



Financial Statements
June 30, 2021

City of Asbury, Iowa

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City of Asbury, Iowa
(Unaudited) Officials
June 30, 2021

<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 the 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, 2021, 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, 2021, 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, 2020 (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 States 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, the Officials, the 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 1, 5 through 13 and 31 through 34, 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 September 8, 2021 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.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
September 8, 2021

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, 2021. 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.

2021 Financial Highlights

Receipts of the City's activities increased 4.54% or approximately \$419,500 from fiscal year 2020 to fiscal year 2021. Charges for services of the governmental activities increased approximately \$294,000 due to an increase of golf course revenues of \$200,000 and an increase in special assessment receipts of approximately \$94,000. Operating grants increased approximately \$296,000 for additional Road Use Tax funds received in the amount of \$115,000, Cares Act Funding received in the amount of \$136,600 and Transportation Alternative Program funding in the amount of \$48,000. Tax Increment Financing decreased approximately \$408,000 due to decreased funding for Capital Improvement Projects. Local Option Sales Tax funding increased approximately \$125,250 for increased sales tax revenue allocated to the City per the state funding formula.

Disbursements of the City's activities increased 6.41%, or approximately \$517,000 from fiscal year 2020 to fiscal year 2021. In fiscal year 2021 Capital Projects Fund expenditures included the Summer East and West Street Reconstruction Projects, Pennsylvania Avenue Overlay and Grand Meadow Drive PCC Repairs in the amount of \$1,305,000; Park Improvements \$207,000; storm water improvements \$571,000; and golf course cart path project improvements \$464,000. Business Type Expenditures increased \$88,000 for startup costs for City GIS project and increased refuse expenses. Enterprise sewer improvements totaled \$243,000.

The City's total cash basis net position increased 8.67% or approximately \$1,063,000 from June 2020 to June 2021. Of this amount, the assets of the governmental activities increased approximately \$502,500 and the assets of the business-type activities increased approximately \$561,000.

