



Financial Statements
June 30, 2020

City of Asbury, Iowa

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City of Asbury, Iowa
(Unaudited) Officials
June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Adams	Mayor	January 2024
Bob Reisch	Council Member	January 2024
Curt Kiessling	Council Member	January 2024
Craig Miller	Council Member	January 2022
John Richey	Council Member	January 2022
Russ Domeyer	Council Member	January 2022
Elizabeth Bonz	City Administrator, Treasurer	Appointed
Sara Burke	City Clerk	Appointed
Doug Hummel	Deputy City Clerk	Appointed
Korissa Tuegel	Utility Billing Clerk	Appointed
A. Theodore Huinker	Attorney	Appointed



Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa, as of and for the year ended June 30, 2020, and the related notes to 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 as described in Note 1 to the financial statements. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 that 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Asbury, Iowa, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with the cash basis of accounting as described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting used in the preparation of the financial statements. The financial statements are prepared on the cash basis of accounting, 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 cash basis financial statements that collectively comprise the City'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 nine years ended June 30, 2019 (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 supplementary information included in schedules 4 through 8 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 State of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of IPERS Net Pension Liability, the Schedule of IPERS Contributions, and the Notes to Other Information – Pension Liability on pages 5 through 13 and 32 through 35, 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 August 24, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Sully LLP

Dubuque, Iowa
August 24, 2020

The City of Asbury 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, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

This discussion and analysis is intended to be an easily readable analysis of the City's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the audited financial statements.

2020 Financial Highlights

Receipts of the City's activities decreased 2% or approximately \$173,000 from fiscal year 2019 to fiscal year 2020. Charges for services decreased approximately \$86,039 due to changes in operations that were implemented related to the COVID-19 virus at the golf course. Capital grants decreased approximately \$394,600 because in the prior year the City received funding from the State of Iowa for the Hales Mill Road Street Improvement Project. Tax Increment Financing expenditures increased approximately \$320,000 due to increased funding for Capital Improvement Projects.

Disbursements of the City's activities decreased 2.58%, or approximately \$214,000 from fiscal year 2019 to fiscal year 2020. In fiscal year 2020 Capital Projects Fund expenditures included the Summer East Street Reconstruction Project and Springgreen North Water Main Improvement \$1,119,500; Park Improvements \$398,000; storm water improvements \$515,000; and golf course bunker project improvements \$400,000. Business Type Expenditures decreased because of the completion of water improvements; water tower painting and sewer improvements – sludge project and sanitary sewer main extensions.

The City's total cash basis net position increased 10.47% or approximately \$1,162,000 from June 2019 to June 2020. Of this amount, the assets of the governmental activities increased approximately \$619,000 and the assets of the business-type activities decreased approximately \$543,000.

Using This Annual Report

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

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

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

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

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

Supplementary and Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and provides detailed information about the nonmajor governmental funds.

Basis of Accounting

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

Reporting the City's Financial Activities

Government-wide Financial Statement

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

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

Governmental funds account for most of the City's basic services and are funded primarily through tax revenues. The City's proprietary funds account for the enterprise funds. Enterprise funds are used to report business-type activities.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities - Governmental Activities and Business-type (Proprietary) Activities.

Governmental Activities include:

Public Safety – includes police operations, civil service, emergency management, fire protection, ambulance service and building inspections.

Public Works – includes roads, sidewalks, equipment, street lighting, traffic safety and snow removal.

Culture and Recreation – includes library services, parks and recreation and golf course.

Community and Economic Development – includes community betterment, economic development and planning and zoning.

General Government – includes mayor, city council, city administrator, city clerk, elections, legal services, city hall, insurance and general administration.

Debt Service – includes general obligation and tax increment financing debt.

Capital Projects – includes sidewalks, right of way acquisition, street improvements, community services campus, storm water, golf course and park improvement projects.

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

Business-type Activities include the water utility, sewer utility, solid waste utility, and a storm water utility.

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

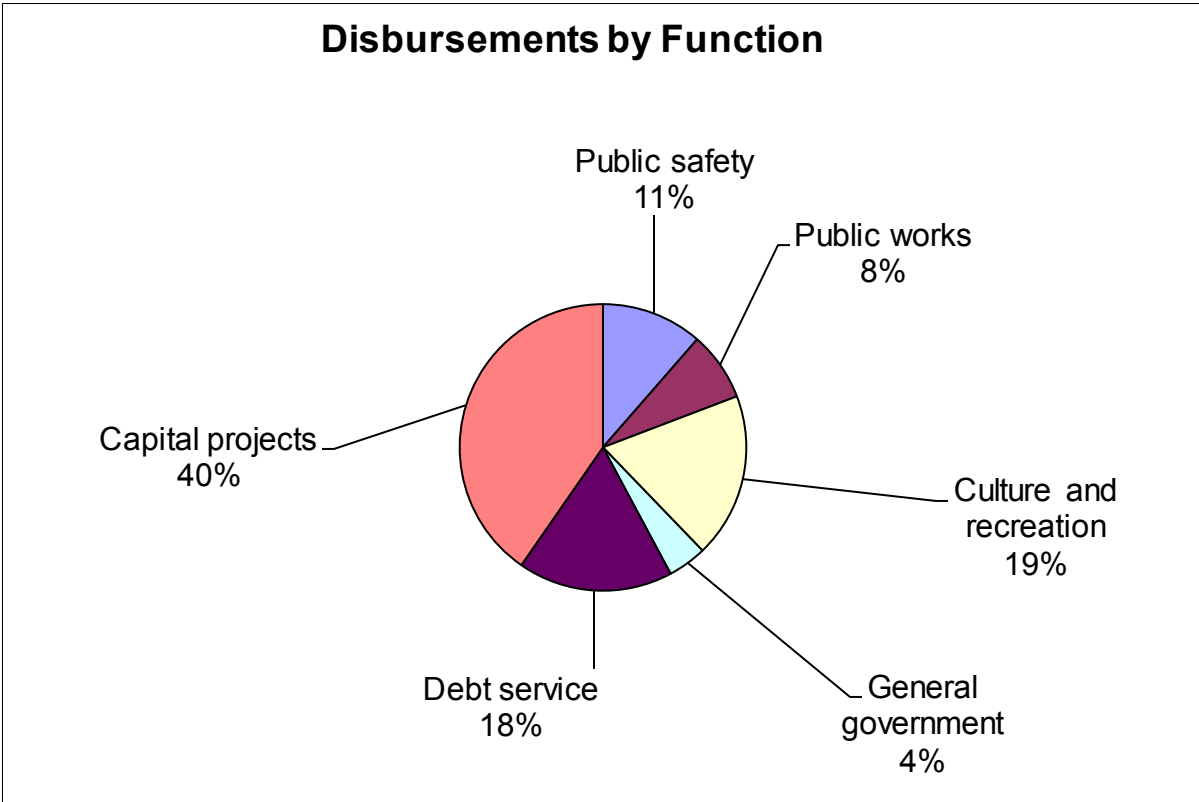
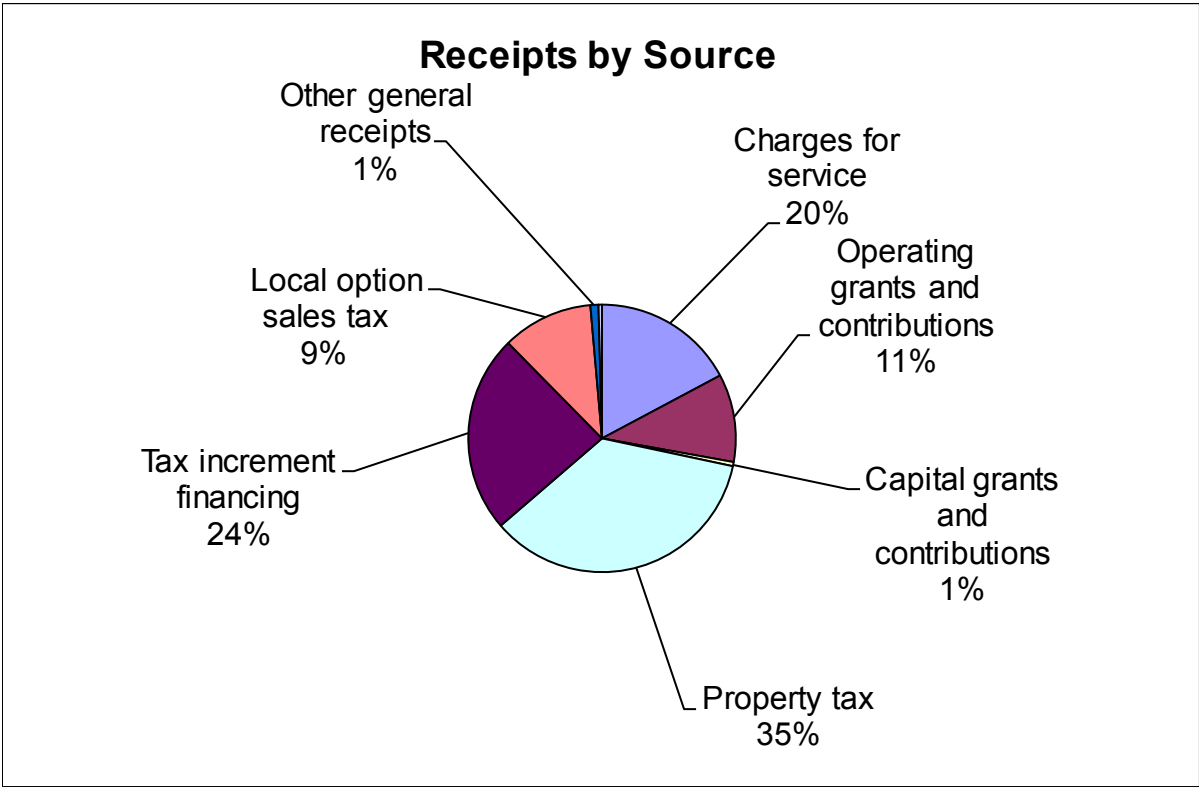
Governmental Activities

