. Several subfunds comprise this balance and are as follows:

Fund Name	Fund Number	Balance
General	001	\$ 654,698
YMCA operating account	002	4,397
Rehab	014	11,532
Insurance reserve	019	182,092
Historic preservation	067	5,110
Historic preservation	069	5,716
Airport	660	67,212
Local option sales tax	121	1,000
Total		<u>\$ 931,757</u>

#### Note 15. 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 and October 1, 2015 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. During the year ended June 30, 2017, the City provided support to the YMCA of \$71,000.

## City of Maquoketa, Iowa

### Notes to Financial Statements

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#### **Note 16. Conduit Debt Obligations**

The City issued Industrial Revenue Bonds 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, 2017, the Industrial Revenue Bonds outstanding had an aggregate principal amount payable of \$16,670,000.

#### **Note 17. Pending Governmental Accounting Standards Board (GASB) Statements**

The GASB has issued several statements not yet implemented by the City. The statement which might impact the City is as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

The City's management has not yet determined the effect of Statement No. 83.

# **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  
Supplementary Information  
Year Ended June 30, 2017**

	Governmental Funds Actual	Enterprise Funds Actual
<b>Receipts:</b>		
Property tax	\$ 2,667,971	\$ -
Tax increment financing collections	320,466	-
Other city taxes	728,254	144,755
Licenses and permits	16,299	-
Use of money and property	188,631	2,514
Intergovernmental	1,491,735	-
Charges for services	613,211	1,693,873
Miscellaneous	214,410	28,249
<b>Total receipts</b>	<u>6,240,977</u>	<u>1,869,391</u>
<b>Disbursements:</b>		
Public safety	1,692,930	-
Public works	1,462,325	-
Culture and recreation	1,143,086	-
Community and economic development	316,536	-
General government	664,875	-
Debt service	629,484	-
Capital projects	3,989,594	-
Enterprise funds	-	1,865,559
<b>Total disbursements</b>	<u>9,898,830</u>	<u>1,865,559</u>
<b>Excess of receipts over (under) disbursements</b>	(3,657,853)	3,832
Other financing sources, net	<u>475,624</u>	<u>(399,595)</u>
<b>Excess of receipts and other financing sources over (under) disbursements and other financing uses</b>	(3,182,229)	(395,763)
Cash balances, beginning of year	<u>9,643,720</u>	<u>2,076,164</u>
Cash balances, end of year	<u>\$ 6,461,491</u>	<u>\$ 1,680,401</u>

See note to required supplementary information.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,667,971	\$ 2,506,522	\$ 2,506,522	\$ 161,449
	320,466	335,311	335,311	(14,845)
	873,009	701,357	701,357	171,652
	16,299	13,675	14,575	1,724
	191,145	297,015	295,636	(104,491)
	1,491,735	1,880,457	2,288,835	(797,100)
	2,307,084	1,872,248	1,875,148	431,936
	242,659	1,089,750	1,280,565	(1,037,906)
	<u>8,110,368</u>	<u>8,696,335</u>	<u>9,297,949</u>	<u>(1,187,581)</u>
	1,692,930	1,732,518	1,807,510	114,580
	1,462,325	1,481,111	1,848,732	386,407
	1,143,086	1,275,824	1,529,179	386,093
	316,536	275,480	716,280	399,744
	664,875	588,598	626,989	(37,886)
	629,484	624,325	619,007	(10,477)
	3,989,594	3,565,724	4,532,460	542,866
	1,865,559	1,822,512	2,796,323	930,764
	<u>11,764,389</u>	<u>11,366,092</u>	<u>14,476,480</u>	<u>2,712,091</u>
	(3,654,021)	(2,669,757)	(5,178,531)	(3,899,672)
	<u>76,029</u>	<u>-</u>	<u>20,539</u>	<u>55,490</u>
	(3,577,992)	(2,669,757)	(5,157,992)	(3,844,182)
	<u>11,719,884</u>	<u>5,174,515</u>	<u>5,184,200</u>	<u>6,535,684</u>
\$	<u>8,141,892</u>	\$ <u>2,504,758</u>	\$ <u>26,208</u>	\$ <u>2,691,502</u>

## City of Maquoketa, Iowa

### **Note to Supplementary Information Budget Reporting**

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and enterprise. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenues by \$601,614 and increased budgeted disbursements by \$3,110,388. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2017, actual disbursements exceeded the amounts budgeted in the general government and debt service functions.