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

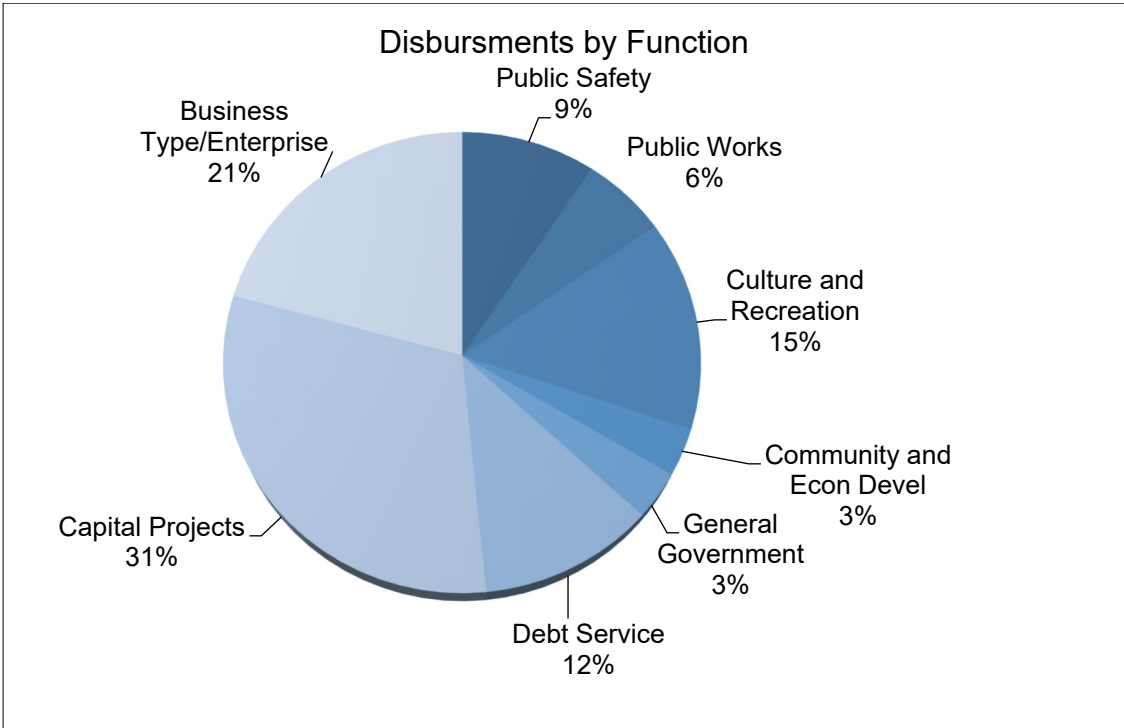
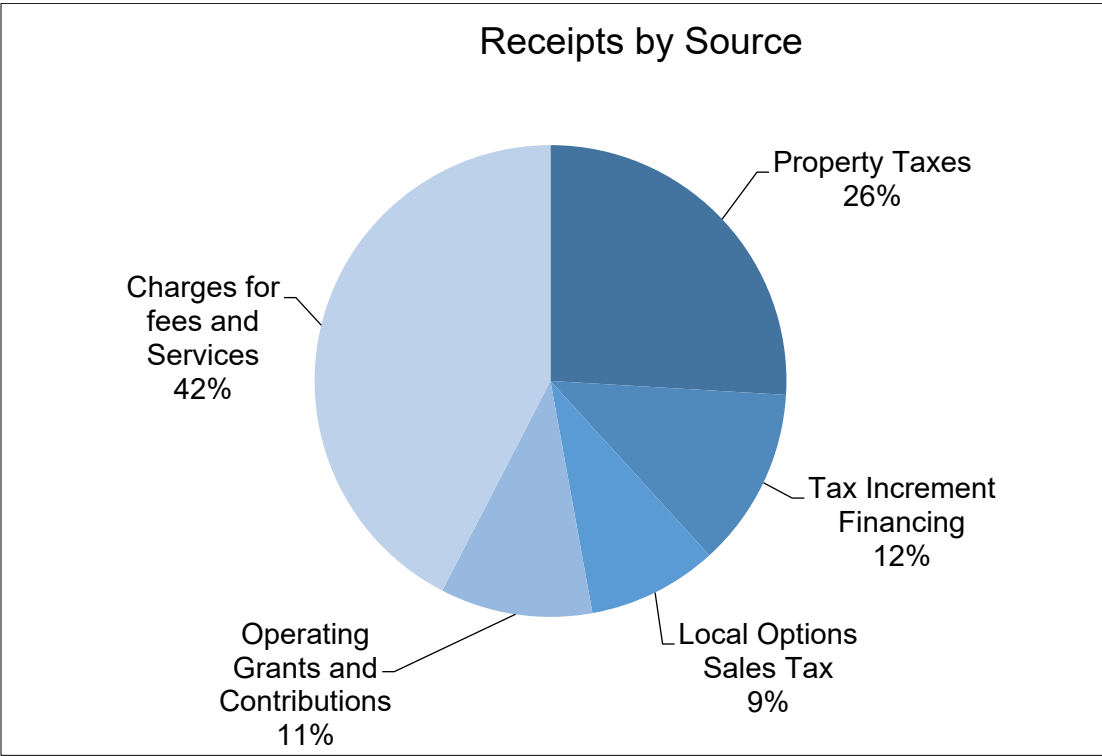
For the year ended June 30, 2021, the City's governmental activities were funded as follows:

Receipts of the City's governmental activities increased 5.42%, or approximately \$360,000 from fiscal year 2020 to fiscal year 2021. Tax Increment Financing decreased \$408,396 to fund capital improvement projects. Charges for services increased approximately \$294,000 due to an increase of golf course revenues of \$200,000 and an increase in special assessment receipts of approximately \$94,000. Operating grants increased approximately \$296,000 for additional Road Use Tax funds received in the amount of \$115,000, Cares Act Funding received in the amount of \$136,600 and Transportation Alternative Program funding in the amount of \$48,000. Local Option Sales Tax funding increased approximately \$125,250 for increased sales tax revenue allocated to the City per the state funding formula.

