

 **DRAFT**

CITY OF NORTH LIBERTY, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

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CITY OF NORTH LIBERTY, IOWA

 **DRAFT**

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Mayor and Council</u>		
Through December 2015		
Amy Nielsen	Mayor	December 2017
Terry Donahue	Mayor Pro Tem	December 2015
Coleen Chipman	Council Member	December 2015
Terry Donahue	Council Member	December 2015
Chris Hoffman	Council Member	December 2015
Annie Pollock	Council Member	December 2017
Brian Wayson	Council Member	December 2017
Beginning January 2016		
Amy Nielsen	Mayor	December 2017
Terry Donahue	Mayor Pro Tem	December 2019
Annie Pollock	Council Member	December 2017
Brian Wayson	Council Member	December 2017
Terry Donahue	Council Member	December 2019
Chris Hoffman	Council Member	December 2019
Jim Sayre	Council Member	December 2019
<u>City Staff</u>		
Ryan Heiar	City Administrator	
Tracey Mulcahey	City Clerk/Assistant City Administrator	
Debra Hilton	Treasurer	
Scott Peterson	City Attorney	

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty, Iowa, as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Liberty, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the six years ended June 30, 2012 (which are not presented herein) were audited by other auditors and they expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Liberty, Iowa's basic financial statements. The other information, the City's Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 12 and 38 through 44 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2017 on our consideration of the City of North Liberty, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Liberty, Iowa's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Iowa City, Iowa
January 10, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of North Liberty provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FY 2016 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased almost \$3.4 million from FY 2015 to FY 2016. Property tax receipts increased significantly, tax increment financing increased approximately \$600,000 and charges for services decreased approximately \$350,000. Bond proceeds were comparable to the previous year, approximately \$3.7 million versus the previous year's \$3.1 million.
- Disbursements of the City's governmental activities increased approximately \$5.21 million, or 27.36%, from FY 2015 to FY 2016. Public safety disbursements increased approximately \$270,000, public works disbursements increased approximately \$115,000, culture and recreation disbursements increased approximately \$135,000, community and economic development disbursements increased approximately \$481,000 and general government disbursements increased approximately \$54,000. Debt service disbursements increased by approximately \$300,000. Capital project expenditures increased by more than \$3.8 million.
- The City's total cash basis net position increased 33.87%, or approximately \$3,355,000, from June 30, 2015 to June 30, 2016. Of this amount, the position of the governmental activities decreased by approximately \$10,000 and the position of the business type activities increased by approximately \$3,365,000.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City of North Liberty has two kinds of funds:

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

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

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

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

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

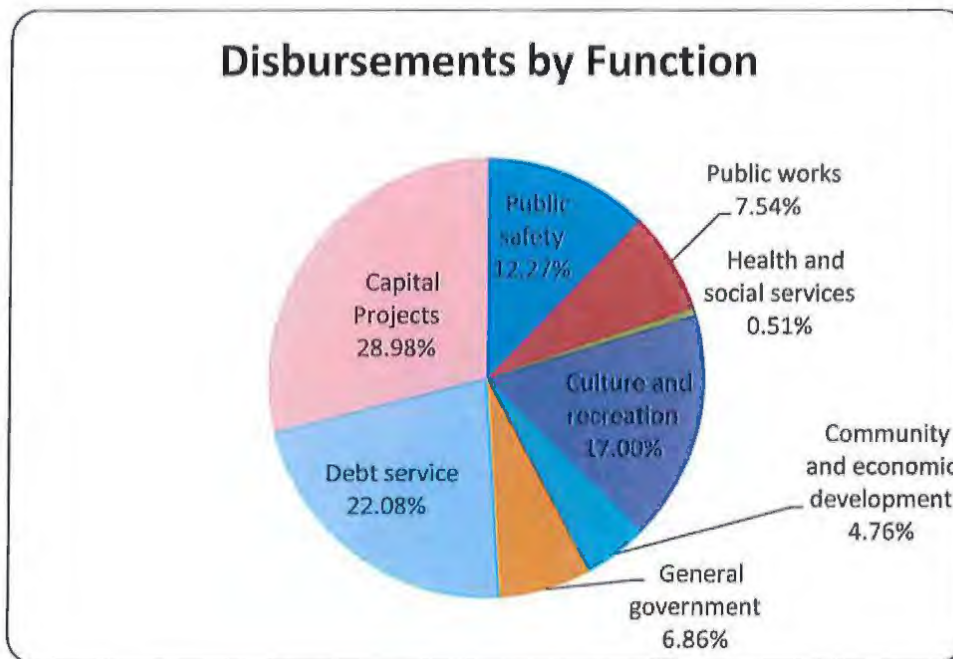
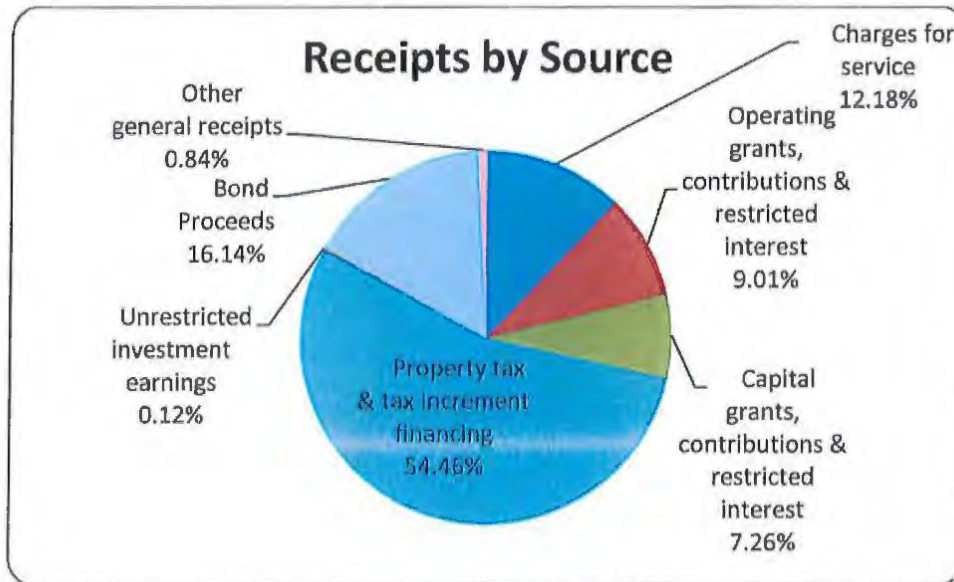
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash basis net position for governmental activities decreased from a year ago, from approximately \$8,256,000 to \$8,246,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

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

	Year ended June 30,	
	FY 2016	FY 2015
Receipts:		
Program Receipts:		
Charges for service	\$2,809	\$3,157
Operating grants, contributions & restricted interest	2,078	1,743
Capital grants, contributions & restricted interest	1,674	437
General Receipts:		
Property tax & tax increment financing	12,562	11,048
Unrestricted investment earnings	28	29
Bond and loan proceeds	3,723	3,138
Other general receipts	194	154
Total Receipts	<u>\$23,068</u>	<u>\$19,706</u>
Disbursements:		
Public safety	\$2,836	\$2,563
Public works	1,627	1,511
Health and social services	105	98
Culture and recreation	3,593	3,458
Community and economic development	1,648	1,166
General government	1,592	1,538
Debt service	4,831	4,528
Capital projects	8,024	4,182

Total Disbursements	\$24,256	\$19,044
Change in cash basis net position before transfers	(\$ 1,188)	662
Transfers, net	1,178	910
Change in cash basis net position	(\$10)	\$1,572
Cash basis net position, beginning of year	8,256	6,684
Cash basis net position, end of year	\$8,246	\$8,256



The City's total receipts for governmental activities increased 17.05% or approximately \$3,361,000. The total cost of all programs and services, provided by the City, increased by approximately \$5,211,000 or 27.36%. No new programs were added.

The City maintained the property tax rate for fiscal year 2016. With the growth in the City's taxable property, tax receipts increased approximately \$582,594 in fiscal year 2016. Because of the growth in taxable valuation in the City of North Liberty from \$617,878,109 in FY 2015 to \$677,362,574 in FY 2016, general property tax revenues increased by \$482,824 even though the City's general city tax levy remained at the maximum \$8.10 per \$1,000 of taxable valuation. The total city levy in FY 2016 was constant at \$11.03264 from the levy in FY 2015. The balance of the levy was made up of a \$1.11971 debt service levy and a \$1.81293 employee benefits levy.

The cost of all governmental activities this year was approximately \$24,256,000, compared to approximately \$19,044,000 last year. General City operating expenses increased with more capital projects than the previous fiscal year.

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

	Year Ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for Service		
Water	\$3,302	\$2,943
Sanitary Sewer	3,814	3,530
Storm Water	193	187
Utility Deposits	170	175
General Receipts:		
Unrestricted interest on investments		
Water	1	1
Sanitary Sewer	1	1
Bond and note proceeds	16,493	966
Total receipts	<u>\$23,974</u>	<u>\$7,803</u>
Disbursements:		
Water	\$4,256	\$1,845
Sanitary Sewer	13,314	6,183
Storm Water	90	65
Utility Deposits	198	249
Debt Service	1,573	1,544
Total Disbursements	<u>\$19,431</u>	<u>\$9,886</u>
Change in net cash basis net position before transfers	\$4,543	(\$2,083)
Transfers, net	<u>(1,178)</u>	<u>(910)</u>

Change in cash basis net position	\$3,365	(\$2,993)
Cash basis net position, beginning of year	1,649	4,642
Cash basis net position, end of year	\$5,014	\$1,649

Total business type activities receipts for the fiscal year were approximately \$24 million compared to approximately \$7.8 million last year. The increase was primarily due to significant capital project costs in the current fiscal year. The cash basis net position increased approximately \$3,365,000 due to significant reimbursements through borrowing for capital projects for both water and sewer utilities. Total disbursements for the fiscal year increased by 96.5%, or approximately \$9,544,000, due to the extensive number of capital projects undertaken by the City in fiscal year 2016.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As North Liberty completed the year, its governmental funds reported a combined fund balance of \$8,246,445, a decrease of approximately \$10,000 below last year's total of \$8,255,766. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

General Fund

- The General Fund balance increased \$761,332 from the prior year to \$6,346,000. Property taxes increased by approximately \$561,000. Licenses and permits decreased by approximately \$73,000 due to a decrease in building permit fees. Intergovernmental revenues increased by approximately \$134,000. Charges for service decreased by \$326,211 due to fewer recreation fees and inspection fees. Public safety expenditures increased by approximately \$278,000 due to increased personnel costs in both the police and building departments. Culture and recreation costs increased approximately \$135,000 due to additional programs and costs. Capital project costs for fiscal year 2016 were approximately \$1,450,000 more than in fiscal year 2015.

Special Revenue

- The Special Revenue, Urban Renewal Tax Increment fund cash balance increased by \$610,843. Collections of the tax increment financing receipts increased by \$591,408. The City only draws what is necessary to cover costs from this funding source.
- The Special Revenue, Road Use Tax fund cash balance increased by \$313,177. Additional funds from the state were received from the extra funds collected. The additional funds are being allocated to street improvement projects.

Debt Service – General Obligation Debt

- The Debt Service – General Obligation Debt cash balance decreased by approximately \$231,000. Funds accumulated over the previous years were utilized.

Debt Service – Road Use Tax Bond Reserve

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

Capital Projects

- Highway 965 Improvements fund cash balance increased by \$375,965 due to proceeds from bonds and state grants for project costs exceeding expenditures.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Enterprise Fund cash basis net position increased \$1,998,035 to \$3,653,065, due to an increase in the water rates in July 2015, and proceeds from the State Revolving Fund bonds to cover project costs that were funded with cash on hand in previous fiscal years.
- The Sewer Enterprise Fund cash basis net position increased \$1,465,708 to \$841,253 due to capital projects that were cash flowed during previous years being replenished with borrowing.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 24, 2016 and resulted in an increase in operating disbursements of approximately \$12,850,000 due to numerous unplanned expenses including bond refinancing expenditures, minimum wage increase, special census cost, playback system replacement, Highway 965 project costs, and other capital project expenditures that were not projected to extend into FY 2016. The City had sufficient cash balances to absorb these additional costs. An additional \$9,932,950 was amended for revenues including additional borrowing.