City of Maquoketa, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2017

	Special Revenue	
	GREAT	Bi-Centennial
Receipts:		
Property tax	\$ -	\$ -
Tax increment financing collections	-	-
Use of money and property	-	4
Miscellaneous	-	-
<b>Total receipts</b>	<b>-</b>	<b>4</b>
Disbursements:		
Operating, community and economic development	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital projects	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>
<b>Excess of receipts over (under) disbursements</b>	<b>-</b>	<b>4</b>
Other financing sources (uses):		
Interfund loans	-	-
Transfers in	-	-
Transfers out	-	(1,887)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,887)</b>
<b>Net change in cash balances</b>	<b>-</b>	<b>(1,883)</b>
Cash balances, beginning of year	153	1,892
Cash balances, end of year	<u>\$ 153</u>	<u>\$ 9</u>
Cash basis fund balances:		
Restricted:		
Debt service	\$ -	\$ -
Urban renewal purposes	-	-
Economic development	-	9
Police	153	-
Housing assistance	-	-
Assigned for capital projects	-	-
Unassigned	-	-
<b>Total cash basis fund balance</b>	<b>\$ 153</b>	<b>\$ 9</b>

(Continued)

Special Revenue				
Economic Development Revolving	Housing Assistance Program	Police Forfeiture	Urban Renewal Tax Increment	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	320,466
502	-	1	-	-
-	-	560	-	-
502	-	561	-	320,466
40,052	13,421	-	-	112,877
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
40,052	13,421	-	-	112,877
(39,550)	(13,421)	561	-	207,589
(300,000)	-	-	-	-
-	-	-	-	-
-	-	-	-	(216,981)
(300,000)	-	-	-	(216,981)
(339,550)	(13,421)	561	-	(9,392)
349,253	24,163	1,533	-	52,749
\$ 9,703	\$ 10,742	\$ 2,094	\$ -	\$ 43,357
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	43,357
9,703	-	-	-	-
-	-	2,094	-	-
-	10,742	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 9,703	\$ 10,742	\$ 2,094	\$ -	\$ 43,357

**City of Maquoketa, Iowa**

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances -  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017**

	Capital Projects	
	ARC	Industrial Park
Receipts:		
Property tax	\$ -	\$ -
Tax increment financing collections	-	-
Use of money and property	-	-
Miscellaneous	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>
Disbursements:		
Operating, community and economic development	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital projects	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>
<b>Excess of receipts over (under) disbursements</b>	<b>-</b>	<b>-</b>
Other financing sources (uses):		
Interfund loans	-	-
Transfers in	-	-
Transfers out	(56,707)	-
<b>Total other financing sources (uses)</b>	<b>(56,707)</b>	<b>-</b>
<b>Net change in cash balances</b>	<b>(56,707)</b>	<b>-</b>
Cash balances, beginning of year	56,707	16,326
Cash balances, end of year	\$ -	\$ 16,326
Cash basis fund balances:		
Restricted:		
Debt service	\$ -	\$ -
Urban renewal purposes	-	-
Economic development	-	-
Police	-	-
Housing assistance	-	-
Assigned for capital projects	-	16,326
Unassigned	-	-
<b>Total cash basis fund balance</b>	<b>\$ -</b>	<b>\$ 16,326</b>