Disbursements of the City's governmental activities increased 6.74% or approximately \$429,000 from fiscal year 2020 to fiscal year 2021. Capital Projects increased \$75,000. The following Capital Projects were completed; Sun Valley East, Pocket Parks – Clay Ridge; Forest Hills Detention Basin Phase I and the Meadows Cart Path Project. The following Capital Projects were in process at the end of FY 2021; Summer West Street Reconstruction Project and the Forest Hills Detention Project Phase II. Community and Economic Development Expenses increased \$275,000 for a one-time TIF rebate to a developer. Debt Service decreased \$111,000 for pay off of debt.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	2021	2020
Program Receipts:		
Charges for service	\$ 1,438,066	\$ 1,144,156
Operating grants and contributions	1,001,814	705,663
Capital grants and contributions	-	33,000
General Receipts:		
Property tax	2,490,261	2,349,219
Tax increment financing	1,181,308	1,589,704
Local option sales tax	854,584	729,324
Unrestricted interest on investments	7,142	64,832
Other general receipts	31,629	28,479
Total receipts	7,004,804	6,644,377
Public safety	803,743	725,532
Public works	511,236	495,274
Culture and recreation	1,269,335	1,182,256
Community and economic development	287,131	11,758
General government	289,379	279,441
Debt service	998,957	1,110,749
Capital projects	2,639,899	2,565,231
Total disbursements	6,799,680	6,370,241
Change in Cash Basis Net Position Before Transfers	205,124	274,136
Transfers, Net	297,385	345,000
Change in Cash Basis Net Position	502,509	619,136
Cash Basis Net Position Beginning of Year	6,925,643	6,306,507
Cash Basis Net Position End of Year	\$ 7,428,152	\$ 6,925,643



Business-type Activities

For the year ended June 30, 2021, 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,	
	2021	2020
Receipts:		
Program receipts:		
Charges for service:		
Sewer utility	\$ 1,026,898	\$ 994,060
Solid waste	302,884	278,881
Water	1,105,298	1,065,331
Storm Water	199,002	196,779
General receipts:		
Unrestricted interest on investments	8,633	49,236
Total receipts	2,642,715	2,584,287
Program Disbursements:		
Sewer utility	795,319	782,568
Solid waste	369,594	267,464
Water	557,101	588,188
Storm Water	62,153	58,169
Total program disbursements	1,784,167	1,696,389
Change in Cash Basis Net Position Before Transfers	858,548	887,898
Transfers, Net	(297,385)	(345,000)
Change in Cash Basis Net Position	561,163	542,898
Cash Basis Net Position Beginning of Year	5,338,907	4,796,009
Cash Basis Net Position End of Year	\$ 5,900,070	\$ 5,338,907

Receipts of the City's business-type activities increased 2.26%, or approximately \$58,400 from fiscal year 2020 to fiscal year 2021.

Disbursements for business-type activities increased 5.17%, or approximately \$88,000 from fiscal year 2020 to fiscal year 2021. The increase is because of increased refuse fees to the contractor.

Individual Major Fund Analysis

As of June 30, 2021, the City had cash balances on hand of \$7,428,152 in governmental fund types and \$5,900,070 business-type funds. The governmental fund type increased \$502,509 and business fund types increased \$561,163, respectively, during fiscal year 2020-21. 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 \$718,695 from the prior year to \$5,181,794. The increase is due to funding of equipment replacement reserves and delay in capital projects.
- The Special Revenue Fund, Road Use Tax Fund cash balance decreased \$223,089 to \$587,654. This was for payments for street improvement projects.
- The Special Revenue Fund, Local Option Sales Tax cash balance increased \$69,368 to \$1,023,185. 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 decreased \$55,587 due to funding the Capital Projects.
- The Debt Service Fund cash balance increased \$3,729 to \$17,591.

Individual Major Business Type Fund Analysis

- The Enterprise, Sewer Utility Fund cash balance increased \$224,148 to \$2,609,023. This increase is due funding equipment and facility reserves.
- The Enterprise, Water Fund cash balance increased \$386,416 to \$2,837,024. The increase was due to funding equipment and facility reserves.

Budgetary Highlights

The City amended the budget in May of 2021. The budget was to adjust for capital projects that were budgeted in FY 22 and were started prior to the fiscal year 2022 budget year and engineering fees for planning sewer main improvements.