The actual disbursements for the year were less in all categories than budgeted except Health and Social Services with an overage of \$350. Capital project disbursements were about \$4,000,000 less than budgeted due to delay of projects in construction. Business type activities were about \$7,000,000 less than budgeted due to projects carrying over to the next fiscal year.

DEBT ADMINISTRATION

At June 30, 2016, the City had \$65,708,000 in bonds and long-term debt compared to \$40,905,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30	
	2016	2015
General obligation bonds	\$30,638	\$25,458
Rural Economic Development loan	280	320
Road Use Tax revenue bonds	1,390	1,500
Revenue bonds	33,400	13,627
Total	\$65,708	\$40,905

The City also borrowed \$1,563,964 on two short-term loan programs with the Iowa Finance Authority during the year ended June 30, 2016. One short term loan with a balance of \$1,180,057 was paid off during the year ended June 30, 2016. The outstanding balance of this debt at June 30, 2016 was \$1,350,000.

Debt increased as a result of new debt incurred in excess of existing debts being retired. Several significant projects like the wastewater treatment plant expansion project occurred in this fiscal year.

The City of North Liberty continues to carry a Moody's bond rating of Aa3 assigned by national rating agencies to the City's debt. The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$30,638,000 at June 30, 2016 is significantly below its constitutional debt limit of approximately \$67 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

North Liberty City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees charged for various City activities. Economic indicators such as unemployment, tax base growth, rollback increase were taken into account when adopting the budget for fiscal year 2017. Fiscal year 2017 continues the trend of multiple, large capital projects. If all of the budget estimates are realized, the City's budgeted cash balance is expected to remain relatively steady in the upcoming fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF NORTH LIBERTY, IOWA

 **DRAFT**

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

As of and for the Year Ended June 30, 2016

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,836,301	\$ 147,837	\$ 306,066	\$ -
Public works	1,626,565	582,343	1,652,749	-
Health and social services	105,350	-	-	-
Culture and recreation	3,593,454	1,018,633	35,444	-
Community and economic development	1,647,664	41,476	83,432	-
General government	1,591,679	837,877	597	-
Debt service	4,831,259	-	-	-
Capital projects	8,023,964	181,305	-	1,673,552
Total governmental activities	24,256,236	2,809,471	2,078,288	1,673,552
Business type activities:				
Water	4,783,381	3,115,795	-	-
Sewer	14,359,845	3,807,994	-	-
Utility deposits	198,167	170,440	-	-
Stormwater management	89,532	192,767	-	-
Total business type activities	19,430,925	7,286,996	-	-
Total	\$ 43,687,161	\$ 10,096,467	\$ 2,078,288	\$ 1,673,552

General Receipts and Financing Sources (Uses):

- Property tax and other related levies for:
 - General purposes
 - Debt service
 - Other purposes
- Tax increment financing
- Unrestricted Interest on Investments
- Bond and loan proceeds, net of refundings
- Miscellaneous
- Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position, beginning of year

Cash basis net position, end of year

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

Governmental Activities	Business Type Activities	Total
\$ (2,382,398)	\$ -	\$ (2,382,398)
608,527	-	608,527
(105,350)	-	(105,350)
(2,539,377)	-	(2,539,377)
(1,522,756)	-	(1,522,756)
(753,205)	-	(753,205)
(4,831,259)	-	(4,831,259)
(6,169,107)	-	(6,169,107)
<hr/>		<hr/>
(17,694,925)	-	(17,694,925)
-	(1,667,586)	(1,667,586)
-	(10,551,851)	(10,551,851)
-	(27,727)	(27,727)
-	103,235	103,235
<hr/>		<hr/>
-	(12,143,929)	(12,143,929)
<hr/>		<hr/>
(17,694,925)	(12,143,929)	(29,838,854)
5,806,842	-	5,806,842
971,002	-	971,002
1,275,335	-	1,275,335
4,509,489	-	4,509,489
27,931	1,584	29,515
3,723,426	16,492,701	20,216,127
193,905	192,173	386,078
1,177,674	(1,177,674)	-
<hr/>		<hr/>
17,685,604	15,508,784	33,194,388
(9,321)	3,364,855	3,355,534
8,255,766	1,649,315	9,905,081
<hr/>		<hr/>
\$ 8,246,445	\$ 5,014,170	\$ 13,260,615
(Exhibit B)	(Exhibit C)	

CITY OF NORTH LIBERTY, IOWA

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

As of and for the Year Ended June 30, 2016

Cash Basis Net Position

Restricted

Expendable:

Streets

Urban renewal

Capital equipment purchases

Property improvements

Trail projects

Employee benefits

Debt service

Hotel/motel tax

Tree purchases

Police

Housing rehabilitation

Utility deposits

Unrestricted

Total cash basis net position

See accompanying notes to financial statements.

Governmental Activities	Business Type Activities	Total
\$ 2,474,914	\$ -	\$ 2,474,914
2,116,361	-	2,116,361
40,225	-	40,225
69,778	-	69,778
8,529	-	8,529
2,545	-	2,545
258,231	1,903,508	2,161,739
76,384	-	76,384
7,213	-	7,213
1,931	-	1,931
21,246	-	21,246
-	397,780	397,780
3,169,088	2,712,882	5,881,970
<u>\$ 8,246,445</u>	<u>\$ 5,014,170</u>	<u>\$ 13,260,615</u>

CITY OF NORTH LIBERTY, IOWA

 **DRAFT**

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

As of and for the Year Ended June 30, 2016

	General Fund	Special Revenue	
		Urban Renewal Tax Increment	Road Use Tax
Receipts:			
Property tax	\$ 5,468,019	\$ -	\$ -
Tax increment financing	-	4,509,489	-
Other city tax	332,077	-	-
Licenses and permits	478,562	-	-
Use of money and property	159,299	-	-
Intergovernmental	582,654	-	1,652,749
Charges for service	1,893,581	-	-
Miscellaneous	447,235	-	-
Total receipts	9,361,427	4,509,489	1,652,749
Disbursements:			
Operating:			
Public safety	2,836,301	-	-
Public works	703,448	-	923,117
Health and social services	105,350	-	-
Culture and recreation	3,593,454	-	-
Community and economic development	695,990	951,674	-
General government	1,591,679	-	-
Debt service	-	-	-
Capital projects	2,079,674	-	-
Total disbursements	11,605,896	951,674	923,117
Excess (deficiency) of receipts over (under) disbursements	(2,244,469)	3,557,815	729,632
Other financing sources (uses):			
Proceeds from sale of general obligation bonds	700,000	-	-
Refunding debt service - principal	-	-	-
Operating transfers in	2,935,105	-	-
Operating transfers (out)	(629,304)	(2,946,972)	(416,455)
Total other financing sources (uses)	3,005,801	(2,946,972)	(416,455)
Net change in cash balances	761,332	610,843	313,177
Cash and cash investments, beginning of year	5,584,922	910,607	798,649
Cash and cash investments, end of year	\$ 6,346,254	\$ 1,521,450	\$ 1,111,826

 **DRAFT**

Debt Service		Capital Projects	Other	
General Obligation Debt	Road Use Tax - Bond Reserve	Highway 965 Improvements	Nonmajor Governmental Funds	Total
\$ 915,503	\$ -	\$ -	\$ 1,199,509	\$ 7,583,031
-	-	-	-	4,509,489
10,857	-	-	17,558	360,492
-	-	-	-	478,562
-	-	-	54	159,353
44,642	-	1,532,463	77,460	3,889,968
-	-	-	-	1,893,581
-	-	3,059	21,045	471,339
<u>971,002</u>	<u>-</u>	<u>1,535,522</u>	<u>1,315,626</u>	<u>19,345,815</u>
-	-	-	-	2,836,301
-	-	-	-	1,626,565
-	-	-	-	105,350
-	-	-	-	3,593,454
-	-	-	-	1,647,664
-	-	-	-	1,591,679
4,831,259	-	-	-	4,831,259
-	-	2,594,557	3,349,733	8,023,964
<u>4,831,259</u>	<u>-</u>	<u>2,594,557</u>	<u>3,349,733</u>	<u>24,256,236</u>
<u>(3,860,257)</u>	<u>-</u>	<u>(1,059,035)</u>	<u>(2,034,107)</u>	<u>(4,910,421)</u>
1,193,426	-	1,885,000	795,000	4,573,426
(850,000)	-	-	-	(850,000)
3,285,635	-	-	675,000	6,895,740
-	-	(450,000)	(1,275,335)	(5,718,066)
<u>3,629,061</u>	<u>-</u>	<u>1,435,000</u>	<u>194,665</u>	<u>4,901,100</u>
(231,196)	-	375,965	(1,839,442)	(9,321)
339,687	149,740	981,435	(509,274)	8,255,766
<u>\$ 108,491</u>	<u>\$ 149,740</u>	<u>\$ 1,357,400</u>	<u>\$ (2,348,716)</u>	<u>\$ 8,246,445</u>

(Exhibit A)

CITY OF NORTH LIBERTY, IOWA

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

As of and for the Year Ended June 30, 2016

	General Fund	Special Revenue	
		Urban Renewal Tax Increment	Road Use Tax
Cash basis fund balances:			
Restricted for:			
Street operations	\$ -	\$ -	\$ 1,111,826
Street capital projects	-	-	-
Urban renewal purposes	-	1,521,450	-
Urban renewal projects	-	-	-
Capital equipment purchases	-	-	-
Property improvements	-	-	-
Trail projects	-	-	-
Employee benefits	-	-	-
Debt service	-	-	-
Hotel/motel tax	76,384	-	-
Tree purchases	7,213	-	-
Police	1,931	-	-
Housing rehabilitation	21,246	-	-
Assigned for:			
Capital equipment purchases	778,591	-	-
Street capital projects	1,814,876	-	-
Park development	127,553	-	-
Stormwater capital projects	42,999	-	-
Information technology upgrades	50,000	-	-
Youth scholarships/recreation capital equipment	56,115	-	-
Unassigned	3,369,346	-	-
Total cash basis fund balances	<u>\$ 6,346,254</u>	<u>\$ 1,521,450</u>	<u>\$ 1,111,826</u>

See accompanying notes to financial statements.