For the year ended June 30, 2020, the City's governmental activities were funded as follows:

Receipts of the City's governmental activities decreased 2.76%, or approximately \$188,000 from fiscal year 2019 to fiscal year 2020. Tax Increment Financing increased \$320,254 to fund capital improvement projects. Capital Grant revenue decreased \$394,514 because State Transportation funding received was dedicated to the Hales Mill Road Street Improvement Project that was completed in the prior year. Charges for Services decreased \$135,421 due to changes in operations related to COVID-19 at the golf course.

Disbursements of the City's governmental activities increased 6.64% or approximately \$397,000 from fiscal year 2019 to fiscal year 2020. Capital Projects increased \$647,500. The following Capital Projects were completed; Springgreen North Water Main Replacement; Pocket Parks – Brook Haven and Maple Hills; Cloie Creek Streambank Restoration; and the Meadows Bunker Project. The following Capital Projects were in process at the end of FY 2020; Summer East and the Forest Hills Detention Project.

Changes in Cash Basis Net Position of Governmental Activities		
	Year Ended June 30,	
	2020	2019
Program Receipts:		
Charges for service	\$ 1,144,156	\$ 1,279,577
Operating grants and contributions	705,663	704,191
Capital grants and contributions	33,000	427,514
General Receipts:		
Property tax	2,349,219	2,338,332
Tax increment financing	1,589,704	1,269,450
Local option sales tax	729,324	680,780
Unrestricted interest on investments	64,832	116,136
Other general receipts	28,479	16,648
Total receipts	6,644,377	6,832,628
Public safety	725,532	658,765
Public works	495,274	544,499
Culture and recreation	1,182,256	1,258,379
Community and economic development	11,758	6,260
General government	279,441	278,596
Debt service	1,110,749	1,309,186
Capital projects	2,565,231	1,917,695
Total disbursements	6,370,241	5,973,380
Change in Cash Basis Net Position Before Transfers	274,136	859,248
Transfers, Net	345,000	13,164
Change in Cash Basis Net Position	619,136	872,412
Cash Basis Net Position Beginning of Year	6,306,507	5,434,095
Cash Basis Net Position End of Year	\$ 6,925,643	\$ 6,306,507



Business-type Activities

For the year ended June 30, 2020, the City's business-type activities receipts and disbursements were as follows:

Changes in Cash Basis Net Position of Business-Type Activities

	Year Ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer utility	\$ 994,060	\$ 966,497
Solid waste	278,881	275,711
Water	1,065,331	1,046,545
Storm Water	196,779	196,916
General receipts:		
Unrestricted interest on investments	49,236	83,328
Total receipts	2,584,287	2,568,997
Program Disbursements:		
Sewer utility	782,568	817,910
Solid waste	267,464	263,761
Water	588,188	1,159,668
Storm Water	58,169	65,818
Total program disbursements	1,696,389	2,307,157
Change in Cash Basis Net Position Before Transfers	887,898	261,840
Transfers, Net	(345,000)	(13,164)
Change in Cash Basis Net Position	542,898	248,676
Cash Basis Net Position Beginning of Year	4,796,009	4,547,333
Cash Basis Net Position End of Year	\$ 5,338,907	\$ 4,796,009

Receipts of the City's business-type activities increased less than 1%, or approximately \$15,000 from fiscal year 2019 to fiscal year 2020.

Disbursements for business-type activities decreased 26.47%, or approximately \$610,700 from fiscal year 2019 to fiscal year 2020. The decrease is because of the completion of the west water tower repainting, and sanitary sewer sludge removal project and sanitary sewer line extensions.

Individual Major Fund Analysis

As of June 30, 2020, the City had cash balances on hand of \$6,925,643 in governmental fund types and \$5,338,907 business-type funds. The governmental fund type increased \$619,136 and business fund types increased \$542,898, respectively, during fiscal year 2019-2020. The increase in cash for governmental fund types and business type funds is due to a delay in construction for major capital projects that was budgeted to be completed prior to year-end.