For the year ended June 30, 2021, total actual receipts were \$112,224 over the final budget while total actual disbursements were \$2,856,312 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, 2021, the City had \$6,659,167 debt outstanding compared to \$7,759,417 in 2020, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2021	2020
General Obligation Bonds:		
2012A Refunding	\$ 1,250,000	\$ 1,450,000
2012B Refunding	65,000	130,000
2012C Refunding	100,000	350,000
2015B Refunding Seippel Road	1,885,000	2,045,000
2017 GO Bond Sun Valley	1,160,000	1,260,000
2017 SRF TIF	1,245,000	1,316,000
Golf Car Lease	20,167	50,417
Total General Obligation Bonds	5,725,167	6,601,417
Revenue Notes:		
2006 Sewer improvements	-	116,000
2017 SRF Water Reserve	934,000	1,042,000
Total Revenue Notes	934,000	1,158,000
Total	\$ 6,659,167	\$ 7,759,417

The City as of June 30, 2021 is at 21.72% of its bonding capacity. The City's outstanding general obligation debt limit was \$26,357,893.

Economic Factors

While property taxes are important to the City, they represent approximately 35% of revenue sources excluding other financing sources. TIF revenues comprise 17% of total revenues. Charges for services comprise 21% 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, 2022, the City will be completing construction of the Summer West Drive Improvements, Forest Hills Detention Basin Phase II and an asphalt overlay on Clover Lane. The estimated cost to finish these projects is \$1,800,000. Other major projects budgeted for fiscal year 2022 include the Cloie Creek Trail Project, and water and sewer utility projects. The planned improvements are estimated to cost approximately \$925,000. 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 \$9.57 in 2021. The Fiscal Year 2022 total corporate tax levy was lowered to \$9.50819.

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, 2021

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, 2021

	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	\$ 803,743	\$ 85,638	\$ 136,586	\$ -	\$ (581,519)	\$ -	\$ (581,519)
Public works	511,236	173,082	863,777	-	525,623	-	525,623
Culture and recreation	1,269,335	1,077,933	1,451	-	(189,951)	-	(189,951)
Community and economic development	287,131	-	-	-	(287,131)	-	(287,131)
General government	289,379	97,980	-	-	(191,399)	-	(191,399)
Debt service	998,957	-	-	-	(998,957)	-	(998,957)
Capital projects	2,639,899	3,433	-	-	(2,636,466)	-	(2,636,466)
Total governmental activities	6,799,680	1,438,066	1,001,814	-	(4,359,800)	-	(4,359,800)
Business-type activities:							
Sewer utility	795,319	1,026,898	-	-	-	231,579	231,579
Water	557,101	1,105,298	-	-	-	548,197	548,197
Solid waste	369,594	302,884	-	-	-	(66,710)	(66,710)
Storm water	62,153	199,002	-	-	-	136,849	136,849
Total business-type activities	1,784,167	2,634,082	-	-	-	849,915	849,915
Total	\$ 8,583,847	\$ 4,072,148	\$ 1,001,814	\$ -	(4,359,800)	849,915	(3,509,885)
General Receipts and Transfers:							
Property tax levied for:							
General purposes					2,137,488	-	2,137,488
Debt service					352,773	-	352,773
Tax increment financing					1,181,308	-	1,181,308
Local option sales tax					854,584	-	854,584
Unrestricted interest on investments					7,142	8,633	15,775
Other general receipts					31,629	-	31,629
Transfers, net					297,385	(297,385)	-
Total general receipts and transfers					4,862,309	(288,752)	4,573,557
Change in Cash Basis Net Position					502,509	561,163	1,063,672
Cash Basis Net Position Beginning of Year					6,925,643	5,338,907	12,264,550
Cash Basis Net Position End of Year					\$ 7,428,152	\$ 5,900,070	\$ 13,328,222
Cash Basis Net Position							
Restricted:							
Streets					\$ 1,032,930	\$ -	\$ 1,032,930
Debt service					17,591	-	17,591
Urban renewal purposes					377,586	-	377,586
Public safety					358,114	-	358,114
Other purposes					379,818	-	379,818
Unrestricted					5,262,113	5,900,070	11,162,183
Total cash basis net position					\$ 7,428,152	\$ 5,900,070	\$ 13,328,222