 **DRAFT**

Debt Service		Capital Projects	Other	
General Obligation Debt	Road Use Tax - Bond Reserve	Highway 965 Improvements	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,111,826
-	-	1,357,400	5,688	1,363,088
-	-	-	-	1,521,450
-	-	-	594,911	594,911
-	-	-	40,225	40,225
-	-	-	69,778	69,778
-	-	-	8,529	8,529
-	-	-	2,545	2,545
108,491	149,740	-	-	258,231
-	-	-	-	76,384
-	-	-	-	7,213
-	-	-	-	1,931
-	-	-	-	21,246
-	-	-	-	778,591
-	-	-	40,993	1,855,869
-	-	-	-	127,553
-	-	-	-	42,999
-	-	-	-	50,000
-	-	-	-	56,115
-	-	-	(3,111,385)	257,961
<u>\$ 108,491</u>	<u>\$ 149,740</u>	<u>\$ 1,357,400</u>	<u>\$ (2,348,716)</u>	<u>\$ 8,246,445</u>

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



As of and for the Year Ended June 30, 2016

	Water Enterprise	Sewer Enterprise	Other Nonmajor Proprietary Funds	Total
Operating receipts:				
Charges for service	\$ 3,115,795	\$ 3,807,994	\$ 363,207	\$ 7,286,996
Miscellaneous	185,815	5,684	674	192,173
Total operating receipts	3,301,610	3,813,678	363,881	7,479,169
Operating disbursements:				
Business type activities	4,256,171	13,313,829	287,699	17,857,699
Excess (deficiency) of operating receipts over (under) operating disbursements	(954,561)	(9,500,151)	76,182	(10,378,530)
Non-operating receipts and (disbursements):				
Interest on cash investments	840	744	-	1,584
Debt service	(527,210)	(1,046,016)	-	(1,573,226)
Total non-operating receipts and (disbursements)	(526,370)	(1,045,272)	-	(1,571,642)
Excess (deficiency) of receipts over (under) disbursements	(1,480,931)	(10,545,423)	76,182	(11,950,172)
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	2,651,000	2,875,000	-	5,526,000
State Revolving Fund loan draws				
Water	1,302,872	-	-	1,302,872
Sewer, net of interim loan repayment of \$1,180,057 and retained fee of \$100,000	-	9,663,829	-	9,663,829
Operating transfers:				
Operating transfers in	960,668	1,601,503	-	2,562,171
Operating transfers (out)	(1,435,574)	(2,129,201)	(175,070)	(3,739,845)
Total other financing sources (uses)	3,478,966	12,011,131	(175,070)	15,315,027
Net change in cash balances	1,998,035	1,465,708	(98,888)	3,364,855
Cash and cash investments, beginning of year	1,655,030	(624,455)	618,740	1,649,315
Cash and cash investments, end of year	\$ 3,653,065	\$ 841,253	\$ 519,852	\$ 5,014,170
				(Exhibit A)
Cash basis fund balances:				
Restricted for:				
Debt service	\$ 1,257,609	\$ 645,899	\$ -	\$ 1,903,508
Utility deposits	-	-	397,780	397,780
Unrestricted:				
Unrestricted	2,395,456	195,354	122,072	2,712,882
Total cash basis fund balances	\$ 3,653,065	\$ 841,253	\$ 519,852	\$ 5,014,170

See accompanying notes to financial statements.

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Liberty, Iowa is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1913 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, utilities and general government services.

A. Reporting Entity and Jointly Governed Organizations

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

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is not ongoing financial interest or responsibility by the participating governments. The City and its officials are members of various jointly governed organizations, including the Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Metropolitan Planning Organization of Johnson County, East Central Iowa Council of Governments, and the Johnson County Compensation Board.

B. Basis of Presentation

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

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

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

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

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

Notes to Financial Statements

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

Debt Service:

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

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

Capital Projects:

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

The City reports the following major proprietary funds:

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

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

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**C. Measurement Focus and Basis of Accounting**

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2016, disbursements for the health and social services function exceeded budgeted amounts.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Calendar

The City's property taxes were extended against the assessed valuation of the City as of January 1, 2014, to compute the amounts which became liens on property on July 1, 2015. These taxes were due and payable by the property owners in two installments on September 30, 2015 and March 31, 2016, at the Johnson County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

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

NOTE 3. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation, road use tax revenue and enterprise fund revenue bonds at June 30, 2016 are as follows:

Year Ending June 30,	General Obligation Bonds		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 4,358,000	\$ 662,653	\$ 115,000	\$ 33,140
2018	3,945,000	576,197	115,000	30,840
2019	3,690,000	496,970	115,000	28,540
2020	3,685,000	422,135	120,000	26,240
2021	3,535,000	342,658	120,000	23,840
2022-2026	11,425,000	707,735	660,000	76,300
2027-2031	-	-	145,000	4,350
Total	\$ 30,638,000	\$ 3,208,348	\$ 1,390,000	\$ 223,250

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Year Ending June 30,	Enterprise Fund Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2017	\$ 1,175,000	\$ 536,672	\$ 5,648,000	\$ 1,232,465
2018	1,593,000	668,468	5,653,000	1,275,505
2019	1,640,000	660,525	5,445,000	1,186,035
2020	1,683,000	623,440	5,488,000	1,071,815
2021	1,727,000	578,443	5,382,000	944,941
2022-2026	7,696,000	2,224,460	19,781,000	3,008,495
2027-2031	7,640,000	1,319,317	7,785,000	1,323,667
2032-2036	8,453,000	606,532	8,453,000	606,532
2037-2041	1,793,000	31,378	1,793,000	31,378
Total	\$ 33,400,000	\$ 7,249,235	\$ 65,428,000	\$ 10,680,833

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

The City has issued several general obligation urban renewal corporate purpose (tax increment financing) bonds for the purpose of defraying a portion of the costs of various construction and refurbishment projects within the City's urban renewal districts. Portions of certain other issued general obligation bonds were for the same purposes. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the City's TIF districts and which are credited to the Special Revenue - Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds from the sales of the bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2016, the outstanding balances on these bonds totaled approximately \$19,766,100, which are payable through June 1, 2026. Total interest remaining payable on the bonds at June 30, 2016 was approximately \$2,120,500. During the year, principal and interest paid on these bonds totaled approximately \$3,097,300 and \$471,440, respectively. Tax increment financing receipts during the year were \$4,509,489.

Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay three outstanding water revenue bond issues totaling \$5,135,000. The bonds were issued between September 2008 and April 2014. Proceeds from the sales of the bonds provided financing for the construction of several water system improvement projects in the City. The bonds are payable solely from water customer defined net receipts and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 40 percent of defined net receipts. At June 30, 2016, total principal and interest remaining to be paid on the bonds was \$3,729,445. Principal and interest paid on all bonds totaled \$420,000 and \$105,710, respectively. Total defined net receipts during the year were \$1,494,654.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay seven sewer revenue bond issues totaling \$36,390,000. The bonds were issued between March 1998 and March 2016. Proceeds from the sales of the bonds provided financing for the construction of and improvements to the waste water treatment plant. The bonds are payable solely from sewer customer defined net receipts and are payable through June 2037. Annual principal and interest payments on the bonds are expected to require less than 45 percent of defined net receipts. At June 30, 2016, total principal and interest remaining to be paid on the bonds was \$36,919,791. Principal and interest paid on all bonds totaled \$718,000 and \$309,786, respectively. Total defined net receipts during the year were \$2,604,599.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 3. BONDS AND NOTES PAYABLE (Continued)

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

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

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

- (d) All funds remaining in the sewer rental and water utilities accounts after the payments of all maintenance and operating expenses and required transfers shall be placed in separate water and sewer revenue surplus accounts. These accounts are restricted for the purpose of paying any deficiency in the sinking funds. As long as the sinking funds have the full amount required to be deposited, any balance in the surplus funds may be made available to the City as the Council may from time to time direct.
- (e) User rates shall be established at a level which produces and maintains defined net receipts at the following levels:
 - Water - equal to at least 120% of the average amount that will come due in any fiscal year during the life of the three water revenue bond issues.
 - Sewer - equal to at least 125% of the average amount that will come due in any fiscal year during the life of the seven sewer revenue bond issues, and equal to at least 125% of the maximum amount that will come due in any fiscal year during the life of the seven sewer revenue bonds. On and after June 1, 2026, these percentages decrease to 110% for all outstanding sewer revenue bond issues.

The City has pledged future road use tax receipts to repay one road use tax revenue bond issue totaling \$1,815,000. The bonds were issued in March 2012. Proceeds from the sale of the bonds provided financing to pay for a portion of the construction costs of the public works/streets department facility. The bonds are payable solely from future road use tax receipts and are payable through June 2027. At June 30, 2016, total principal and interest remaining to be paid on the bonds was \$1,573,250. During the year, principal and interest paid on the bonds totaled \$110,000 and \$35,340, respectively.

Rural Economic Development Loan

During the year ended June 30, 2013, the City received a Rural Economic Development Loan of \$360,000 from Linn County Rural Electric Cooperative Association to provide funds for construction of a portion of the library expansion project. The loan is dated May 8, 2013 and has an interest rate of 0%. The loan is due in annual installments of \$40,000 beginning May 8, 2015, and continuing annually thereafter until final payment on May 8, 2023. There is an annual administrative fee of 1% based on the outstanding principal balance. During the year ended June 30, 2016, \$40,000 was paid on the loan and the balance of the loan at June 30, 2016 was \$280,000.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Annual maturities of the loan at June 30, 2015 are as follows:

Year ending June 30, 2017	\$ 40,000
2018	40,000
2019	40,000
2020	40,000
2021	40,000
2022 - 2023	80,000
	<u>\$ 280,000</u>

Early Redemption of Bonds

On October 8, 2015, the City called the Urban Renewal Corporate Purpose Series 2007A and the General Obligation Water Improvement Series 2007B bonds for early redemption. The bonds were redeemed with a portion of the proceeds of the sale of the General Obligation Corporate Purpose Series 2015A bonds. The 2015A bonds have an interest rate of 2.00%. Interest rates on the 2007A and 2007B bond issues ranged from rates of 3.45% to 4.1%. The refunding reduced total debt service payments through June 1, 2022 by approximately \$65,536, and results in an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$63,837.

NOTE 4. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

June 30, 2016

NOTE 4. PENSION PLAN (Continued)

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payment.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or recalculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rates, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%, and Protection Occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 were \$478,367.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City's liability for its proportionate share of the net pension liability totaled \$2,545,393. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.051521%, which was an increase of 0.004783% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$268,146, \$651,723 and \$859,103, respectively.

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 4. PENSION PLAN (Continued)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based in 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation Percentage	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

NOTE 4. PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50 percent) or 1% higher (8.50 percent) than the current rate:

City's proportionate share of the net pension liability:

1% decrease (6.5%)	\$ 5,164,895
Discount rate (7.5%)	2,545,393
1% increase (8.5%)	335,247

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon retirement, termination or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 45,624
Vacation	288,452
Total	<u>\$ 334,076</u>

This liability has been computed based on rates of pay as of June 30, 2016.

Sick leave is payable when used. It is not paid upon termination, retirement or death. The approximate liability for unused sick leave at June 30, 2016, based on rates of pay as of June 30, 2016, is \$1,074,542.

Notes to Financial Statements

June 30, 2016

NOTE 6. SOLID WASTE DISPOSAL CONTRACT

An agreement between the City and Johnson County Refuse for the period July 1, 2014 through June 30, 2019, provides the City and its citizens with solid waste collection and disposal services. The agreement providing for the services includes the following provisions:

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

NOTE 7. TRANSIT SERVICES CONTRACT

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

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

NOTE 8. CONSTRUCTION CONTRACTS

The City has entered into various contracts with construction and engineering services companies totaling approximately \$44,220,000. The unpaid balances at June 30, 2016 totaled approximately \$17,800,000, which will be paid as work on the projects progresses.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. DEFICIT BALANCES

The following capital projects funds had deficit balances at June 30, 2016, because the project and construction costs were incurred prior to availability of funds:

Capital Projects - Penn Street Improvements	\$ 1,185,535
Capital Projects - Street Capital Projects	1,864,581
Capital Projects - Land and Facilities	61,269

Notes to Financial Statements

June 30, 2016

NOTE 10. DEFICIT BALANCES (Continued)

The following capital reserve account within the General Fund had a deficit balance at June 30, 2016 because project costs were incurred prior to availability of funds:

General Fund - Park Development	\$ 45,751
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The following capital projects account within the Sewer Enterprise Fund had a deficit balance at June 30, 2016 because project and construction costs were incurred prior to availability of funds:

Sewer Capital Projects	\$ 4,137,161
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The deficit balances in these capital projects funds and accounts arose because project and construction costs were incurred prior to the availability of funds. These deficits will be eliminated with several sources of funds, but not limited to, proceeds from debt financing, grants, future tax increment financing collections and available funds in the water and sewer enterprise funds and other general City funds.

NOTE 11. LEASE COMMITMENTS

The City entered into a lease agreement effective May 1, 2014 to lease commercial space for the City administration offices and Council chambers for the period May 1, 2014 to December 31, 2018. This agreement supersedes a lease agreement for similar facilities for the period from April 1, 2011 to December 31, 2015. The current lease agreement provides for the option to exercise up to four additional extensions of six months each at a rate not to exceed the previous year's rate plus three percent increase per annum. The current lease also provides for additional rent based on the excess of the assessed value of the property over \$1,480,510.