Capital Projects					
Library	Airport	Debt Service	Total		
\$ -	\$ -	\$ 159,609	\$ 159,609		
-	-	-	320,466		
-	51	-	558		
-	-	-	560		
-	51	159,609	481,193		
-	-	-	166,350		
-	-	451,270	451,270		
-	-	172,056	172,056		
6,592	-	-	6,592		
6,592	-	623,326	796,268		
(6,592)	51	(463,717)	(315,075)		
-	-	150,719	(149,281)		
6,592	-	319,696	326,288		
-	-	-	(275,575)		
6,592	-	470,415	(98,568)		
-	51	6,698	(413,643)		
31	28,381	301,241	832,429		
\$ 31	\$ 28,432	\$ 307,939	\$ 418,786		
\$ -	\$ -	\$ 307,939	\$ 307,939		
-	-	-	43,357		
-	-	-	9,712		
-	-	-	2,247		
-	-	-	10,742		
31	28,432	-	44,789		
-	-	-	-		
\$ 31	\$ 28,432	\$ 307,939	\$ 418,786		

**City of Maquoketa, Iowa**

**Schedule of Indebtedness  
Year Ended June 30, 2017**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
2007B capital loan notes	August 1, 2007	4.45%	\$ 1,600,000
2016A capital loan notes	February 15, 2016	2.00 - 2.90	3,440,000
<b>Total</b>			<u>\$ 5,040,000</u>
Matured revenue bonds, parking lot	December 1, 1967	3.50	<u>\$ 221,000</u>
Revenue bonds and capital loan notes:			
Sewer revenue bonds, Series 2002	May 3, 2002	1.75	\$ 2,500,000
Water revenue bonds, Series 2005	June 13, 2005	1.75	2,500,000
Sewer capital loan notes, Series 2010	February 10, 2010	3.00	116,000
Water capital loan notes, Series 2013	May 24, 2013	1.75	492,000
<b>Total</b>			<u>\$ 5,608,000</u>
Capital lease, treadmill capital lease	April 22, 2014	-	<u>\$ 22,201</u>
Loans:			
Street lighting project	November 19, 2012	-	\$ 252,046
Energy efficiency project	December 18, 2015	-	40,492
Solar panels	April 24, 2017	-	49,923
<b>Total</b>			<u>\$ 342,461</u>

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Current
\$ 750,000	\$ -	\$ 125,000	\$ 625,000	\$ 33,251	\$ 125,000
3,440,000	-	150,000	3,290,000	100,219	175,000
<u>\$ 4,190,000</u>	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$ 3,915,000</u>	<u>\$ 133,470</u>	<u>\$ 300,000</u>
<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,514,000	\$ -	\$ 196,000	\$ 1,318,000	\$ 24,780	\$ 202,000
1,433,000	-	125,000	1,308,000	23,984	129,000
88,000	-	5,000	83,000	2,640	5,000
425,000	5,000	115,000	315,000	7,253	17,000
<u>\$ 3,460,000</u>	<u>\$ 5,000</u>	<u>\$ 441,000</u>	<u>\$ 3,024,000</u>	<u>\$ 58,657</u>	<u>\$ 353,000</u>
<u>\$ 6,189</u>	<u>\$ -</u>	<u>\$ 6,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 161,730	\$ -	\$ 25,205	\$ 136,525	\$ -	\$ 25,205
38,467	-	4,049	34,418	-	4,049
-	49,923	416	49,507	-	5,405
<u>\$ 200,197</u>	<u>\$ 49,923</u>	<u>\$ 29,670</u>	<u>\$ 220,450</u>	<u>\$ -</u>	<u>\$ 34,659</u>