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, 2021

	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	\$ 2,064,509	\$ -	\$ -	\$ -	\$ -	\$ 352,773	\$ 72,979	\$ 2,490,261
Tax increment financing	-	-	-	1,181,308	-	-	-	1,181,308
Other City tax	-	854,584	-	-	-	-	-	854,584
Licenses and permits	175,341	-	-	-	-	-	-	175,341
Use of money and property	5,375	1,055	-	183	41	105	383	7,142
Intergovernmental	140,390	-	815,809	-	-	-	47,968	1,004,167
Charges for service	1,082,406	-	-	-	-	-	-	1,082,406
Special assessments	-	-	-	-	171,177	-	5,338	176,515
Miscellaneous	31,629	-	-	-	-	-	1,451	33,080
Total receipts	3,499,650	855,639	815,809	1,181,491	171,218	352,878	128,119	7,004,804
Disbursements:								
Operating:								
Public safety	803,743	-	-	-	-	-	-	803,743
Public works	230,881	-	280,355	-	-	-	-	511,236
Culture and recreation	1,269,335	-	-	-	-	-	-	1,269,335
Community and economic development	12,998	-	-	274,101	-	-	32	287,131
General government	289,379	-	-	-	-	-	-	289,379
Debt service:								
Principal	-	-	-	-	-	846,000	-	846,000
Interest and fiscal charges	-	-	-	-	-	152,957	-	152,957
Capital projects	-	-	-	-	1,084,280	-	1,555,619	2,639,899
Total disbursements	2,606,336	-	280,355	274,101	1,084,280	998,957	1,555,651	6,799,680
Excess (Deficiency) of Receipts over (Under) Disbursements	893,314	855,639	535,454	907,390	(913,062)	(646,079)	(1,427,532)	205,124
Other Financing Sources (Uses):								
Transfers in	435,071	-	-	-	914,385	649,808	1,443,945	3,443,209
Transfers out	(609,690)	(786,271)	(758,543)	(919,320)	-	-	(72,000)	(3,145,824)
Total other financing sources (uses)	(174,619)	(786,271)	(758,543)	(919,320)	914,385	649,808	1,371,945	297,385
Net Change in Cash Balances	718,695	69,368	(223,089)	(11,930)	1,323	3,729	(55,587)	502,509
Cash Balances Beginning of Year	4,463,099	953,817	810,743	163,980	-	13,862	520,142	6,925,643
Cash Balances End of Year	\$ 5,181,794	\$ 1,023,185	\$ 587,654	\$ 152,050	\$ 1,323	\$ 17,591	\$ 464,555	\$ 7,428,152
Cash Basis Fund Balances								
Restricted	\$ -	\$ 1,023,185	\$ 587,654	\$ 152,050	\$ -	\$ 17,591	\$ 385,559	\$ 2,166,039
Assigned	1,365,199	-	-	-	1,323	-	78,996	1,445,518
Unassigned	3,816,595	-	-	-	-	-	-	3,816,595
Total cash basis fund balances	\$ 5,181,794	\$ 1,023,185	\$ 587,654	\$ 152,050	\$ 1,323	\$ 17,591	\$ 464,555	\$ 7,428,152