Lease payments are due in six month intervals each January 15 and July 15. Lease expense for the year ended June 30, 2016 was \$175,203, which included additional rent of \$9,452 based on the assessed value of the property.

Future minimum commitments under this lease as of June 30, 2016 are as follows:

Year ending June 30, 2017	\$ 170,743
2018	175,836
2019	90,564
	<u>\$ 437,143</u>

NOTE 12. STATE REVOLVING FUND INTERIM LOANS

The City obtained two interim financing loans from the Iowa Finance Authority's State Revolving Fund to provide funding for the planning and design phases of the water and sewer improvement and expansion projects. These interim loans will be paid off when the revenue bond issues are sold as these projects are completed in the future. No interest is being charged on these loans.

The Water Revenue Loan and Disbursement Agreement Anticipation Project Note was issued April 11, 2014 in the maximum amount of \$1,350,000 and is due April 11, 2017. The City has drawn \$1,350,000 on this loan as of June 30, 2016.

The Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note was issued July 25, 2014 in the maximum amount of \$1,450,000 and was due July 25, 2017. The City drew \$1,180,057 on this loan and the loan was paid off with proceeds of the sewer revenue bonds that were sold on March 4, 2016.

June 30, 2016

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

The City finances the health insurance plan with Wellmark on a pay-as-you-go basis. The most recent monthly premium costs are \$402.38 for single coverage, \$725.98 for employee/dependent coverage, \$782.15 for employee/spouse coverage and \$1,152.13 for family coverage. The same monthly premiums apply to retirees. There are 74 active employees and 2 former employees participating in the plan as of June 30, 2016. During the year ended June 30, 2016, the City contributed \$638,565 and plan members contributed \$103,792 to the plan.

NOTE 14. CONDUIT DEBT OBLIGATIONS

During the year ended June 30, 2011, the City issued a total of \$2,032,000 of Midwest Disaster Area Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities in the community. The outstanding principal amount on the bonds at June 30, 2016 totaled \$775,000. The bonds are secured by property purchased with the bond proceeds and are payable solely from payments received on the underlying mortgage loans, derived from rents payable by the tenants. The bond principal and interest do not constitute liabilities of the City, and neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

NOTE 15. ECONOMIC DEVELOPMENT LOANS

The City entered into two economic development loan agreements with two local business entities during the year ended June 30, 2015. The loan proceeds to these entities are to be used to increase permanent employment opportunities in the City, increase the local property tax base and diversify the City's economic composition. Details of the loan agreements are as follows:

Agreement dated August 26, 2014, with BlendCard, Inc., in the amount of \$25,000. Monthly repayment of \$460.42 beginning on November 26, 2014, and continuing on the 26th day of each month thereafter until October 26, 2019, on which date the remaining unpaid indebtedness is due in full. Interest at a rate of four percent (4%) per annum is due on the unpaid balance throughout the term of the note. During the year ended June 30, 2016, the City received repayments of \$1,381, of which \$149 was applied to interest on the note and \$1,232 was applied to principal. The balance due on the loan at June 30, 2016 was \$21,271.

Agreement dated November 25, 2014, with Moxie Solar LLC, in the amount of \$25,000. Monthly repayment of \$465.06 beginning on February 25, 2015, and continuing on the 25th day of each month thereafter until January 25, 2020, on which date the remaining unpaid indebtedness is due in full. Interest at a rate of four percent (4%) per annum is due on the unpaid balance throughout the term of the note. During the year ended June 30, 2016, the City received repayments of \$5,143, of which \$781 was applied to interest on the note and \$4,362 was applied to principal. The balance due on the loan at June 30, 2016 was \$18,916.

CITY OF NORTH LIBERTY, IOWA

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Notes to Financial Statements

June 30, 2016

NOTE 16. INTERFUND AND INTRAFUND TRANSFERS

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

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Water Enterprise -	
	Water Operating	\$ 327,698
	Sewer Enterprise -	
	Sewer Operating	327,698
	Stormwater Management	
	Enterprise	35,070
Special Revenue -	Employee Benefits	1,275,335
		<u>1,965,801</u>
Debt Service Fund - General Obligation Debt	Special Revenue -	
	Urban Renewal Tax Increment	2,946,972
	Special Revenue -	
	Road Use Tax	191,455
	Water Enterprise -	
Water Revenue Sinking	147,208	
		<u>3,285,635</u>
General Fund - Equipment Revolving	Special Revenue -	
	Road Use Tax	225,000
	Sewer Enterprise -	
	Sewer Rental -	
	Capital Reserve	200,000
Stormwater Management		
Enterprise	140,000	
		<u>565,000</u>
Capital Projects - TIF Projects	General Fund	<u>100,000</u>
Capital Projects - Penn Street Improvements	General Fund	<u>125,000</u>
Capital Projects - Land and Facilities	Capital Projects - Highway 965 Improvements	<u>450,000</u>
		<u>\$ 6,491,436</u>

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements

June 30, 2016



NOTE 16. INTERFUND AND INTRAFUND TRANSFERS (Continued)

The detail of intrafund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund - Fire Equipment Reserve	General Fund	\$ 98,404
General Fund - Recreation Equipment		70,000
General Fund - Park Development		12,000
General Fund - Equipment Revolving		207,900
General Fund - Telecommunications Equipment		<u>15,000</u>
		<u>404,304</u>
Water Enterprise - Water Revenue Sinking	Water Enterprise - Water Operating	675,168
Water Enterprise - Water Capital Projects		<u>85,500</u>
		<u>760,668</u>
Water Enterprise - Water Capital Projects	Water Enterprise - Water Utilities - Capital Reserve	<u>200,000</u>
Sewer Enterprise - Sewer Capital Projects	Sewer Enterprise - Sewer Operating	<u>193,646</u>
Sewer Enterprise - Sewer Rental - Capital Reserve	Sewer Enterprise - Sewer Operating	<u>387,000</u>
Sewer Enterprise - Sewer Revenue Sinking	Sewer Enterprise - Sewer Operating	<u>1,020,857</u>
		<u>\$ 2,966,475</u>

Total transfers during the year ended June 30, 2016 were as follows:

Interfund transfers	\$ 6,491,436
Intrafund transfers	<u>2,966,475</u>
	<u>\$ 9,457,911</u>

Reconciliation to the financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds (Exhibit B)	\$ 6,895,740	\$ 5,718,066
Proprietary funds (Exhibit C)	2,562,171	3,739,845
	<u>\$ 9,457,911</u>	<u>\$ 9,457,911</u>

CITY OF NORTH LIBERTY, IOWA

Notes to Financial Statements



June 30, 2016

NOTE 17. LITIGATION

The City was the defendant in a case brought by a citizen seeking damages in connection with an incident that occurred in 2011 involving City police officers. The case was tried after June 30, 2016 and the court ruled in favor of the City. The plaintiff has appealed the decision. The City believes it will prevail in the appeal and does not anticipate any possible loss.

The City was the defendant in a case brought by a property owner in November 2014 challenging the sanitary sewer easement needed for the construction of a new high school and development of the area. The case was tried during the year ended June 30, 2016, and the court ruled in favor of the City. The plaintiff has appealed the court's decision. The City expects to prevail in the appeal and no estimate of any possible loss to the City can be determined at this time.

The City was one of six defendants in a case brought by four citizens seeking damages in connection with flooding damages to their properties, which were alleged to be the result of negligence in installing sewer tile line. The case was settled after June 30, 2016 and the City's insurance carrier paid \$33,332 to the plaintiffs for it's share of the joint settlement.

NOTE 18. NEW ACCOUNTING PRONOUNCEMENT

The City adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

NOTE 19. SUBSEQUENT EVENTS

The City sold the following bond issue after June 30, 2016:

Sewer Revenue Improvement and Refunding	\$ 22,337,000
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The following construction projects were approved after June 30, 2016:

Water Systems Improvements Phase I (Building)	13,449,000
Water Systems Improvements Phase I (Wells)	2,880,094

The following grants were approved after June 30, 2016:

Penn Street PCC Pavement: STP-U-5557[620]--70-52	837,000
Highway 965 PCC Pavement: STP-U-5557[618]--70-52	1,986,000

OTHER INFORMATION

CITY OF NORTH LIBERTY, IOWA

 DRAFT

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

Other Information

Year Ended June 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 7,583,031	\$ -	\$ 7,583,031
Tax increment financing	4,509,489	-	4,509,489
Other city tax	360,492	-	360,492
Licenses and permits	478,562	-	478,562
Use of money and property	159,353	1,584	160,937
Intergovernmental	3,889,968	-	3,889,968
Charges for service	1,893,581	7,116,556	9,010,137
Miscellaneous	471,339	362,613	833,952
Total receipts	19,345,815	7,480,753	26,826,568
Disbursements:			
Public safety	2,836,301	-	2,836,301
Public works	1,626,565	-	1,626,565
Health and social services	105,350	-	105,350
Culture and recreation	3,593,454	-	3,593,454
Community and economic development	1,647,664	-	1,647,664
General government	1,591,679	-	1,591,679
Debt service	4,831,259	-	4,831,259
Capital projects	8,023,964	-	8,023,964
Business type activities	-	19,430,925	19,430,925
Total disbursements	24,256,236	19,430,925	43,687,161
Excess (deficiency) of receipts over under disbursements	(4,910,421)	(11,950,172)	(16,860,593)
Other financing sources, net	4,901,100	15,315,027	20,216,127
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(9,321)	3,364,855	3,355,534
Balances, beginning of year	8,255,766	1,649,315	9,905,081
Balances, end of year	\$ 8,246,445	\$ 5,014,170	\$ 13,260,615

There were no funds of the City not required to be budgeted during the year ended June 30, 2016.

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

Budgeted Amounts

<u>Original</u>	<u>Final</u>	<u>Final to Net Variance</u>
\$ 7,634,142	\$ 7,634,142	\$ (51,111)
4,269,967	4,269,967	239,522
108,571	108,571	251,921
687,135	687,135	(208,573)
149,100	149,100	11,837
2,276,356	3,630,906	259,062
9,103,677	9,143,677	(133,540)
1,649,106	1,668,306	(834,354)
<u>25,878,054</u>	<u>27,291,804</u>	<u>(465,236)</u>
3,316,438	3,350,090	513,789
1,608,820	1,783,931	157,366
105,000	105,000	(350)
3,890,424	3,983,628	390,174
1,937,226	1,977,226	329,562
1,412,099	1,942,299	350,620
4,254,222	5,294,222	462,963
7,739,900	12,448,400	4,424,436
<u>20,542,735</u>	<u>26,763,735</u>	<u>7,332,810</u>
<u>44,806,864</u>	<u>57,648,531</u>	<u>13,961,370</u>
(18,928,810)	(30,356,727)	13,496,134
<u>19,982,000</u>	<u>28,251,200</u>	<u>(8,035,073)</u>
1,053,190	(2,105,527)	5,461,061
<u>12,581,296</u>	<u>9,905,081</u>	<u>-</u>
<u>\$ 13,634,486</u>	<u>\$ 7,799,554</u>	<u>\$ 5,461,061</u>

CITY OF NORTH LIBERTY, IOWA

 DRAFT

Notes to Other Information - Budgetary Reporting

June 30, 2016

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements are required to be budgeted for all funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$12,841,667. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements for the health and social services function exceeded budgeted amounts.

CITY OF NORTH LIBERTY, IOWA

 DRAFT

Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Two Years *

Other Information

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.051521%	0.046738%
City's proportionate share of the net pension liability	\$ 2,545,393	\$ 1,853,576
City's total covered-employee payroll		
Regular	\$ 3,741,181	\$ 3,462,507
Protection occupation	1,143,311	997,332
	<u>\$ 4,884,492</u>	<u>\$ 4,459,839</u>
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.111724%	41.561500%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the City will present information for those years for which information is available.