The General Fund cash balance increased \$130,305 from the prior year to \$4,463,099. The increase is due to funding of equipment replacement reserves.

- The Special Revenue Fund, Road Use Tax Fund cash balance increased \$147,595 to \$810,743. This increase was because of delay street capital projects to be started.
- The Special Revenue Fund, Local Option Sales Tax cash balance increased \$99,974 to \$953,817. The city is required to use this money for the specific purpose of police and fire protection, street lighting, snow and ice control, insurance and street improvements.
- The Special Revenue Fund, Tax Increment Financing Fund was established to account for major urban renewal projects. This fund balance is required to be used for tax increment funded projects.
- Other Nonmajor Governmental Funds, the cash fund balance increased \$322,392 due to the funding Capital Projects that were not completed.
- The Debt Service Fund cash balance decreased \$65,594 to \$13,862.

Individual Major Business Type Fund Analysis

- The Enterprise, Sewer Utility Fund cash balance increased \$231,964 to \$2,384,875. This increase is due funding equipment and facility reserves.
- The Enterprise, Water Fund cash balance increased \$276,578 to \$2,450,608. The increase was due to funding equipment and facility reserves.

Budgetary Highlights

The City did not amend the fiscal year 20 budget.

For the year ended June 30, 2020, total actual receipts were \$440,081 under the final budget while total actual disbursements were \$3,148,166 under the final budget. The large difference for budgeted and actual expenditures occurred because of capital projects for road improvements and utility projects that were budgeted and not completed in the current fiscal year.

Debt Outstanding

At June 30, 2020, the City had \$ 7,759,417 debt outstanding compared to \$8,940,261 in 2019, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2020	2019
General Obligation Bonds:		
2012A Refunding	\$ 1,450,000	\$ 1,650,000
2012B Refunding	130,000	195,000
2012C Refunding	350,000	700,000
2015B Refunding Seippel Road	2,045,000	2,200,000
2017 GO Bond Sun Valley	1,260,000	1,360,000
2017 SRF TIF	1,316,000	1,385,594
Golf Car Lease	50,417	80,667
Total General Obligation Bonds	6,601,417	7,571,261
Revenue Notes:		
2006 Sewer improvements	116,000	272,000
2017 SRF Water Reserve	1,042,000	1,097,000
Total Revenue Notes	1,158,000	1,369,000
Total	\$ 7,759,417	\$ 8,940,261

The City as of June 30, 2020 is at 26.59% of its bonding capacity. The City's outstanding general obligation debt limit was \$24,829,240.

Economic Factors

While property taxes are important to the City, they represent approximately 35% of revenue sources excluding other financing sources. TIF revenues comprise 24% of total revenues. Charges for services comprise 20% of total revenues. The City continues to grow and add residential housing at a robust pace. This has added to the property tax base and increased the number of utility users in the community.

Next Year's Budget and Rates

For the year ending June 30, 2021, the city will be completing construction of the Summer East Drive Improvements and the Forest Hills Detention Basin. The estimated cost to finish these projects is \$800,000. Other major projects budgeted for fiscal year 2021 include Forest Hills Detention Phase II, Summer Drive West Road Reconstruction, Meadows Cart Path Project, Cloie Creek Trail Project, and water and sewer utility projects. The planned improvements are estimated to cost approximately \$3,700,000. The city will perform the annual review of the Capital Improvement Plan. All future plans will require the City Council and Mayor to balance the growth of the community with an appropriate tax levy and charge for services. These projects will be financed with cash reserves, Local Option Sales Tax, Road Use Tax and Tax Increment Financing. The City had a corporate tax levy of \$10.00 in 2020. The Fiscal Year 2020 total corporate tax levy was lowered to \$9.57.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City's Administrator at 5290 Grand Meadow Drive, Suite 1, Asbury, IA 52002, telephone 563-556-7106 or email ebonz@cityofasbury.com.

Elizabeth Bonz
City Administrator



Basic Financial Statements
June 30, 2020

City of Asbury, Iowa

City of Asbury, Iowa
Exhibit A – Statement of Activities and Net Position – Cash Basis
As of and for the Year Ended June 30, 2020

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety	\$ 725,532	\$ 81,739	\$ -	\$ -	\$ (643,793)	\$ -	\$ (643,793)
Public works	495,274	79,170	700,663	23,000	307,559	-	307,559
Culture and recreation	1,182,256	877,135	5,000	-	(300,121)	-	(300,121)
Community and economic development	11,758	-	-	-	(11,758)	-	(11,758)
General government	279,441	100,773	-	-	(178,668)	-	(178,668)
Debt service	1,110,749	-	-	-	(1,110,749)	-	(1,110,749)
Capital projects	2,565,231	5,339	-	10,000	(2,549,892)	-	(2,549,892)
Total governmental activities	6,370,241	1,144,156	705,663	33,000	(4,487,422)	-	(4,487,422)
Business-type activities:							
Sewer utility	782,568	994,060	-	-	-	211,492	211,492
Water	588,188	1,065,331	-	-	-	477,143	477,143
Solid waste	267,464	278,881	-	-	-	11,417	11,417
Storm Water	58,169	196,779	-	-	-	138,610	138,610
Total business-type activities	1,696,389	2,535,051	-	-	-	838,662	838,662
Total	\$ 8,066,630	\$ 3,679,207	\$ 705,663	\$ 33,000	(4,487,422)	838,662	(3,648,760)
General Receipts and Transfers:							
Property tax levied for:							
General purposes					1,998,851	-	1,998,851
Debt service					350,368	-	350,368
Tax increment financing					1,589,704	-	1,589,704
Local option sales tax					729,324	-	729,324
Unrestricted interest on investments					64,832	49,236	114,068
Other general receipts					28,479	-	28,479
Transfers, net					345,000	(345,000)	-
Total general receipts and transfers					5,106,558	(295,764)	4,810,794
Change in Cash Basis Net Position					619,136	542,898	1,162,034
Cash Basis Net Position Beginning of Year					6,306,507	4,796,009	11,102,516
Cash Basis Net Position End of Year					\$ 6,925,643	\$ 5,338,907	\$ 12,264,550
Cash Basis Net Position							
Restricted:							
Streets					\$ 1,237,676	\$ -	\$ 1,237,676
Debt service					13,862	-	13,862
Urban renewal purposes					389,334	-	389,334
Public Safety					333,836	-	333,836
Other purposes					529,578	-	529,578
Unrestricted					4,421,357	5,338,907	9,760,264
Total cash basis net position					\$ 6,925,643	\$ 5,338,907	\$ 12,264,550

City of Asbury, Iowa

Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Governmental Funds
As of and for the Year Ended June 30, 2020