City of Maquoketa, Iowa

Schedule of Bond and Note Maturities  
Year Ended June 30, 2017

	Capital Loan Notes			
	2007B Capital Loan Notes		2016A Capital Loan Notes	
	Interest Rates	Amount	Interest Rates	Amount
Year Ending June 30:				
2018	4.45%	\$ 125,000	2.00%	\$ 175,000
2019	4.45	125,000	2.00	180,000
2020	4.45	125,000	2.00	180,000
2021	4.45	125,000	2.00	185,000
2022	4.45	125,000	2.00	190,000
2023-2027	4.45	-	2.00 - 2.20	1,010,000
2028-2032	4.45	-	2.30 - 2.75	1,125,000
2033	4.45	-	2.90	245,000
		<u>\$ 625,000</u>		<u>\$ 3,290,000</u>

	Revenue Bonds and Capital Loan Notes			
	Sewer Revenue Bonds Series 2002		Water Revenue Bonds Series 2005	
	Interest Rates	Amount	Interest Rates	Amount
Year Ending June 30:				
2018	1.75%	\$ 202,000	1.75%	\$ 129,000
2019	1.75	209,000	1.75	133,000
2020	1.75	216,000	1.75	136,000
2021	1.75	223,000	1.75	141,000
2022	1.75	230,000	1.75	145,000
2023-2027	1.75	238,000	1.75	624,000
2028-2032	-	-	-	-
2033	-	-	-	-
		<u>\$ 1,318,000</u>		<u>\$ 1,308,000</u>

(Continued)

Total	
\$	300,000
	305,000
	305,000
	310,000
	315,000
	1,010,000
	1,125,000
	245,000
<u>\$</u>	<u>3,915,000</u>

Revenue Bonds and Capital Loan Notes

Sewer Capital Loan Notes		Water Capital Loan Notes		Total
Series 2010		Series 2013, Issued May 24, 2013		
Interest Rates	Amount	Interest Rates	Amount	
3.00%	\$ 5,000	1.75%	\$ 17,000	\$ 353,000
3.00	5,000	1.75	17,000	364,000
3.00	6,000	1.75	18,000	376,000
3.00	6,000	1.75	18,000	388,000
3.00	6,000	1.75	18,000	399,000
3.00	33,000	1.75	97,000	992,000
3.00	22,000	1.75	107,000	129,000
3.00	-	1.75	23,000	23,000
	<u>\$ 83,000</u>		<u>\$ 315,000</u>	<u>\$ 3,024,000</u>

City of Maquoketa, Iowa

Schedule of Bond and Note Maturities (Continued)  
 Year Ended June 30, 2017

	Loans					
	Street Lighting Loan		Energy Efficiency Project Loan		Solar Panels Loan	
	Issued December 6, 2012		Issued December 18, 2015		Issued April 24, 2017	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
Year Ending June 30:						
2018	- %	\$ 25,205	- %	\$ 4,049	- %	\$ 5,405
2019	-	25,205	-	4,049	-	4,992
2020	-	25,205	-	4,049	-	4,992
2021	-	25,205	-	4,049	-	4,992
2022	-	25,205	-	4,049	-	4,992
2023-2027	-	10,500	-	14,173	-	24,134
2028-2032	-	-	-	-	-	-
		<u>\$ 136,525</u>		<u>\$ 34,418</u>		<u>\$ 49,507</u>

	Total	Total Maturities
Year Ending June 30:		
2018	\$ 34,659	\$ 687,659
2019	34,246	703,246
2020	34,246	715,246
2021	34,246	732,246
2022	34,246	748,246
2023-2027	48,807	2,050,807
2028-2032	-	1,254,000
2033	-	268,000
	<u>\$ 220,450</u>	<u>\$ 7,159,450</u>