See accompanying Independent Auditor's Report and
accompanying Notes to Other Information.

CITY OF NORTH LIBERTY, IOWA

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Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Other Information

	2016	2015	2014
Statutorily required contribution:			
Regular	\$ 354,553	\$ 334,088	\$ 309,202
Protection occupation	124,309	115,932	101,129
	<u>\$ 478,862</u>	<u>\$ 450,020</u>	<u>\$ 410,331</u>
Contributions in relation to the statutorily required contribution:			
Regular	\$ 354,553	\$ 334,088	\$ 309,202
Protection occupation	124,309	115,932	101,129
	<u>\$ 478,862</u>	<u>\$ 450,020</u>	<u>\$ 410,331</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll:			
Regular	\$ 3,970,354	\$ 3,741,181	\$ 3,462,507
Protection occupation	1,263,298	1,143,311	997,332
	<u>\$ 5,233,652</u>	<u>\$ 4,884,492</u>	<u>\$ 4,459,839</u>
Contributions as a percentage of covered-employee payroll:			
Regular	8.93%	8.93%	8.93%
Protection occupation	9.84%	10.14%	10.14%

See accompanying Independent Auditor's Report and accompanying Notes to Other Information.

2013	2012	2011	2010	2009	2008	2007
\$ 285,504	\$ 257,699	\$ 201,757	\$ 178,743	\$ 162,451	\$ 139,246	\$ 110,358
95,933	82,283	67,379	59,361	47,957	38,787	26,321
<u>\$ 381,437</u>	<u>\$ 339,982</u>	<u>\$ 269,136</u>	<u>\$ 238,104</u>	<u>\$ 210,408</u>	<u>\$ 178,033</u>	<u>\$ 136,679</u>
\$ 285,504	\$ 257,699	\$ 201,757	\$ 178,743	\$ 162,451	\$ 139,246	\$ 110,358
95,933	82,283	67,379	59,361	47,957	38,787	26,321
<u>\$ 381,437</u>	<u>\$ 339,982</u>	<u>\$ 269,136</u>	<u>\$ 238,104</u>	<u>\$ 210,408</u>	<u>\$ 178,033</u>	<u>\$ 136,679</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,293,006	\$ 3,193,298	\$ 2,902,976	\$ 2,687,862	\$ 2,558,279	\$ 2,301,592	\$ 1,919,276
934,112	825,306	677,179	645,230	567,536	457,929	288,607
<u>\$ 4,227,118</u>	<u>\$ 4,018,604</u>	<u>\$ 3,580,155</u>	<u>\$ 3,333,092</u>	<u>\$ 3,125,815</u>	<u>\$ 2,759,521</u>	<u>\$ 2,207,883</u>
8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%
10.27%	9.97%	9.95%	9.20%	8.45%	8.47%	9.12%

June 30, 2016

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of termination members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one year lag between the valuation date and the effective date of the annual actuarial contribution rate.

SUPPLEMENTARY INFORMATION

CITY OF NORTH LIBERTY, IOWA
 Schedule of Cash Receipts, Disbursements
 and Changes in Cash Balances -
 Governmental Funds - General Fund Detail
 (Page 1 of 3)
 As of and for the Year Ended June 30, 2016

 **DRAFT**

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Receipts:						
Property tax	\$ 5,468,019	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax:						
Mobile home tax	17,861	-	-	-	-	-
Utility tax replacement excise tax	60,626	-	-	-	-	-
Hotel/motel tax	79,732	-	-	-	-	-
Utility franchise fees	173,858	-	-	-	-	-
	<u>332,077</u>	-	-	-	-	-
Licenses and permits:						
Beer and liquor	10,855	-	-	-	-	-
Cigarette	794	-	-	-	-	-
Business/building trades	2,325	-	-	-	-	-
Pet and other	1,550	-	-	-	-	-
Building	463,038	-	-	-	-	-
	<u>478,562</u>	-	-	-	-	-
Use of money and property:						
Interest on cash investments	27,877	-	-	-	-	-
Rent	131,422	-	-	-	-	-
	<u>159,299</u>	-	-	-	-	-
Intergovernmental:						
Disaster mitigation grants	1,832	-	-	-	-	-
Commercial and industrial property tax replacement	260,336	-	-	-	-	-
Police grants	69,037	-	-	-	-	-
Fire department SAFER grant	50,982	-	-	-	-	-
Township fire protection	165,023	-	-	-	-	-
County library contribution	27,011	-	-	-	-	-
Library grants and open access	8,433	-	-	-	-	-
	<u>582,654</u>	-	-	-	-	-
Charges for service:						
Inspection fees	105,656	-	-	-	-	-
Library fees	4,819	-	-	-	-	-
Police service fees	5,115	-	-	-	-	-
Fire department service fees	25,623	-	-	-	-	-
Zoning and subdivision	25,964	-	-	-	-	-
Garbage and recycling fees	577,027	-	-	-	-	-
Recreation charges	912,411	-	-	-	-	-
Rain barrels and compost bins	725	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Mowing and snow removal	4,586	-	-	-	-	-
Cemetery plot location fees	105	-	-	-	-	-
Animal control	553	-	-	-	-	-
Maps and photocopy fees	117	-	-	-	-	-
Administrative charges	38,680	-	-	-	-	-
Transit	5	-	-	-	-	-
	<u>1,701,366</u>	-	-	-	-	-

 **DRAFT**

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,468,019
-	-	-	-	-	-	-	17,861
-	-	-	-	-	-	-	60,626
-	-	-	-	-	-	-	79,732
-	-	-	-	-	-	-	173,858
-	-	-	-	-	-	-	332,077
-	-	-	-	-	-	-	10,855
-	-	-	-	-	-	-	794
-	-	-	-	-	-	-	2,325
-	-	-	-	-	-	-	1,550
-	-	-	-	-	-	-	463,038
-	-	-	-	-	-	-	478,562
-	-	-	-	-	-	-	27,877
-	-	-	-	-	-	-	131,422
-	-	-	-	-	-	-	159,299
-	-	-	-	-	-	-	1,832
-	-	-	-	-	-	-	260,336
-	-	-	-	-	-	-	69,037
-	-	-	-	-	-	-	50,982
-	-	-	-	-	-	-	165,023
-	-	-	-	-	-	-	27,011
-	-	-	-	-	-	-	8,433
-	-	-	-	-	-	-	582,654
-	-	-	-	-	-	-	105,656
-	-	-	-	-	-	-	4,819
-	-	-	10,890	-	-	-	16,005
-	-	-	-	-	-	-	25,623
-	-	-	-	-	-	-	25,964
-	-	-	-	-	-	-	577,027
-	-	-	-	-	-	-	912,411
-	-	-	-	-	-	-	725
-	-	-	-	-	181,305	-	181,305
-	-	-	-	-	-	-	4,586
-	-	-	-	-	-	-	105
-	-	-	-	-	-	-	553
-	-	-	-	-	-	-	117
-	-	-	-	-	-	-	38,680
-	-	-	-	-	-	-	5
-	-	-	10,890	-	181,305	-	1,893,581

CITY OF NORTH LIBERTY, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund Detail
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 **DRAFT**

As of and for the Year Ended June 30, 2016

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Receipts: (continued)						
Miscellaneous:						
Refunds and reimbursements	34,485	-	-	-	-	-
Fines and fees	42,222	-	-	-	-	-
Donations/contributions	597	650	33,735	-	-	3,700
Miscellaneous	98,626	1,731	-	16,631	-	15,512
Penalties	99,905	-	-	-	-	-
	<u>275,835</u>	<u>2,381</u>	<u>33,735</u>	<u>16,631</u>	<u>-</u>	<u>19,212</u>
Total receipts	8,997,832	2,381	33,735	16,631	-	19,212
Disbursements:						
Public Safety:						
Police	1,866,604	-	-	-	-	-
Emergency management	19,693	-	-	-	-	-
Fire	465,224	-	-	-	-	-
Building inspections/safety	467,995	-	-	-	-	-
Animal control	13,395	-	-	-	-	-
	<u>2,832,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public safety	2,832,911	-	-	-	-	-
Public Works:						
Traffic control and safety	27,967	-	-	-	-	-
Streets	43,111	-	-	-	-	-
Sanitation	560,144	-	-	-	-	-
Transit	72,226	-	-	-	-	-
	<u>703,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public works	703,448	-	-	-	-	-
Health and social services:						
Social services	105,350	-	-	-	-	-
	<u>105,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total health and social services	105,350	-	-	-	-	-
Culture and recreation:						
Library	824,961	-	-	-	-	-
Parks	676,708	-	-	-	-	-
Recreation center	1,208,758	-	-	11,641	-	-
Community center	198,384	-	-	-	-	-
Aquatic center	658,078	-	-	-	-	-
Cemetery	14,924	-	-	-	-	-
	<u>3,581,813</u>	<u>-</u>	<u>-</u>	<u>11,641</u>	<u>-</u>	<u>-</u>
Total culture and recreation	3,581,813	-	-	11,641	-	-
Community and economic development:						
Community beautification	-	-	-	-	-	15,487
Economic development	67,949	-	-	-	-	-
Tourism promotion	35,823	-	-	-	-	-
Planning and zoning	336,560	-	-	-	-	-
Telecommunications	240,171	-	-	-	-	-
	<u>680,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,487</u>
Total community and economic development	680,503	-	-	-	-	15,487



Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
-	8,426	10,146	-	-	-	-	53,057
-	-	-	-	-	-	-	42,222
18,359	37,500	-	100	-	-	-	94,641
-	-	24,910	-	-	-	-	157,410
-	-	-	-	-	-	-	99,905
18,359	45,926	35,056	100	-	-	-	447,235
18,359	45,926	35,056	10,990	-	181,305	-	9,361,427
-	-	-	3,390	-	-	-	1,869,994
-	-	-	-	-	-	-	19,693
-	-	-	-	-	-	-	465,224
-	-	-	-	-	-	-	467,995
-	-	-	-	-	-	-	13,395
-	-	-	3,390	-	-	-	2,836,301
-	-	-	-	-	-	-	27,967
-	-	-	-	-	-	-	43,111
-	-	-	-	-	-	-	560,144
-	-	-	-	-	-	-	72,226
-	-	-	-	-	-	-	703,448
-	-	-	-	-	-	-	105,350
-	-	-	-	-	-	-	824,961
-	-	-	-	-	-	-	676,708
-	-	-	-	-	-	-	1,220,399
-	-	-	-	-	-	-	198,384
-	-	-	-	-	-	-	658,078
-	-	-	-	-	-	-	14,924
-	-	-	-	-	-	-	3,593,454
-	-	-	-	-	-	-	15,487
-	-	-	-	-	-	-	67,949
-	-	-	-	-	-	-	35,823
-	-	-	-	-	-	-	336,560
-	-	-	-	-	-	-	240,171
-	-	-	-	-	-	-	695,990

CITY OF NORTH LIBERTY, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds - General Fund Detail
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 DRAFT

As of and for the Year Ended June 30, 2016

	General	Recreation Equipment	Park Development	Youth Sports Scholarship	Telecomm- unications Equipment	Tree Program
Disbursements: (continued)						
General government:						
Mayor and council	31,002	-	-	-	-	-
City administration	1,322,143	-	-	-	-	-
Legal services	217,388	-	-	-	-	-
Other general government	21,146	-	-	-	-	-
Total general government	1,591,679	-	-	-	-	-
Capital projects:						
Capital projects	85,504	104,666	997,961	-	29,041	-
Total disbursements	9,581,208	104,666	997,961	11,641	29,041	15,487
Excess (deficiency) of receipts over (under) disbursements	(583,376)	(102,285)	(964,226)	4,990	(29,041)	3,725
Other financing sources (uses):						
Proceeds from sale of general obligation bonds	-	-	700,000	-	-	-
Operating transfers in	1,965,801	70,000	12,000	-	15,000	-
Operating transfers (out)	(629,304)	-	-	-	-	-
Total other financing sources (uses)	1,336,497	70,000	712,000	-	15,000	-
Net change in cash balances	753,121	(32,285)	(252,226)	4,990	(14,041)	3,725
Cash and cash investments, beginning of year	3,091,933	166,610	206,475	51,125	55,341	11,307
Cash and cash investments, end of year	\$ 3,845,054	\$ 134,325	\$ (45,751)	\$ 56,115	\$ 41,300	\$ 15,032
Cash basis fund balances:						
Restricted for:						
Hotel/motel tax	\$ 76,384	\$ -	\$ -	\$ -	\$ -	\$ -
Tree purchases	-	-	-	-	-	7,213
Police	-	-	-	-	-	-
Housing rehabilitation	21,246	-	-	-	-	-
Assigned for:						
Capital equipment purchases	-	134,325	-	-	41,300	-
Street capital projects	-	-	-	-	-	-
Park development	-	-	127,553	-	-	-
Stormwater capital projects	-	-	-	-	-	-
Information technology upgrades	50,000	-	-	-	-	-
Youth scholarships/ recreation capital equipment	-	-	-	56,115	-	-
Unassigned	3,697,424	-	(173,304)	-	-	7,819
Total cash basis fund balances	\$ 3,845,054	\$ 134,325	\$ (45,751)	\$ 56,115	\$ 41,300	\$ 15,032

See accompanying independent auditor's report.