	General	Special Revenue			Capital Project	Debt Service	Other Nonmajor Governmental Funds	Total
		Local Option Sales Tax	Road Use Tax	Tax Increment Financing (TIF)	Road Improvement			
Receipts:								
Property tax	\$ 1,878,197	\$ -	\$ -	\$ -	\$ -	\$ 350,368	\$ 120,654	\$ 2,349,219
Tax increment financing	-	-	-	1,589,704	-	-	-	1,589,704
Other City tax	-	729,324	-	-	-	-	-	729,324
Licenses and permits	175,135	-	-	-	-	-	-	175,135
Use of money and property	45,498	9,257	-	5,008	47	1,467	3,555	64,832
Intergovernmental	4,040	-	700,663	-	-	-	23,000	727,703
Charges for service	880,472	-	-	-	-	-	-	880,472
Special assessments	-	-	-	-	37,529	-	46,980	84,509
Miscellaneous	33,479	-	-	-	-	-	10,000	43,479
Total receipts	3,016,821	738,581	700,663	1,594,712	37,576	351,835	204,189	6,644,377
Disbursements:								
Operating:								
Public safety	725,532	-	-	-	-	-	-	725,532
Public works	277,070	-	218,204	-	-	-	-	495,274
Culture and recreation	1,182,256	-	-	-	-	-	-	1,182,256
Community and economic development	11,758	-	-	-	-	-	-	11,758
General government	279,441	-	-	-	-	-	-	279,441
Debt service:								
Principal	-	-	-	-	-	939,594	-	939,594
Interest and fiscal charges	-	-	-	-	-	171,155	-	171,155
Capital projects	-	-	-	-	1,119,621	-	1,445,610	2,565,231
Total disbursements	2,476,057	-	218,204	-	1,119,621	1,110,749	1,445,610	6,370,241
Excess (Deficiency) of Receipts over (Under) Disbursements	540,764	738,581	482,459	1,594,712	(1,082,045)	(758,914)	(1,241,421)	274,136
Other Financing Sources (Uses):								
Transfers in	1,493,525	-	-	-	1,046,709	693,320	1,684,299	4,917,853
Transfers out	(1,903,984)	(638,607)	(334,864)	(1,574,912)	-	-	(120,486)	(4,572,853)
Total other financing sources (uses)	(410,459)	(638,607)	(334,864)	(1,574,912)	1,046,709	693,320	1,563,813	345,000
Net Change in Cash Balances	130,305	99,974	147,595	19,800	(35,336)	(65,594)	322,392	619,136
Cash Balances Beginning of Year	4,332,794	853,843	663,148	144,180	35,336	79,456	197,750	6,306,507
Cash Balances End of Year	\$ 4,463,099	\$ 953,817	\$ 810,743	\$ 163,980	\$ -	\$ 13,862	\$ 520,142	\$ 6,925,643
Cash Basis Fund Balances								
Restricted	\$ -	\$ 953,817	\$ 810,743	\$ 163,980	\$ -	\$ 13,862	\$ 561,884	\$ 2,504,286
Assigned	907,599	-	-	-	-	-	12,853	920,452
Unassigned	3,555,500	-	-	-	-	-	(54,595)	3,500,905
Total cash basis fund balances	\$ 4,463,099	\$ 953,817	\$ 810,743	\$ 163,980	\$ -	\$ 13,862	\$ 520,142	\$ 6,925,643

City of Asbury, Iowa

Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Proprietary Funds
As of and for the Year Ended June 30, 2020

	Enterprise Funds			
	Sewer Utility	Water	Nonmajor	Total
Operating Receipts:				
Charges for service	\$ 994,060	\$ 1,065,331	\$ 475,660	\$ 2,535,051
Use of money and property	20,472	24,435	4,329	49,236
Total operating receipts	<u>1,014,532</u>	<u>1,089,766</u>	<u>479,989</u>	<u>2,584,287</u>
Operating Disbursements:				
Business-type activities:				
Salaries and wages	120,953	117,692	36,937	275,582
Employee benefits and costs	38,822	40,360	14,124	93,306
Staff development	1,199	2,099	1,935	5,233
Repair, maintenance, and utilities	220,629	100,273	-	320,902
Contractual services	52,321	100,079	266,851	419,251
Commodities	4,687	42,181	5,786	52,654
Capital outlay	183,197	111,370	-	294,567
Total operating disbursements	<u>621,808</u>	<u>514,054</u>	<u>325,633</u>	<u>1,461,495</u>
Excess of Operating Receipts over Operating Disbursements	392,724	575,712	154,356	1,122,792
Non-Operating Disbursements:				
Debt service	<u>(160,760)</u>	<u>(74,134)</u>	-	<u>(234,894)</u>
Excess of Receipts over Disbursements	231,964	501,578	154,356	887,898
Other Financing Uses:				
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(120,000)</u>	<u>(345,000)</u>
Net Change in Cash Balances	231,964	276,578	34,356	542,898
Cash Balances Beginning of Year	<u>2,152,911</u>	<u>2,174,030</u>	<u>469,068</u>	<u>4,796,009</u>
Cash Balances End of Year	<u>\$ 2,384,875</u>	<u>\$ 2,450,608</u>	<u>\$ 503,424</u>	<u>\$ 5,338,907</u>
Cash Basis Fund Balances				
Unrestricted	<u>\$ 2,384,875</u>	<u>\$ 2,450,608</u>	<u>\$ 503,424</u>	<u>\$ 5,338,907</u>

Note 1 - Significant Accounting Policies

The City of Asbury, Iowa, is a political subdivision of the State of Iowa located in Dubuque County. It was first incorporated in 1933 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, solid waste, and storm sewer utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City of Asbury, 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 to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

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 service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary Net Position. Net Position is reported in two categories:

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

Unrestricted net position consists of assets not meeting the definition of the preceding category. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

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

Fund Financial Statements

Separate financial statements are provided for governmental 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 from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs not paid from other funds.

Special Revenue

The Local Option Sales Tax Fund is used to account for the payment of police and fire protection, street lighting, snow and ice control, insurance, and street maintenance.

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

The Tax Increment Financing Fund is used to account for projects financed by tax increment financing.

Capital Project

The Road Improvement fund is used to account for receipts and disbursements which finance local road improvements.

Debt Service

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

The City reports the following major proprietary funds:

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

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

Measurement Focus and Basis of Accounting

The City maintains its financial records on the cash basis of accounting, 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.

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

When both restricted or unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

Property Tax Receipts

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the government.

Fund Equity

The City classifies fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable - The non-spendable classification contains amounts legally or contractually required to be maintained intact.

Restricted - Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes an ordinance to establish a fund balance commitment.

Assigned - Amounts intended to be used for specific purposes are assigned as needed by the City Administrator. Assignments should not cause deficits in the unassigned fund balance.

Unassigned - Unassigned fund balance is the residual classification for the general fund.

When committed, assigned, and unassigned resources are available for use, it is the government's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Note 2 - Cash and Investments

The City's deposits in banks at June 30, 2020, 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 had no investments during the year ended June 30, 2020.