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, 2021

	Enterprise Funds			Total
	Sewer Utility	Water	Nonmajor	
Operating Receipts:				
Charges for service	\$ 1,026,898	\$ 1,105,298	\$ 501,886	\$ 2,634,082
Use of money and property	2,569	5,604	460	8,633
Total operating receipts	<u>1,029,467</u>	<u>1,110,902</u>	<u>502,346</u>	<u>2,642,715</u>
Operating Disbursements:				
Business-type activities:				
Salaries and wages	117,706	116,124	38,675	272,505
Employee benefits and costs	37,003	40,174	14,342	91,519
Staff development	1,613	3,031	1,870	6,514
Repair, maintenance, and utilities	198,637	88,081	-	286,718
Contractual services	107,474	120,739	367,610	595,823
Commodities	4,030	35,074	9,250	48,354
Capital outlay	210,826	27,643	-	238,469
Total operating disbursements	<u>677,289</u>	<u>430,866</u>	<u>431,747</u>	<u>1,539,902</u>
Excess of Operating Receipts over Operating Disbursements	352,178	680,036	70,599	1,102,813
Non-Operating Disbursements:				
Debt service	<u>(118,030)</u>	<u>(126,235)</u>	-	<u>(244,265)</u>
Excess of Receipts over Disbursements	234,148	553,801	70,599	858,548
Transfers Out	<u>(10,000)</u>	<u>(167,385)</u>	<u>(120,000)</u>	<u>(297,385)</u>
Net Change in Cash Balances	224,148	386,416	(49,401)	561,163
Cash Balances Beginning of Year	<u>2,384,875</u>	<u>2,450,608</u>	<u>503,424</u>	<u>5,338,907</u>
Cash Balances End of Year	<u>\$ 2,609,023</u>	<u>\$ 2,837,024</u>	<u>\$ 454,023</u>	<u>\$ 5,900,070</u>
Cash Basis Fund Balances Unrestricted	<u>\$ 2,609,023</u>	<u>\$ 2,837,024</u>	<u>\$ 454,023</u>	<u>\$ 5,900,070</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, 2021 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, 2021.

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, 2021, are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,235,000	\$ -	\$ 775,000	\$ 4,460,000	\$ 630,000
Direct borrowings					
State Revolving Fund					
General obligation bonds	1,316,000	-	71,000	1,245,000	72,000
Golf cart lease	50,417	-	30,250	20,167	20,167
Total	\$ 6,601,417	\$ -	\$ 876,250	\$ 5,725,167	\$ 722,167
Business-type activities:					
Direct borrowings					
State Revolving Fund					
Revenue bonds	\$ 1,158,000	\$ -	\$ 224,000	\$ 934,000	\$ 110,000

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

Years Ending June 30,	Governmental activities		Governmental activities	
	General		Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 630,000	\$ 108,137	\$ 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	470,000	65,356	78,000	16,608
2027-2031	1,810,000	162,832	414,000	61,984
2032-2036	110,000	3,300	457,000	24,290
	\$ 4,460,000	\$ 594,636	\$ 1,265,167	\$ 184,051
Years Ending June 30,	Business-type activities		Total	
	Direct Borrowings			
	Principal	Interest	Principal	Interest
2022	\$ 110,000	\$ 16,345	\$ 832,167	\$ 147,935
2023	112,000	14,420	660,000	129,485
2024	113,000	12,460	668,000	116,747
2025	115,000	10,483	676,000	103,858
2026	118,000	8,470	666,000	90,434
2027-2031	366,000	12,880	2,590,000	237,696
2032-2036	-	-	567,000	27,590
	\$ 934,000	\$ 75,058	\$ 6,659,167	\$ 853,745

Revenue Bonds

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 the final payment was made in 2021. For the current year, principal and interest paid and total customer net receipts were \$118,030 and \$560,435, 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 \$1,009,058. For the current year, principal and interest paid and total customer net receipts were \$126,235 and \$702,075, respectively. The 2017 note is payable solely from water funds and is payable through 2029.

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 2021, 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 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$109,950.

Net Pension Liabilities

At June 30, 2021, the City reported a liability for its proportionate share of the collective net pension liability totaled \$744,139. The collective net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was 0.0105931%, which was an increase of 0.000516% from its proportion measured as of June 30, 2019.