 **DRAFT**

Library Reserve	Fire Equipment Reserve	Equipment Revolving	Police Equipment Reserve	Police Seized Funds	Impact Fees		Total
					Transportation	Storm Water	
-	-	-	-	-	-	-	31,002
-	-	-	-	-	-	-	1,322,143
-	-	-	-	-	-	-	217,388
-	-	-	-	-	-	-	21,146
-	-	-	-	-	-	-	1,591,679
7,568	37,500	817,434	-	-	-	-	2,079,674
7,568	37,500	817,434	3,390	-	-	-	11,605,896
10,791	8,426	(782,378)	7,600	-	181,305	-	(2,244,469)
-	-	-	-	-	-	-	700,000
-	99,404	772,900	-	-	-	-	2,935,105
-	-	-	-	-	-	-	(629,304)
-	99,404	772,900	-	-	-	-	3,005,801
10,791	107,830	(9,478)	7,600	-	181,305	-	761,332
7,152	370,449	176,993	30,820	1,931	1,371,787	42,999	5,584,922
\$ 17,943	\$ 478,279	\$ 167,515	\$ 38,420	\$ 1,931	\$ 1,553,092	\$ 42,999	\$ 6,346,254
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,384
-	-	-	-	-	-	-	7,213
-	-	-	-	1,931	-	-	1,931
-	-	-	-	-	-	-	21,246
17,943	478,279	68,324	38,420	-	-	-	778,591
-	-	-	-	-	1,814,876	-	1,814,876
-	-	-	-	-	-	-	127,553
-	-	-	-	-	-	42,999	42,999
-	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	56,115
-	-	99,191	-	-	(261,784)	-	3,369,346
\$ 17,943	\$ 478,279	\$ 167,515	\$ 38,420	\$ 1,931	\$ 1,553,092	\$ 42,999	\$ 6,346,254

CITY OF NORTH LIBERTY, IOWA

Schedule 2

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

 DRAFT

As of and for the Year Ended June 30, 2016

	Special Revenue		Other	Total
	Employee Benefits	Drug Task Force	Capital Projects	
Receipts:				
Property tax	\$ 1,199,509	\$ -	\$ -	\$ 1,199,509
Other city tax	17,558	-	-	17,558
Use of money and property	-	48	6	54
Intergovernmental	58,268	19,192	-	77,460
Miscellaneous	-	-	21,045	21,045
Total receipts	1,275,335	19,240	21,051	1,315,626
Disbursements:				
Capital projects	-	3,373	3,346,360	3,349,733
Excess (deficiency) of receipts over (under) disbursements	1,275,335	15,867	(3,325,309)	(2,034,107)
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	-	-	795,000	795,000
Operating transfers in	-	-	675,000	675,000
Operating transfers (out)	(1,275,335)	-	-	(1,275,335)
Total other financing sources (uses)	(1,275,335)	-	1,470,000	194,665
Net change in cash balances	-	15,867	(1,855,309)	(1,839,442)
Cash and cash investments, beginning of year	2,545	24,358	(536,177)	(509,274)
Cash and cash investments, end of year	\$ 2,545	\$ 40,225	\$ (2,391,486)	\$ (2,348,716)
Cash basis fund balances:				
Restricted for:				
Street capital projects	\$ -	\$ -	\$ 5,688	\$ 5,688
Urban renewal projects	-	-	594,911	594,911
Police capital equipment purchases	-	40,225	-	40,225
Property improvements	-	-	69,778	69,778
Trail projects	-	-	8,529	8,529
Employee benefits	2,545	-	-	2,545
Assigned for:				
Street capital projects	-	-	40,993	40,993
Unassigned	-	-	(3,111,385)	(3,111,385)
Total cash basis fund balances	\$ 2,545	\$ 40,225	\$ (2,391,486)	\$ (2,348,716)

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY, IOWA

 **DRAFT**

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

As of and for the Year Ended June 30, 2016

	Ranshaw House Project	TIF Projects	Library Expansion	Penn Street Improvements
Receipts:				
Use of money and property:				
Interest on cash investments	\$ -	\$ -	\$ 6	\$ -
Miscellaneous:				
Donations/contributions	1,100	-	14,265	-
Miscellaneous	-	-	-	5,180
Total receipts	<u>1,100</u>	<u>-</u>	<u>14,271</u>	<u>5,180</u>
Disbursements:				
Capital projects	<u>200</u>	<u>-</u>	<u>-</u>	<u>1,146,293</u>
Excess (deficiency) of receipts over (under) disbursements	<u>900</u>	<u>-</u>	<u>14,271</u>	<u>(1,141,113)</u>
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	-	-	-	-
Operating transfers in	-	100,000	-	125,000
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>125,000</u>
Net change in cash balances	900	100,000	14,271	(1,016,113)
Cash and cash investments, beginning of year	<u>8,734</u>	<u>416,252</u>	<u>45,873</u>	<u>(169,422)</u>
Cash and cash investments, end of year	<u>\$ 9,634</u>	<u>\$ 516,252</u>	<u>\$ 60,144</u>	<u>\$ (1,185,535)</u>
Cash basis fund balances:				
Restricted for:				
Street capital projects	\$ -	\$ -	\$ -	\$ -
Urban renewal projects	-	516,252	-	-
Property improvements	9,634	-	60,144	-
Trail projects	-	-	-	-
Assigned for:				
Street capital projects	-	-	-	-
Unassigned	-	-	-	(1,185,535)
Total cash basis fund balances	<u>\$ 9,634</u>	<u>\$ 516,252</u>	<u>\$ 60,144</u>	<u>\$ (1,185,535)</u>

See accompanying independent auditor's report.

 DRAFT

I-JOBS Street Projects	Street Capital Projects	Trail Projects	Entryway Development	Economic Development Projects	Land and Facilities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6
-	-	-	-	-	-	15,365
-	500	-	-	-	-	5,680
-	500	-	-	-	-	21,051
-	1,877,748	313,028	-	-	9,091	3,346,360
-	(1,877,248)	(313,028)	-	-	(9,091)	(3,325,309)
-	445,000	350,000	-	-	-	795,000
-	-	-	-	-	450,000	675,000
-	-	-	-	-	-	-
-	445,000	350,000	-	-	450,000	1,470,000
-	(1,432,248)	36,972	-	-	440,909	(1,855,309)
5,688	(432,333)	(28,443)	40,993	78,659	(502,178)	(536,177)
\$ 5,688	\$ (1,864,581)	\$ 8,529	\$ 40,993	\$ 78,659	\$ (61,269)	\$ (2,391,486)
\$ 5,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,688
-	-	-	-	78,659	-	594,911
-	-	-	-	-	-	69,778
-	-	8,529	-	-	-	8,529
-	-	-	40,993	-	-	40,993
-	(1,864,581)	-	-	-	(61,269)	(3,111,385)
\$ 5,688	\$ (1,864,581)	\$ 8,529	\$ 40,993	\$ 78,659	\$ (61,269)	\$ (2,391,486)

CITY OF NORTH LIBERTY, IOWA

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

 **DRAFT**

As of and for the Year Ended June 30, 2016

	Water Enterprise					Total
	Water Operating	Water Revenue Sinking	Water Reserve	Water Utilities- Capital Reserve	Water Capital Projects	
Operating receipts:						
Charges for service	\$ 3,115,795	\$ -	\$ -	\$ -	\$ -	\$ 3,115,795
Miscellaneous	185,815	-	-	-	-	185,815
Total operating receipts	3,301,610	-	-	-	-	3,301,610
Operating disbursements:						
Business type activities	1,806,956	-	-	90,202	2,359,013	4,256,171
Excess (deficiency) of operating receipts over (under) operating disbursements	1,494,654	-	-	(90,202)	(2,359,013)	(954,561)
Non-operating receipts and (disbursements):						
Interest on cash investments	840	-	-	-	-	840
Debt service	-	(527,210)	-	-	-	(527,210)
Total non-operating receipts and (disbursements)	840	(527,210)	-	-	-	(526,370)
Excess (deficiency) of receipts over (under) disbursements	1,495,494	(527,210)	-	(90,202)	(2,359,013)	(1,480,931)
Other financing sources (uses):						
Proceeds from sale of general obligation bonds	-	490,000	-	-	2,161,000	2,651,000
State Revolving Fund loan draws, net	-	-	-	-	1,302,872	1,302,872
Operating transfers:						
Operating transfers in	-	675,168	-	85,500	200,000	960,668
Operating transfers (out)	(1,088,366)	(147,208)	-	(200,000)	-	(1,435,574)
Total other financing sources (uses)	(1,088,366)	1,017,960	-	(114,500)	3,663,872	3,478,966
Net change in cash balances	407,128	490,750	-	(204,702)	1,304,859	1,998,035
Cash and cash investments, beginning of year	1,183,153	225,604	541,255	246,429	(541,411)	1,655,030
Cash and cash investments, end of year	\$ 1,590,281	\$ 716,354	\$ 541,255	\$ 41,727	\$ 763,448	\$ 3,653,065
Cash basis fund balances:						
Restricted for:						
Debt service	\$ -	\$ 716,354	\$ 541,255	\$ -	\$ -	\$ 1,257,609
Unrestricted:						
Unrestricted	1,590,281	-	-	41,727	763,448	2,395,456
	\$ 1,590,281	\$ 716,354	\$ 541,255	\$ 41,727	\$ 763,448	\$ 3,653,065

See accompanying independent auditor's report.