Interest Rate Risk

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

Note 3 - Bonds and Notes Payable

Changes in long-term debt obligations for the year ended June 30, 2020, are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation notes	\$ 6,105,000	\$ -	\$ 870,000	\$ 5,235,000	\$ 775,000
Direct borrowings					
State Revolving Fund					
General obligation bonds	1,385,594	-	69,594	1,316,000	71,000
Golf car lease	80,667	-	30,250	50,417	30,250
Total	<u>\$ 7,571,261</u>	<u>\$ -</u>	<u>\$ 969,844</u>	<u>\$ 6,601,417</u>	<u>\$ 876,250</u>
Business-type activities:					
Direct borrowings					
State Revolving Fund					
General obligation bonds	<u>\$ 1,369,000</u>	<u>\$ -</u>	<u>\$ 211,000</u>	<u>\$ 1,158,000</u>	<u>\$ 168,000</u>

Annual debt service requirements to maturity for general obligation bonds and direct borrowings and placements are as follows:

Years Ending June 30,	Governmental activities General Obligation Notes		Governmental activities Direct Borrowings	
	Principal	Interest	Principal	Interest
	2021	\$ 775,000	\$ 121,639	\$ 101,250
2022	630,000	106,472	92,167	23,453
2023	475,000	94,537	73,000	20,528
2024	480,000	85,037	75,000	19,250
2025	485,000	75,437	76,000	17,938
2026-2030	1,960,000	215,288	406,000	69,090
2031-2035	430,000	16,200	264,000	28,840
2035-2037	-	-	279,000	4,952
	<u>\$ 5,235,000</u>	<u>\$ 714,610</u>	<u>\$ 1,366,417</u>	<u>\$ 209,579</u>
Years Ending June 30,	Business-type activities Direct Borrowings		Total	
	Principal	Interest	Principal	Interest
	2021	\$ 168,000	\$ 20,266	\$ 1,044,250
2022	53,000	17,326	775,167	147,251
2023	54,000	16,398	602,000	131,463
2024	55,000	15,452	610,000	119,739
2025	56,000	14,490	617,000	107,865
2026-2030	300,000	57,226	2,666,000	341,604
2031-2035	330,000	29,996	1,024,000	75,036
2036-2037	142,000	3,746	421,000	8,698
	<u>\$ 1,158,000</u>	<u>\$ 174,900</u>	<u>\$ 7,759,417</u>	<u>\$ 1,099,089</u>

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,100,000 of a sewer revenue note issued in June 2006. Proceeds from the note provided financing for the construction of improvements to the sewer treatment plant. The note is payable solely from sewer customer net receipts and is payable through 2021. The total principal and interest remaining to be paid on the note is \$118,030. For the current year, principal and interest paid and total customer net receipts were \$160,760 and \$555,449, respectively.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,200,000 of a water revenue note issued in September 2017. Proceeds from the note issued in September 2017 provided financing for the Water Tower project. The total principal and interest remaining to be paid on the notes is \$1,214,870. For the current year, principal and interest paid and total customer net receipts were \$74,134 and \$662,647, respectively. The 2017 note is payable solely from water funds and is payable through 2037.

Note 4 - Pension and Retirement Benefits

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, any time 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, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 payments.

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 calculated 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 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 2020, pursuant to the required rate, Regular members contributed 6.29% of payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 were \$107,018.

Net Pension Liabilities

At June 30, 2020, the City reported a liability for its proportionate share of the collective net pension liability totaled \$583,518. The collective net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.010077%, which was an increase of 0.000071% from its proportion measured as of June 30, 2018.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60 percent per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00 percent compounded annually, net of investment expense including inflation.
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 weighting 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	27.00%	1.71%
Domestic Equity	22.00%	5.60%
International Equity	15.00%	6.08%
Private Equity/Debt	11.00%	10.13%
Private Real Assets	7.50%	4.76%
Public Real Assets	7.00%	2.81%
Public Credit	3.50%	3.32%
Private Credit	3.00%	3.01%
Global smart beta equity	3.00%	5.82%
Cash	1.00%	-0.21%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 7.00% percent, 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-percent lower (6.00%) or 1-percent higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$ 1,229,021	\$ 583,518	\$ 42,318

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 - Other Postemployment Benefits (OPEB)

Plan Description – The City operates a fully insured single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$383 for single coverage to \$1,964 for family coverage. For the year ended June 30, 2020, the City contributed \$179,307 and the plan members eligible for benefits contributed \$23,840 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

Note 6 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Tax Increment Financing Local Option Sales Tax Nonmajor governmental	\$ 1,090,892 282,147 120,486 <hr/> 1,493,525
Sun Valley Road Improvement	General Fund Special Revenue: Road Use Tax Local Option Sales Tax Water Utility	374,550 299,999 147,160 225,000 <hr/> 1,046,709
Debt Service	Special Revenue: Local Option Sales Tax Tax Increment Financing	209,300 484,020 <hr/> 693,320
Nonmajor Governmental Funds	General Fund Special Revenue: Road Use Tax Nonmajor Enterprise	1,529,434 34,865 120,000 <hr/> 1,684,299 <hr/> \$ 4,917,853

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

Note 7 - Risk Management

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

Note 8 - Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 9 - Commitments

The City had active construction projects at June 30, 2020. At year end the City's commitments with contractors are as follows:

Project	Total Contract	Payments-to- Date	Remaining Commitment
Pickle Ball Courts	\$ 65,808	\$ 27,261	\$ 38,547
Summer Drive East	946,965	404,336	542,629
Forest Hills Detention	401,277	173,330	227,947
Meadows Cart Path Project	443,579	-	443,579
Grand Meadow Drive Repairs	89,057	-	89,057

Note 10 - Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bond principal and interest does not constitute liabilities of the City.

As of June 30, 2020, there are three Industrial Revenue Bonds outstanding, with a principal amount payable of \$5,715,391.

Note 11 - Fund Balance Reporting

The detail of the City's cash basis governmental fund balances at June 30, 2020, is as follows:

	General	Special Revenue			Debt Service	Nonmajor	Total
		Local Option Sales Tax	Road Use Tax	Tax Increment Financing (TIF)			
Restricted For							
Road improvements	\$ -	\$ -	\$ 810,743	\$ -	\$ -	45,407	\$ 856,150
Police	-	171,687	-	-	-	-	171,687
Street lighting	-	104,920	-	-	-	-	104,920
Fire services	-	57,229	-	-	-	-	57,229
Snow	-	95,382	-	-	-	-	95,382
Insurance	-	143,073	-	-	-	-	143,073
Street maintenance	-	381,526	-	-	-	-	381,526
TIF	-	-	-	163,980	-	-	163,980
Debt service	-	-	-	-	13,862	-	13,862
Special levies	-	-	-	-	-	6,142	6,142
Special projects	-	-	-	-	-	3,278	3,278
Park expansion	-	-	-	-	-	145,147	145,147
Municipal building	-	-	-	-	-	136,556	136,556
Low to moderate	-	-	-	-	-	225,354	225,354
Total restricted	-	953,817	810,743	163,980	13,862	561,884	2,504,286
Assigned To							
Economic development	907,599	-	-	-	-	-	907,599
Seippel Road	-	-	-	-	-	12,309	12,309
Wedgewood Pond	-	-	-	-	-	544	544
Total assigned	907,599	-	-	-	-	12,853	920,452
Unassigned	3,555,500	-	-	-	-	(54,595)	3,500,905
Total Fund Balances	\$ 4,463,099	\$ 953,817	\$ 810,743	\$ 163,980	\$ 13,862	\$ 520,142	\$ 6,925,643

Note 12 - Deficit Balance

At June 30, 2020, the Asbury Road Overlay Fund had a deficit balance of \$10,263 and the Golf Course Improvement Fund had a deficit balance of \$44,332. The deficit balances are the result of a capital projects where permanent financing was not in place. The deficits will be eliminated upon receipt of funding in future periods.