Actuarial Assumptions - The total pension liability in the June 30, 2020 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, 2020 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 2020 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	28.00%	-0.29%
Domestic Equity	22.00%	4.43%
International Equity	17.50%	5.15%
Private Equity/Debt	11.00%	6.54%
Private Real Assets	7.50%	4.48%
Global smart beta equity	6.00%	4.87%
Public Credit	4.00%	2.29%
Private Credit	3.00%	3.11%
Cash	1.00%	-0.78%
	<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	\$ 1,411,540	\$ 744,139	\$ 184,754

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 \$362 for single coverage to \$2,611 for family coverage. For the year ended June 30, 2021, the City contributed \$173,467 and the plan members eligible for benefits contributed \$14,991 to the plan. At June 30, 2021, 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, 2021, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax Nonmajor governmental	\$ 363,071 72,000 <hr/> 435,071
Road Improvement	Special Revenue: Road Use Tax Local Option Sales Tax Water Utility	535,000 212,000 167,385 <hr/> 914,385
Debt Service	General Fund Special Revenue: Local Option Sales Tax Tax Increment Financing	84,288 211,200 354,320 <hr/> 649,808

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 525,402
	Special Revenue:	
	Road Use Tax	223,543
	Tax Increment Financing	565,000
	Sewer Utility	10,000
	Nonmajor Enterprise	120,000
		<u>1,443,945</u>
		<u>\$ 3,443,209</u>

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, 2021. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Payments-to-Date</u>	<u>Remaining Commitment</u>
Forest Hills Detention Phase II	\$ 414,242	\$ 119,481	\$ 294,761
Summer West	1,501,023	231,115	1,269,908
Clover Lane	225,547	-	225,547

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, 2021, there are three Industrial Revenue Bonds outstanding, with a principal amount payable of \$5,263,933.

Note 11 - Fund Balance Reporting

The detail of the City's cash basis governmental fund balances at June 30, 2021, is as follows:

	General	Special Revenue			Capital Project		Debt Service	Nonmajor	Total
		Local Option Sales Tax	Road Use Tax	Tax Increment Financing (TIF)	Road Improvement				
Restricted For									
Road improvements	\$ -	\$ -	\$ 587,654	\$ -	\$ -	\$ -	36,002	\$ 623,656	
Police	-	184,173	-	-	-	-	-	184,173	
Street lighting	-	112,550	-	-	-	-	-	112,550	
Fire services	-	61,391	-	-	-	-	-	61,391	
Snow	-	102,319	-	-	-	-	-	102,319	
Insurance	-	153,478	-	-	-	-	-	153,478	
Street maintenance	-	409,274	-	-	-	-	-	409,274	
TIF	-	-	-	152,050	-	-	-	152,050	
Debt service	-	-	-	-	-	17,591	-	17,591	
Special levies	-	-	-	-	-	-	7,121	7,121	
Special projects	-	-	-	-	-	-	4,330	4,330	
Park expansion	-	-	-	-	-	-	30,602	30,602	
Municipal building	-	-	-	-	-	-	81,968	81,968	
Low to moderate	-	-	-	-	-	-	225,536	225,536	
Total restricted	-	1,023,185	587,654	152,050	-	17,591	385,559	2,166,039	
Assigned To									
Economic development	1,365,199	-	-	-	-	-	-	1,365,199	
Golf course improvements	-	-	-	-	-	-	56,973	56,973	
Vehicles and Equipment	-	-	-	-	-	-	485	485	
Sidewalk assessment	-	-	-	-	-	-	310	310	
Seippel Road	-	-	-	-	-	-	14,234	14,234	
Stormwater projects	-	-	-	-	1,323	-	6,994	8,317	
Total assigned	1,365,199	-	-	-	1,323	-	78,996	1,445,518	
Unassigned	3,816,595	-	-	-	-	-	-	3,816,595	
Total Fund Balances	\$ 5,181,794	\$ 1,023,185	\$ 587,654	\$ 152,050	\$ 1,323	\$ 17,591	\$ 464,555	\$ 7,428,152	

Note 12 - 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. 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. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

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.

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 accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued in June 2020, will be effective for fiscal year ending June 30, 2022. The primary objective of this statement is to increase consistency in reporting of defined contribution pension plans, defined contribution OPEB plans, employee benefit plans, and Section 457 plans that meet the definition of a pension plan.

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

Note 13 - Contingency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets, including that of the City of Asbury. 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. Management believes the City is taking appropriate actions to mitigate any negative impact on its projected operations and financial results. However, due to the uncertainties surrounding the pandemic, the City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City or its financial position.