Sewer Enterprise						
Sewer Operating	Sewer Revenue Sinking	Sewer Reserve	Sewer Rental - Capital Reserve	Sewer Capital Projects	Total	
\$ 3,806,150	\$ -	\$ -	\$ 1,844	\$ -	\$ 3,807,994	
5,684	-	-	-	-	5,684	
3,811,834	-	-	1,844	-	3,813,678	
1,207,235	-	-	-	12,106,594	13,313,829	
2,604,599	-	-	1,844	(12,106,594)	(9,500,151)	
744	-	-	-	-	744	
-	(1,046,016)	-	-	-	(1,046,016)	
744	(1,046,016)	-	-	-	(1,045,272)	
2,605,343	(1,046,016)	-	1,844	(12,106,594)	(10,545,423)	
-	-	-	-	2,875,000	2,875,000	
-	-	-	-	9,663,829	9,663,829	
-	1,020,857	-	387,000	193,646	1,601,503	
(1,929,201)	-	-	(200,000)	-	(2,129,201)	
(1,929,201)	1,020,857	-	187,000	12,732,475	12,011,131	
676,142	(25,159)	-	188,844	625,881	1,465,708	
2,411,997	363,953	307,105	1,055,532	(4,763,042)	(624,455)	
\$ 3,088,139	\$ 338,794	\$ 307,105	\$ 1,244,376	\$ (4,137,161)	\$ 841,253	
\$ -	\$ 338,794	\$ 307,105	\$ -	\$ -	\$ 645,899	
3,088,139	-	-	1,244,376	(4,137,161)	195,354	
\$ 3,088,139	\$ 338,794	\$ 307,105	\$ 1,244,376	\$ (4,137,161)	\$ 841,253	

CITY OF NORTH LIBERTY, IOWA

Schedule 5

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

 **DRAFT**

As of and for the Year Ended June 30, 2016

	Utility Deposits	Stormwater Management	Total
Operating receipts:			
Charges for service	\$ 170,440	\$ 192,767	\$ 363,207
Miscellaneous	-	674	674
Total operating receipts	170,440	193,441	363,881
Operating disbursements:			
Business type activities	198,167	89,532	287,699
Excess (deficiency) of operating receipts over (under) operating disbursements	(27,727)	103,909	76,182
Other financing sources (uses):			
Operating transfers:			
Operating transfers (out)	-	(175,070)	(175,070)
Net change in cash balances	(27,727)	(71,161)	(98,888)
Cash and cash investments, beginning of year	425,507	193,233	618,740
Cash and cash investments, end of year	<u>\$ 397,780</u>	<u>\$ 122,072</u>	<u>\$ 519,852</u>
Cash basis fund balances:			
Restricted for:			
Utility deposits	\$ 397,780	\$ -	\$ 397,780
Unrestricted:			
Unrestricted	-	122,072	122,072
	<u>\$ 397,780</u>	<u>\$ 122,072</u>	<u>\$ 519,852</u>

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY, IOWA

Schedule of Indebtedness

Year Ended June 30, 2016

 **DRAFT**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
General Obligation Sewer Improvement	1/6/98	1.75 %	\$ 1,000,000
Corporate Purpose	11/15/06	3.60-3.85	570,000
Urban Renewal Corporate Purpose	8/1/07	4.00	3,515,000
General Obligation Water Improvement	12/15/07	3.45-4.10	855,000
Corporate Purpose	6/30/08	2.50-3.95	1,940,000
Corporate Purpose	5/27/09	1.50-4.15	2,425,000
Corporate Purpose	10/25/10	1.00-2.60	1,730,000
Urban Renewal Corporate Purpose	10/25/10	2.00-2.75	6,765,000
Corporate Purpose and Refunding	9/28/11	1.00-2.00	790,000
Urban Renewal Corporate Purpose	9/28/11	1.50-3.10	5,810,000
Urban Renewal Library Improvement	11/12/12	0.35-1.70	1,815,000
General Obligation Refunding	7/1/13	0.35-2.15	2,540,000
Corporate Purpose	11/5/13	2.00-2.40	1,425,000
Urban Renewal Corporate Purpose	11/5/13	2.00-2.40	3,540,000
Corporate Purpose	10/30/14	2.00	3,090,000
Corporate Purpose	10/8/15	2.00	9,965,000
Total			
Rural Economic Development Loan and Grant Program:			
Rural Economic Development Loan	5/8/13	0 %	\$ 360,000
Road Use Tax Revenue Bonds:			
Road Use Tax Series 2012A	3/29/12	2.00-3.00 %	\$ 1,815,000
Utility Revenue Bonds:			
Sewer Revenue Bond Series 1998A	3/23/98	1.75 %	\$ 323,957
Sewer Revenue Bond Series 1998B	3/23/98	1.75	3,769,043
Sewer Revenue Bond Series 2007	8/23/07	3.00	5,271,000
Sewer Revenue Bond Series 2008A	7/30/08	3.00	3,250,000
Sewer Revenue Bond Series 2008C	9/15/08	2.75-4.40	1,550,000
Water Revenue Bond Series 2008D	9/15/08	2.75-4.40	2,350,000
Water Revenue Refunding Bond Series 2012C	11/12/12	0.50-2.00	1,575,000
Sewer Revenue Refunding Bond Series 2014A	4/23/14	2.00-3.00	1,315,000
Water Revenue Refunding Bond Series 2014B	4/23/14	2.00-3.05	1,210,000
Sewer Revenue Bond Series 2016	** 3/4/16	1.75	20,911,000
Total			
State Revolving Fund Anticipation Project Notes:			
Water Revenue Planning and Design Loan PDDW1432	4/11/14	0 %	\$ 1,350,000
Sewer Revenue Planning and Design Loan PDCW1503	7/25/14	0	1,450,000

** At June 30, 2016, \$10,682,794 had been drawn on this bond through the Iowa Finance Authority.

See accompanying independent auditor's report.



Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 203,000	\$ -	\$ 65,000	\$ 138,000	\$ 2,984	\$ -
135,000	-	65,000	70,000	5,165	-
820,000	-	820,000	-	12,938	-
490,000	-	490,000	-	7,601	-
730,000	-	235,000	495,000	27,522	-
1,665,000	-	160,000	1,505,000	60,965	-
1,000,000	-	190,000	810,000	21,525	-
4,215,000	-	660,000	3,555,000	95,350	-
355,000	-	85,000	270,000	5,568	-
4,715,000	-	375,000	4,340,000	108,817	-
1,465,000	-	175,000	1,290,000	16,405	-
2,065,000	-	250,000	1,815,000	29,160	-
1,295,000	-	135,000	1,160,000	27,077	-
3,215,000	-	330,000	2,885,000	67,238	-
3,090,000	-	290,000	2,800,000	61,800	-
-	9,965,000	460,000	9,505,000	128,991	-
<u>\$ 25,458,000</u>	<u>\$ 9,965,000</u>	<u>\$ 4,785,000</u>	<u>\$ 30,638,000</u>	<u>\$ 679,106</u>	<u>\$ -</u>
<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 1,390,000</u>	<u>\$ 35,340</u>	<u>\$ -</u>
\$ 90,000	\$ -	\$ 21,000	\$ 69,000	\$ 1,391	\$ -
991,000	-	234,000	757,000	15,295	-
4,502,000	-	111,000	4,391,000	135,060	-
2,174,000	-	137,000	2,037,000	65,220	-
950,000	-	105,000	845,000	39,925	-
1,495,000	-	160,000	1,335,000	62,845	-
1,090,000	-	170,000	920,000	16,500	-
1,210,000	-	110,000	1,100,000	27,335	-
1,125,000	-	90,000	1,035,000	26,365	-
-	20,911,000	-	20,911,000	25,560	-
<u>\$ 13,627,000</u>	<u>\$ 20,911,000</u>	<u>\$ 1,138,000</u>	<u>\$ 33,400,000</u>	<u>\$ 415,496</u>	<u>\$ -</u>
47,128	1,302,872	-	1,350,000	-	-
918,965	261,092	1,180,057	-	-	-
<u>\$ 966,093</u>	<u>\$ 1,563,964</u>	<u>\$ 1,180,057</u>	<u>\$ 1,350,000</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH LIBERTY, IOWA

Bond and Note Maturities
(Page 1 of 4)
June 30, 2016

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General Obligation Bonds

Year Ending June 30	Sewer Improvement Issued Jan. 6, 1998		Corporate Purpose Issued Nov. 15, 2006		Corporate Purpose Issued June 30, 2008		Corporate Purpose Issued May 27, 2009	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	1.75 %	\$ 68,000	3.85 %	\$ 70,000	3.75 %	\$ 245,000	3.00 %	\$ 165,000
2018	1.75	70,000			3.95	250,000	3.25	170,000
2019							3.50	175,000
2020							3.75	185,000
2021							4.00	190,000
2022							4.05	200,000
2023							4.10	205,000
2024							4.15	215,000
2025								
2026								
Total		<u>\$ 138,000</u>		<u>\$ 70,000</u>		<u>\$ 495,000</u>		<u>\$ 1,505,000</u>

General Obligation Bonds

Year Ending June 30,	Corporate Purpose Issued Sept. 28, 2011		Library Improvement Issued Nov. 12, 2012		General Obligation Refunding Issued July 1, 2013		Corporate Purpose Issued Nov. 5, 2013	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	1.50 %	\$ 380,000	0.70 %	\$ 175,000	0.85 %	\$ 250,000	2.00 %	\$ 135,000
2018	1.60	390,000	0.80	180,000	1.10	255,000	2.00	135,000
2019	1.85	400,000	1.00	180,000	1.30	255,000	2.00	140,000
2020	2.10	410,000	1.20	185,000	1.50	260,000	2.00	140,000
2021	2.30	420,000	1.35	185,000	1.75	260,000	2.00	145,000
2022	2.45	435,000	1.55	190,000	1.90	265,000	2.10	150,000
2023	2.60	450,000	1.70	195,000	2.15	270,000	2.25	155,000
2024	2.80	465,000					2.40	160,000
2025	3.00	485,000						
2026	3.10	505,000						
Total		<u>\$ 4,340,000</u>		<u>\$ 1,290,000</u>		<u>\$ 1,815,000</u>		<u>\$ 1,160,000</u>

See accompanying independent auditor's report.



General Obligation Bonds					
Corporate Purpose Issued Oct. 25, 2010		Corporate Purpose Issued Oct. 25, 2010		Corporate Purpose Issued Sept. 28, 2011	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
1.90 %	\$ 195,000	2.00 %	\$ 675,000	1.40 %	\$ 90,000
2.20	200,000	2.00	690,000	1.70	90,000
2.40	205,000	2.25	710,000	2.00	90,000
2.60	210,000	2.50	730,000		
		2.75	750,000		
	<u>\$ 810,000</u>		<u>\$ 3,555,000</u>		<u>\$ 270,000</u>

General Obligation Bonds						
Corporate Purpose Issued Nov. 5, 2013		Corporate Purpose Issued Oct. 30, 2014		Corporate Purpose Issued Oct. 8, 2015		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2.00 %	\$ 330,000	2.00 %	\$ 295,000	2.00 %	\$ 1,285,000	\$ 4,358,000
2.00	340,000	2.00	295,000	2.00	880,000	3,945,000
2.00	345,000	2.00	300,000	2.00	890,000	3,690,000
2.00	350,000	2.00	305,000	2.00	910,000	3,685,000
2.00	360,000	2.00	305,000	2.00	920,000	3,535,000
2.10	375,000	2.00	310,000	2.00	935,000	2,860,000
2.25	385,000	2.00	325,000	2.00	890,000	2,875,000
2.40	400,000	2.00	330,000	2.00	910,000	2,480,000
		2.00	335,000	2.00	930,000	1,750,000
				2.00	955,000	1,460,000
	<u>\$ 2,885,000</u>		<u>\$ 2,800,000</u>		<u>\$ 9,505,000</u>	<u>\$ 30,638,000</u>

CITY OF NORTH LIBERTY, IOWA

Bond and Note Maturities
 (Page 2 of 4)
 June 30, 2016

 **DRAFT**

Year Ending June 30,	Enterprise Fund Revenue Bonds					
	Sewer Revenue Series 1998A Issued March 23, 1998		Sewer Revenue Series 1998B Issued March 23, 1998		Sewer Revenue Series 2007 Issued Aug. 23, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	1.75 %	\$ 22,000	1.75 %	\$ 243,000	3.00 %	\$ 114,000
2018	1.75	23,000	1.75	252,000	3.00	117,000
2019	1.75	24,000	1.75	262,000	3.00	121,000
2020					3.00	416,000
2021					3.00	430,000
2022					3.00	444,000
2023					3.00	459,000
2024					3.00	475,000
2025					3.00	486,000
2026					3.00	654,000
2027					3.00	675,000
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total		<u>\$ 69,000</u>		<u>\$ 757,000</u>		<u>\$ 4,391,000</u>

See accompanying independent auditor's report.