Note 13 - Prospective Accounting Changes

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the City beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the City beginning with its fiscal year ending June 30, 2023. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variably payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

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

Note 14 - Contingency

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.



Other Information
June 30, 2020

City of Asbury, Iowa

City of Asbury, Iowa

Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances –
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year Ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Receipts:						
Property tax	\$ 2,349,219	\$ -	\$ 2,349,219	\$ 2,344,731	\$ 2,344,731	\$ 4,488
Tax increment financing	1,589,704	-	1,589,704	1,574,912	1,574,912	14,792
Other City tax	729,324	-	729,324	792,205	792,205	(62,881)
Licenses and permits	175,135	-	175,135	90,935	90,935	84,200
Use of money and property	64,832	49,236	114,068	80,977	80,977	33,091
Intergovernmental	727,703	-	727,703	1,112,296	1,112,296	(384,593)
Charges for service	880,472	2,535,051	3,415,523	3,511,689	3,511,689	(96,166)
Special assessments	84,509	-	84,509	140,000	140,000	(55,491)
Miscellaneous	43,479	-	43,479	21,000	21,000	22,479
Total receipts	6,644,377	2,584,287	9,228,664	9,668,745	9,668,745	(440,081)
Disbursements:						
Public safety	725,532	-	725,532	810,804	810,804	85,272
Public works	495,274	-	495,274	665,792	665,792	170,518
Culture and recreation	1,182,256	-	1,182,256	1,360,668	1,360,668	178,412
Community and economic development	11,758	-	11,758	70,200	70,200	58,442
General government	279,441	-	279,441	361,600	361,600	82,159
Debt service	1,110,749	-	1,110,749	1,134,866	1,134,866	24,117
Capital projects	2,565,231	-	2,565,231	4,484,737	4,484,737	1,919,506
Business-type activities	-	1,696,389	1,696,389	2,326,129	2,326,129	629,740
Total disbursements	6,370,241	1,696,389	8,066,630	11,214,796	11,214,796	3,148,166
Excess (Deficiency) of Receipts over (Under) Disbursements	274,136	887,898	1,162,034	(1,546,051)	(1,546,051)	2,708,085
Other Financing Sources, Net	345,000	(345,000)	-	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses	619,136	542,898	1,162,034	(1,546,051)	(1,546,051)	2,708,085
Balances Beginning of Year	6,306,507	4,796,009	11,102,516	10,594,950	10,594,950	507,566
Balances End of Year	\$ 6,925,643	\$ 5,338,907	\$ 12,264,550	\$ 9,048,899	\$ 9,048,899	\$ 3,215,651

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

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, there were no budget amendments.

Disbursements at June 30, 2020 did not exceed the amended budget amounts.

City of Asbury, Iowa
Schedule 2 - City's Proportionate Share of IPERS Net Pension Liability
Schedule 3 - IPERS Contributions
June 30, 2020

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered-payroll	City's proportionate share of the net pension liability as a percentage of its covered-payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.010077%	\$ 583,518	\$ 1,088,874	53.59%	85.45%
2019	0.010006%	633,226	1,001,297	63.24%	83.62%
2018	0.010451%	696,156	998,590	69.71%	82.21%
2017	0.010097%	635,467	934,803	67.98%	81.82%
2016	0.009411%	466,449	880,705	52.96%	85.19%
2015	0.009045%	358,706	877,100	40.90%	87.61%

The amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

GASB 68 requires reporting of the 10 most recent years of data to be presented. The City will present information for periods as they become available.

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 107,018	\$ 107,018	\$ -	\$ 1,091,564	9.80%
2019	104,423	104,423	-	1,088,874	9.59%
2018	91,716	91,716	-	1,001,297	9.16%
2017	91,400	91,400	-	998,590	9.15%
2016	85,533	85,533	-	934,803	9.15%
2015	78,647	78,647	-	880,705	8.93%
2014	78,325	78,325	-	877,100	8.93%
2013	74,579	74,579	-	860,196	8.67%
2012	62,942	62,942	-	779,950	8.07%
2011	53,744	53,744	-	773,295	6.95%

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation, which is used to determine the contribution rates effective July 1, 2019, incorporated the following refinements after a demographic assumption study:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



Supplementary Information
June 30, 2020

City of Asbury, Iowa

City of Asbury, Iowa
Schedule 4 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2020

	Capital Projects							
	Hales Mill Road Reconstruction	Hales Mill Intersection Realignment	Sidewalk Assessment Fund	Golf Course Improvement Fund	Asbury Road Overlay	Vehicle and Equipment Fund	Seippel Road Project	
Receipts:								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	16	-	-	-	-	-	96	889
Intergovernmental	23,000	-	-	-	-	-	-	-
Special assessments	41,641	550	-	-	-	-	2,786	-
Miscellaneous	-	-	-	-	-	-	-	10,000
Total receipts	64,657	550	-	-	-	-	2,882	10,889
Disbursements:								
Capital projects	29,650	35,234	210,324	403,277	10,263	39,362	-	14,950
Total disbursements	29,650	35,234	210,324	403,277	10,263	39,362	-	14,950
Excess (Deficiency) of Receipts over (Under) Disbursements	35,007	(34,684)	(210,324)	(403,277)	(10,263)	(39,362)	2,882	(4,061)
Other Financing Sources (Uses):								
Transfers in	-	34,865	214,680	387,600	-	39,362	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	34,865	214,680	387,600	-	39,362	-	-
Net Change in Cash Balances	35,007	181	4,356	(15,677)	(10,263)	-	2,882	(4,061)
Cash Balances Beginning of Year	(21,746)	(181)	(4,356)	(28,655)	-	-	9,427	140,617
Cash Balances End of Year	\$ 13,261	\$ -	\$ -	\$ (44,332)	\$ (10,263)	\$ -	\$ 12,309	\$ 136,556
Cash Basis Fund Balances								
Restricted	\$ 13,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,556
Assigned	-	-	-	-	-	-	12,309	-
Unassigned	-	-	-	(44,332)	(10,263)	-	-	-
Total cash basis fund balances	\$ 13,261	\$ -	\$ -	\$ (44,332)	\$ (10,263)	\$ -	\$ 12,309	\$ 136,556

City of Asbury, Iowa
Schedule 4 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2020