**City of Maquoketa, Iowa**

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

	2017	2016	2015	2014
<b>Receipts:</b>				
Property tax	\$ 2,667,971	\$ 2,636,823	\$ 2,421,525	\$ 2,302,969
Tax increment financing collections	320,466	208,318	1,144,525	1,237,606
Other city tax	728,254	669,248	686,753	729,200
Licenses and permits	16,299	16,864	17,109	15,809
Use of money and property	188,631	312,725	218,997	240,768
Intergovernmental	1,491,735	1,266,172	1,043,489	1,279,387
Charges for services	613,211	629,386	690,970	746,092
Miscellaneous, including fines and fees	214,410	129,608	322,019	304,116
	<u>\$ 6,240,977</u>	<u>\$ 5,869,144</u>	<u>\$ 6,545,387</u>	<u>\$ 6,855,947</u>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 1,692,930	\$ 1,571,098	\$ 1,584,922	\$ 1,520,849
Public works	1,462,325	1,338,920	1,355,281	1,492,354
Culture and recreation	1,143,086	1,189,536	1,105,483	1,326,507
Community and economic development	316,536	128,923	911,372	1,206,863
General government	664,875	565,188	602,952	549,203
Debt service	629,484	407,791	722,209	3,659,946
Capital projects	3,989,594	1,373,457	96,553	355,740
	<u>\$ 9,898,830</u>	<u>\$ 6,574,913</u>	<u>\$ 6,378,772</u>	<u>\$ 10,111,462</u>

	2013	2012	2011	2010	2009	2008
\$	2,192,369	\$ 2,075,847	\$ 2,084,517	\$ 2,028,557	\$ 1,972,089	\$ 1,587,970
	1,445,426	1,653,143	1,497,040	1,597,006	526,248	557,245
	791,735	723,117	680,920	661,037	652,976	645,247
	20,293	11,478	21,828	13,276	11,456	11,836
	151,673	160,669	291,836	254,500	323,226	322,262
	1,722,196	1,755,539	1,490,636	1,289,030	1,797,377	1,168,127
	682,272	575,201	506,896	706,261	658,759	615,265
	80,995	737,121	1,008,873	1,151,175	1,668,067	944,943
\$	7,086,959	\$ 7,692,115	\$ 7,582,546	\$ 7,700,842	\$ 7,610,198	\$ 5,852,895
\$	1,436,274	\$ 1,203,534	\$ 1,097,404	\$ 1,033,300	\$ 1,165,820	\$ 2,190,757
	1,243,425	2,267,248	1,630,059	1,619,585	1,084,200	2,337,283
	1,108,625	1,194,724	1,262,872	1,662,179	1,601,928	1,309,770
	383,948	527,710	570,734	732,362	499,295	161,683
	521,665	506,234	576,463	443,152	438,564	723,448
	1,146,332	1,140,132	2,876,002	1,081,752	2,346,690	999,929
	159,001	70,662	255,875	218,783	668,763	2,126,877
\$	5,999,270	\$ 6,910,244	\$ 8,269,409	\$ 6,791,113	\$ 7,805,260	\$ 9,849,747

**City of Maquoketa, Iowa**

**Additional Information Required by the Sewer Revenue Bond Resolution  
June 30, 2017**

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 Package Policy Policy #8A5-19-34-18	Property Commercial Output Liability Inland Marine Auto Employee theft Forgery Computer Fraud Money & Securities Inside Money & Securities Outside Umbrella Linebacker	\$ 42,611,247 45,700,674 1,000,000 552,525 1,000,000 200,000 10,000 50,000 15,000 15,000 4,000,000 2,000,000	4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018 4/1/2018
Old Republic Insurance Company Greensburg, Pennsylvania Policy #PR00227813	Airport Owners and Liability	2,000,000	1/1/2018
Nationwide Kalispell, Montana Policy #5050326247, #505032639 #5050326254	Flood Insurance Program	439,000	4/4/2018
VFIS York, Pennsylvania Policy #VFP 4316-0017E-2	Maquoketa Volunteer Fire Department and Rescue Squad	100,000	1/1/2018
Iowa Municipalities Workers' Compensation Association Des Moines, Iowa Policy #1075-1718	Workers' Compensation Coverage	1,000,000	7/1/2018

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 2,500 users.