CITY OF NORTH LIBERTY, IOWA

Bond and Note Maturities
 (Page 3 of 4)
 June 30, 2016

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Year Ending June 30,	Enterprise Fund Revenue Bonds					
	Water Refunding Series 2012C Issued Nov. 12, 2012		Sewer Refunding Series 2014A Issued April 23, 2014		Water Refunding Series 2014B Issued April 23, 2014	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	1.20 %	\$ 175,000	2.00 %	\$ 115,000	2.00 %	\$ 95,000
2018	1.40	180,000	2.00	115,000	2.00	95,000
2019	1.60	185,000	2.00	115,000	2.00	100,000
2020	1.80	190,000	2.00	120,000	2.00	100,000
2021	2.00	190,000	2.00	120,000	2.00	100,000
2022			2.25	125,000	2.25	105,000
2023			2.45	125,000	2.50	105,000
2024			2.70	130,000	2.70	110,000
2025			3.00	135,000	3.00	110,000
2026					3.05	115,000
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total		<u>\$ 920,000</u>		<u>\$ 1,100,000</u>		<u>\$ 1,035,000</u>

See accompanying independent auditor's report.


DRAFT

Water Refunding Series 2014B
Issued April 23, 2014

<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
1.75 %	\$ -	\$ 1,175,000
1.75	380,000	1,593,000
1.75	387,000	1,640,000
1.75	391,000	1,683,000
1.75	401,000	1,727,000
1.75	406,000	1,586,000
1.75	413,000	1,628,000
1.75	564,000	1,456,000
1.75	578,000	1,492,000
1.75	576,000	1,534,000
1.75	588,000	1,458,000
1.75	1,297,000	1,498,000
1.75	1,531,000	1,531,000
1.75	1,561,000	1,561,000
1.75	1,592,000	1,592,000
1.75	1,624,000	1,624,000
1.75	1,657,000	1,657,000
1.75	1,690,000	1,690,000
1.75	1,724,000	1,724,000
1.75	1,758,000	1,758,000
1.75	1,793,000	1,793,000
	<u>\$ 20,911,000</u>	<u>\$ 33,400,000</u>

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CITY OF NORTH LIBERTY, IOWA

 DRAFT

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

Last Ten Years

	2016	2015	2014	2013
Receipts:				
Property tax	\$ 7,583,031	\$ 6,861,247	\$ 6,127,781	\$ 6,107,502
Tax increment financing	4,509,489	3,918,081	3,518,713	3,228,972
Other city tax	360,492	341,057	311,708	292,566
Licenses and permits	478,562	552,067	507,326	565,465
Use of money and property	159,353	149,029	143,887	140,675
Intergovernmental	3,889,968	2,136,378	2,152,197	1,767,090
Charges for service	1,893,581	2,219,792	1,674,579	1,698,909
Special assessments	-	-	1,067	1,660
Miscellaneous	471,339	390,306	647,785	302,042
Total	\$ 19,345,815	\$ 16,567,957	\$ 15,085,043	\$ 14,104,881
Disbursements:				
Public safety	\$ 2,836,301	\$ 2,563,426	\$ 2,315,057	\$ 2,144,553
Public works	1,626,565	1,511,077	1,424,544	1,367,808
Health and social services	105,350	98,207	97,000	135,150
Culture and recreation	3,593,454	3,458,203	3,208,940	2,862,412
Community and economic development	1,647,664	1,166,131	898,262	1,097,172
General government	1,591,679	1,537,711	1,293,854	1,250,373
Debt service	4,831,259	4,528,242	4,168,095	3,952,064
Capital projects	8,023,964	4,181,863	5,468,736	7,091,862
Total	\$ 24,256,236	\$ 19,044,860	\$ 18,874,488	\$ 19,901,394

See accompanying independent auditor's report.



2012	2011	2010	2009	2008	2007
\$ 5,502,489	\$ 5,314,263	\$ 4,914,385	\$ 3,863,587	\$ 3,093,326	\$ 2,430,379
3,301,297	2,737,069	1,389,368	2,822,497	2,660,586	2,470,154
291,492	287,105	269,844	267,057	196,571	161,686
560,046	475,789	501,169	517,615	482,903	617,217
164,087	177,521	162,861	189,544	180,001	190,964
2,264,687	1,617,962	883,561	1,078,608	800,564	1,460,925
1,457,531	1,547,314	1,437,878	1,240,283	1,228,972	982,868
5,051	6,285	9,620	10,383	24,347	26,182
545,227	598,909	299,628	205,944	313,332	141,640
<u>\$ 14,091,907</u>	<u>\$ 12,762,217</u>	<u>\$ 9,868,314</u>	<u>\$ 10,195,518</u>	<u>\$ 8,980,602</u>	<u>\$ 8,482,015</u>
\$ 1,984,061	\$ 1,779,435	\$ 1,682,165	\$ 1,560,255	\$ 1,424,463	\$ 1,806,083
1,163,999	1,102,168	1,001,921	1,148,712	1,143,600	967,256
86,000	90,446	56,050	70,600	35,020	36,500
2,825,660	2,692,700	2,466,178	2,578,532	2,281,120	2,445,972
1,033,597	927,060	861,398	619,737	576,163	520,060
1,133,334	1,048,025	875,271	739,891	842,771	739,627
3,844,731	2,956,440	3,050,069	2,823,582	4,219,859	2,074,465
7,854,575	8,901,225	2,891,519	2,058,032	2,797,451	2,470,613
<u>\$ 19,925,957</u>	<u>\$ 19,497,499</u>	<u>\$ 12,884,571</u>	<u>\$ 11,599,341</u>	<u>\$ 13,320,447</u>	<u>\$ 11,060,576</u>

CITY OF NORTH LIBERTY, IOWA

Schedule 9

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

 DRAFT

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Program/ Award Amount	Federal Award Expended
<u>U.S. Department of Transportation</u>				
Indirect Programs:				
Passed Through Iowa Department of Transportation:				
Highway Planning and Construction	20.205	STP-U-5557(617)--70-52	\$1,859,000	\$ 1,212,846
Highway Planning and Construction	20.205	STP-A-5557(619)--86-52	408,000	<u>298,737</u>
				<u>1,511,583</u>
Passed Through Governor's Traffic Safety Bureau:				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 15-405d-M6OT	6,000	1,892
	20.601	PAP 16-402-MOPT	9,950	<u>6,170</u>
				<u>8,062</u>
Total U.S. Department of Transportation				<u>1,519,645</u>
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Assistance to Firefighters Grant	97.044	EMW-2011-FF-00580	163,318	<u>51,677</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	2015BUBX15077810	2,512	1,403
	16.607	2016BUBX16082269	4,544	<u>-</u>
				1,403
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2014UMWX0153	125,000	<u>42,047</u>
Total U.S. Department of Justice				<u>43,450</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,614,772</u></u>

See accompanying independent auditor's report and the accompanying notes to the schedule of expenditures of federal awards.

CITY OF NORTH LIBERTY, IOWA

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

 **DRAFT**

NOTE A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal award activity of the City of North Liberty, Iowa, under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of North Liberty, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of North Liberty, Iowa.

NOTE B. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is a summary of the City's federal award programs during the year ended June 30, 2016 and is prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C. RISK-BASED AUDIT APPROACH

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The City does not qualify as a low-risk auditee.

NOTE D. SUBRECIPIENTS OF FEDERAL AWARDS

There were no subrecipients of federal awards received by the City during the year ended June 30, 2016.

NOTE E. NONCASH ASSISTANCE

The City did not receive any federal noncash assistance during the year ended June 30, 2016.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of North Liberty, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 10, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City of North Liberty, Iowa's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures during our audit of the financial statements of the City of North Liberty, Iowa. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of North Liberty, Iowa's Responses to Findings

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

Purpose of this Report

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

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

Winkel, Parker & Juter, CPA PC

Iowa City, Iowa
January 10, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of North Liberty, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of North Liberty, Iowa's major federal program for the year ended June 30, 2016. The City of North Liberty, Iowa's major federal program is identified in the Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of North Liberty, Iowa's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of North Liberty, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of North Liberty, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of North Liberty, Iowa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City of North Liberty, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of North Liberty, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of North Liberty, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wenkel, Parker & Foster, CPA PC

Iowa City, Iowa
January 10, 2017

CITY OF NORTH LIBERTY, IOWA

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	yes	_____	<u>X</u>	no
Significant deficiency identified not considered to be material weaknesses?	_____	yes	_____	<u>X</u>	none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	yes	_____	<u>X</u>	no
Significant deficiency identified not considered to be material weaknesses?	_____	yes	_____	<u>X</u>	none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.515? _____ yes X no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

CITY OF NORTH LIBERTY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

 **DRAFT**

Part II. Current Year Findings Related to the Financial Statements

Internal Control Deficiencies

No matters were noted.

Instances of Noncompliance

No matters were noted.

Part III. Current Year Findings and Questioned Costs for Federal Awards

Instances of Noncompliance

No matters were noted.

Internal Control Deficiencies

No matters were noted.

CITY OF NORTH LIBERTY, IOWA

Schedule of Findings and Questioned Costs

 DRAFT

Year Ended June 30, 2016

Part IV. Other Findings Related to Required Statutory Reporting

2016-001 **Certified Budget** - Disbursements during the year ended June 30, 2016 for the health and social services function exceeded the budgeted amount.

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

Response - The City will amend the budget and will monitor expenditures to ensure that overages do not occur.

Conclusion - Response accepted.

2016-002 **Questionable Disbursements** - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2016-003 **Travel Expenses** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2016-004 **Business Transactions with City Officials and Employees** - We noted no business transactions between the City and City officials or employees during the year ended June 30, 2016.

2016-005 **Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2016-006 **Publication of Council Minutes** - No transactions were noted from the minutes of the Council meetings that we believe should have been approved by the Council but were not. The minutes of all Council meetings tested for compliance with publication were made within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

2016-007 **Deposits and Investments**

Comment - The maximum depository amount at one of the banks the City is authorized to bank with was exceeded for two days in April 2016. It appears that the maximum depository amount was exceeded due to the significant property tax receipts during the month. Transfers to accounts at other banks in amounts that exceeded the excess amount were noted to have cleared in two days.

Recommendation - Total deposits on hand at the banks the City is authorized to bank with should be reviewed on a regular basis by appropriate City staff in order to minimize the time that balances at any of the authorized depositories exceed, or are expected to exceed, the maximum depository amounts.

Response - City staff have reminders to check amounts on hand in September and April when property tax revenues are received to ensure funds on deposit do not exceed the depository limit. The Hills Bank and Trust Company deposit limit is set at \$13,000,000 to allow for adequate bond payment funds on June 1.

Conclusion - Response accepted.

CITY OF NORTH LIBERTY, IOWA

Schedule of Findings and Questioned Costs

 DRAFT

Year Ended June 30, 2016

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

2016-008 **Revenue Bonds** - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

2016-009 **Financial Condition**

Comment - The City had deficit balances at June 30, 2016 in three capital projects funds, the Park Development capital reserve account within the General Fund and the Sewer Capital Projects capital projects account within the Sewer Enterprise Fund that arose because project and construction costs were incurred prior to the availability of funds.

Recommendation - In many situations common to governmental entities, the costs of construction projects and activities are expended prior to the availability of certain funds. The City has followed the practice of using available City funds to pay for project and construction costs and then seek grant reimbursements or authorize the sale of bonds to replenish the fund balances. The City should make sure that there are adequate revenues, grants, proceeds from sales of bonds and available City funds to cover the costs of these projects and construction activities.

Response - The City plans borrowing on a regular basis to ensure that negative fund balances are eliminated, but the most cost-effective borrowing plan is implemented. Funds that historically had negative balances are being remedied through annual regular transfers to eliminate the deficits.

Conclusion - Response accepted.

2016-010 **Annual Urban Renewal Report** - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.