	Capital Projects			Special Revenue			Total
	Street Improvement Fund	Wedgewood Pond Fund	Park Expansion Fund	Special Levies	Special Projects	Low Moderate Income	
Receipts:							
Property tax	\$ -	\$ -	\$ -	\$ 120,654	\$ -	\$ -	\$ 120,654
Use of money and property	258	1	337	-	-	1,958	3,555
Intergovernmental	-	-	-	-	-	-	23,000
Special assessments	2,003	-	-	-	-	-	46,980
Miscellaneous	-	-	-	-	-	-	10,000
Total receipts	2,261	1	337	120,654	-	1,958	204,189
Disbursements:							
Capital projects	-	304,509	398,041	-	-	-	1,445,610
Total disbursements	-	304,509	398,041	-	-	-	1,445,610
Excess (Deficiency) of Receipts over (Under) Disbursements	2,261	(304,508)	(397,704)	120,654	-	1,958	(1,241,421)
Other Financing Sources (Uses):							
Transfers in	-	304,500	703,292	-	-	-	1,684,299
Transfers out	-	-	-	(120,486)	-	-	(120,486)
Total other financing sources (uses)	-	304,500	703,292	(120,486)	-	-	1,563,813
Net Change in Cash Balances	2,261	(8)	305,588	168	-	1,958	322,392
Cash Balances Beginning of Year	29,885	552	(160,441)	5,974	3,278	223,396	197,750
Cash Balances End of Year	<u>\$ 32,146</u>	<u>\$ 544</u>	<u>\$ 145,147</u>	<u>\$ 6,142</u>	<u>\$ 3,278</u>	<u>\$ 225,354</u>	<u>\$ 520,142</u>
Cash Basis Fund Balances							
Restricted	\$ 32,146	\$ -	\$ 145,147	\$ 6,142	\$ 3,278	\$ 225,354	\$ 561,884
Assigned	-	544	-	-	-	-	12,853
Unassigned	-	-	-	-	-	-	(54,595)
Total cash basis fund balances	\$ 32,146	\$ 544	\$ 145,147	\$ 6,142	\$ 3,278	\$ 225,354	\$ 520,142

City of Asbury, Iowa

Schedule 5 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Enterprise Funds
As of and for the Year Ended June 30, 2020

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Solid Waste</u>	<u>Storm Water</u>	
Operating Receipts:			
Charges for service	\$ 278,881	\$ 196,779	\$ 475,660
Use of money and property	3,463	866	4,329
Total operating receipts	<u>282,344</u>	<u>197,645</u>	<u>479,989</u>
Operating Disbursements:			
Salaries and wages	23,904	13,033	36,937
Employee benefits and costs	9,241	4,883	14,124
Staff development	-	1,935	1,935
Contractual services	230,134	36,717	266,851
Commodities	4,185	1,601	5,786
Total operating disbursements	<u>267,464</u>	<u>58,169</u>	<u>325,633</u>
Excess of Operating Receipts Over Disbursements	14,880	139,476	154,356
Other Financing Uses:			
Transfers out	-	(120,000)	(120,000)
Net Change in Cash Balances	14,880	19,476	34,356
Cash Balances Beginning of Year	<u>399,586</u>	<u>69,482</u>	<u>469,068</u>
Cash Balances End of Year	<u>\$ 414,466</u>	<u>\$ 88,958</u>	<u>\$ 503,424</u>
Cash Basis Fund Balances			
Unrestricted	<u>\$ 414,466</u>	<u>\$ 88,958</u>	<u>\$ 503,424</u>

City of Asbury, Iowa
Schedule 6 – Schedule of Indebtedness
June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds:									
2012A Refunding	2/17/2012	2.00-2.62	\$ 2,140,000	\$ 1,650,000	\$ -	\$ 200,000	\$ 1,450,000	\$ 35,406	\$ -
2012B Refunding	2/17/2012	1.70-2.00	525,000	195,000	-	65,000	130,000	3,705	-
2012C Refunding	2/17/2012	1.60-2.00	3,245,000	700,000	-	350,000	350,000	12,100	-
2015B Refunding Seippel Road	2/9/2016	2.00-3.00	2,495,000	2,200,000	-	155,000	2,045,000	54,050	-
2017 GO Bond Sun Valley	5/10/2017	2.00-3.00	1,540,000	1,360,000	-	100,000	1,260,000	35,681	-
2017 SRF TIF	9/8/2017	1.75	1,807,000	1,385,594	-	69,594	1,316,000	24,248	-
Golf Cart Lease	1/23/2018	4.50	121,000	80,667	-	30,250	50,417	2,498	-
Total General Obligation Bonds				7,571,261	-	969,844	6,601,417	167,688	-
Revenue Bonds:									
2006 Sewer Improvements	6/8/2006	1.75	2,100,000	272,000	-	156,000	116,000	4,760	-
2017 SRF Water Revenue	9/8/2017	1.75	1,200,000	1,097,000	-	55,000	1,042,000	19,134	-
Total Revenue Bonds				1,369,000	-	211,000	1,158,000	23,894	-
Total				\$ 8,940,261	\$ -	\$ 1,180,844	\$ 7,759,417	\$ 191,582	\$ -

City of Asbury, Iowa
Schedule 7 – Bond and Note Maturities
June 30, 2020

General Obligation Bonds									
Year Ending June 30,	2012A Refunding		2012B Refunding		2012C Refunding		2017 Sun Valley		
	Issued February 17, 2012		Issued February 17, 2012		Issued February 17, 2012		Issued May, 10, 2017		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2021	2.00	\$ 200,000	2.00	\$ 65,000	1.80	\$ 250,000	3.00	\$ 100,000	
2022	2.00	200,000	2.00	65,000	2.00	100,000	3.00	100,000	
2023	2.00	200,000	-	-	-	-	2.00	105,000	
2024	2.00	200,000	-	-	-	-	2.00	105,000	
2025	2.12	200,000	-	-	-	-	2.13	105,000	
2026	2.25	175,000	-	-	-	-	2.13	105,000	
2027	2.62	175,000	-	-	-	-	2.63	105,000	
2028	2.62	100,000	-	-	-	-	2.63	105,000	
2029	-	-	-	-	-	-	2.63	105,000	
2030	-	-	-	-	-	-	3.00	105,000	
2031	-	-	-	-	-	-	3.00	110,000	
2032	-	-	-	-	-	-	3.00	110,000	
2033	-	-	-	-	-	-	-	-	
		<u>\$ 1,450,000</u>		<u>\$ 130,000</u>		<u>\$ 350,000</u>		<u>\$ 1,260,000</u>	

General Obligation Bonds									
Year Ending June 30,	2018 Golf Car Lease Agreement		2015B Seippel Road Refunding		2017 GO SRF Loan				Total
	Issued January 23, 2018		Issued February 9, 2016		Issued Septemeber 9, 2017				
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount			
2021	4.5	\$ 30,250	2.00	\$ 160,000	1.75	\$ 71,000			\$ 876,250
2022	4.5	20,167	2.00	165,000	1.75	72,000			722,167
2023	-	-	2.00	170,000	1.75	73,000			548,000
2024	-	-	2.00	175,000	1.75	75,000			555,000
2025	-	-	2.00	180,000	1.75	76,000			561,000
2026	-	-	2.50	190,000	1.75	78,000			548,000
2027	-	-	2.50	190,000	1.75	80,000			550,000
2028	-	-	3.00	200,000	1.75	81,000			486,000
2029	-	-	3.00	200,000	1.75	83,000			388,000
2030	-	-	3.00	205,000	1.75	84,000			394,000
2031	-	-	3.00	210,000	1.75	86,000			406,000
2032	-	-	-	-	1.75	88,000			198,000
2033	-	-	-	-	1.75	90,000			90,000
2034	-	-	-	-	1.75	91,000			91,000
2035	-	-	-	-	1.75	93,000			93,000
2036	-	-	-	-	1.75	95,000			95,000
		<u>\$ 50,417</u>		<u>\$ 2,045,000</u>		<u>\$ 1,316,000</u>			<u>\$ 6,601,417</u>

Year Ending June 30,	Revenue Bonds					Total
	Sewer Improvement Bonds		2017 Water Revenue Improvement Bonds			
	Issued June 8, 2006		Issued September 8, 2017			
	Interest Rates	Amount	Interest Rates	Amount		
2021	1.75	\$ 116,000	1.75	\$ 52,000	\$ 168,000	
2022	-	-	1.75	53,000	53,000	
2023	-	-	1.75	54,000	54,000	
2024	-	-	1.75	55,000	55,000	
2025	-	-	1.75	56,000	56,000	
2026	-	-	1.75	58,000	58,000	
2027	-	-	1.75	59,000	59,000	
2028	-	-	1.75	60,000	60,000	
2029	-	-	1.75	61,000	61,000	
2030	-	-	1.75	62,000	62,000	
2031	-	-	1.75	63,000	63,000	
2032	-	-	1.75	65,000	65,000	
2033	-	-	1.75	66,000	66,000	
2034	-	-	1.75	67,000	67,000	
2035	-	-	1.75	69,000	69,000	
2036	-	-	1.75	70,000	70,000	
2037	-	-	1.75	72,000	72,000	
		<u>\$ 116,000</u>		<u>\$ 1,042,000</u>	<u>\$ 1,158,000</u>	

City of Asbury, Iowa
 Schedule 8 – Schedule of Receipts by Source and Disbursements by Function
 All Governmental Funds
 For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Receipts:										
Property tax	\$ 2,349,219	\$ 2,338,332	\$ 2,022,671	\$ 1,791,821	\$ 1,566,435	\$ 1,411,451	\$ 1,412,300	\$ 1,376,477	\$ 1,426,601	\$ 1,253,241
Tax increment financing	1,589,704	1,269,450	1,995,705	2,062,571	2,090,034	2,125,686	1,650,028	1,433,700	597,194	751,140
Other City tax	729,324	680,780	653,658	641,812	571,108	518,694	515,484	529,380	435,069	284,693
Licenses and permits	175,135	205,052	179,874	248,243	203,772	199,251	200,440	157,047	170,298	180,275
Use of money and property	64,832	116,136	61,150	22,919	22,529	31,209	28,444	52,667	59,626	67,836
Intergovernmental	727,703	1,087,232	805,770	604,260	905,775	463,502	435,063	444,396	412,197	332,629
Charges for service	880,472	990,128	986,555	1,031,706	1,083,592	1,055,327	1,018,363	992,163	1,071,844	1,035,711
Special assessments	84,509	80,482	171,752	154,719	118,285	36,309	41,897	80,859	7,509	9,024
Miscellaneous	43,479	65,036	127,394	103,558	147,396	266,760	144,783	12,123	13,238	24,470
Total receipts	<u>\$ 6,644,377</u>	<u>\$ 6,832,628</u>	<u>\$ 7,004,529</u>	<u>\$ 6,661,609</u>	<u>\$ 6,708,926</u>	<u>\$ 6,108,189</u>	<u>\$ 5,446,802</u>	<u>\$ 5,078,812</u>	<u>\$ 4,193,576</u>	<u>\$ 3,939,019</u>
Disbursements:										
Operating:										
Public safety	\$ 725,532	\$ 658,765	\$ 644,148	\$ 664,821	\$ 576,565	\$ 514,611	\$ 547,478	\$ 473,094	\$ 488,098	\$ 420,940
Public works	495,274	544,499	406,557	418,945	330,833	450,492	462,248	471,561	368,144	310,272
Culture and recreation	1,182,256	1,258,379	1,229,766	1,179,208	1,213,318	1,324,309	1,250,345	1,217,369	1,221,039	1,185,712
Community and economic development	11,758	6,260	22,589	3,504	51,654	91,874	20,789	21,803	13,776	16,204
General government	279,441	278,596	290,644	261,022	245,601	219,623	220,188	241,074	217,315	225,501
Debt service	1,110,749	1,309,186	2,728,229	2,549,091	2,737,744	2,699,743	952,911	988,160	1,021,652	1,106,015
Capital projects	2,565,231	1,917,695	1,693,347	3,023,606	4,150,279	5,968,183	1,211,029	1,004,077	1,958,449	417,762
Total disbursements	<u>\$ 6,370,241</u>	<u>\$ 5,973,380</u>	<u>\$ 7,015,280</u>	<u>\$ 8,100,197</u>	<u>\$ 9,305,994</u>	<u>\$ 11,268,835</u>	<u>\$ 4,664,988</u>	<u>\$ 4,417,138</u>	<u>\$ 5,288,473</u>	<u>\$ 3,682,406</u>



**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 Asbury, 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 *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 Asbury, Iowa (City), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 24, 2020. 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’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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa
August 24, 2020

Part I: Findings Related to the Financial Statements:

Material Weakness

2020-001 Preparation of Financial Statements

Criteria: A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition: As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause: We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect: The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation: We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Views of Responsible Officials: The City agrees with the finding.

Significant Deficiency

2020-002 Segregation of Duties

Criteria: Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition: The City is unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation functions from receipt and disbursement functions.

Cause: The City has limited time and staffing constraints.

Effect: Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation: We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

Views of Responsible Officials: The City agrees with the finding.

Part II: Findings and Questioned Costs for Federal Awards

Single audit did not apply for fiscal year 2020.

Part III: Other Findings Related to Statutory Reporting:

2020-IA-A Certified Budget – Disbursements during year ended June 30, 2020 did not exceed the amounts budgeted.

2020-IA-B Questionable Disbursements – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2020-IA-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2020-IA-D Business Transactions – No business transactions between the City and City officials or employees were noted.

2020-IA-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2020-IA-F 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.

2020-IA-G Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

2020-IA-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

2020-IA-I Revenue Bonds and Notes – No instances of noncompliance with the revenue bond and note resolutions were noted.

2020-IA-J Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1, 2019. However, the City misreported information in its original submission.

Recommendation – the City should implement additional preparation and review procedures relating to the Annual Urban Renewal Report.

Views of Responsible Officials – City will implement additional review of the annual urban renewal report prior to filing with the state.