Other Information
June 30, 2021

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, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Receipts:						
Property tax	\$ 2,490,261	\$ -	\$ 2,490,261	\$ 2,451,714	\$ 2,451,714	\$ 38,547
Tax increment financing	1,181,308	-	1,181,308	1,193,180	1,193,180	(11,872)
Other City tax	854,584	-	854,584	808,558	808,558	46,026
Licenses and permits	175,341	-	175,341	78,935	78,935	96,406
Use of money and property	7,142	8,633	15,775	120,309	120,309	(104,534)
Intergovernmental	1,004,167	-	1,004,167	1,079,836	1,079,836	(75,669)
Charges for service	1,082,406	2,634,082	3,716,488	3,589,763	3,589,763	126,725
Special assessments	176,515	-	176,515	213,000	213,000	(36,485)
Miscellaneous	33,080	-	33,080	-	-	33,080
Total receipts	<u>7,004,804</u>	<u>2,642,715</u>	<u>9,647,519</u>	<u>9,535,295</u>	<u>9,535,295</u>	<u>112,224</u>
Disbursements:						
Public safety	803,743	-	803,743	841,572	841,572	37,829
Public works	511,236	-	511,236	674,365	674,365	163,129
Culture and recreation	1,269,335	-	1,269,335	1,410,556	1,410,556	141,221
Community and economic development	287,131	-	287,131	320,490	320,490	33,359
General government	289,379	-	289,379	358,350	358,350	68,971
Debt service	998,957	-	998,957	1,023,320	1,023,320	24,363
Capital projects	2,639,899	-	2,639,899	3,235,845	4,497,845	1,857,946
Business-type activities	-	1,784,167	1,784,167	2,156,161	2,313,661	529,494
Total disbursements	<u>6,799,680</u>	<u>1,784,167</u>	<u>8,583,847</u>	<u>10,020,659</u>	<u>11,440,159</u>	<u>2,856,312</u>
Excess (Deficiency) of Receipts over (Under) Disbursements	205,124	858,548	1,063,672	(485,364)	(1,904,864)	2,968,536
Other Financing Sources, Net	<u>297,385</u>	<u>(297,385)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses	502,509	561,163	1,063,672	(485,364)	(1,904,864)	2,968,536
Balances Beginning of Year	<u>6,925,643</u>	<u>5,338,907</u>	<u>12,264,550</u>	<u>9,538,964</u>	<u>9,538,964</u>	<u>2,725,586</u>
Balances End of Year	<u>\$ 7,428,152</u>	<u>\$ 5,900,070</u>	<u>\$ 13,328,222</u>	<u>\$ 9,053,600</u>	<u>\$ 7,634,100</u>	<u>\$ 5,694,122</u>

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, one budget amendment increased budgeted disbursements by \$1,419,500. The budget amendment is reflected in the final budgeted amounts.

Disbursements at June 30, 2021 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, 2021

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
2021	0.010593%	\$ 744,139	\$ 1,091,564	68.17%	82.90%
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
2021	\$ 109,950	\$ 109,950	\$ -	\$ 1,149,712	9.56%
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%

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- 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.
- 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, 2021

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, 2021

	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	Municipal Building Project
Receipts:								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	2	-	-	39	-	-	12	80
Intergovernmental	-	-	47,968	-	-	-	-	-
Special assessments	1,905	-	-	-	-	-	1,913	-
Miscellaneous	-	-	-	-	-	-	-	-
Total receipts	1,907	-	47,968	39	-	-	1,925	80
Disbursements:								
Current:								
Community and economic development	-	-	-	-	-	-	-	-
Capital projects	27,861	24,844	62,658	463,734	167,436	37,515	-	54,668
Total disbursements	27,861	24,844	62,658	463,734	167,436	37,515	-	54,668
Excess (Deficiency) of Receipts over (Under) Disbursements	(25,954)	(24,844)	(14,690)	(463,695)	(167,436)	(37,515)	1,925	(54,588)
Other Financing Sources (Uses):								
Transfers in	15,000	24,844	15,000	565,000	177,699	38,000	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	15,000	24,844	15,000	565,000	177,699	38,000	-	-
Net Change in Cash Balances	(10,954)	-	310	101,305	10,263	485	1,925	(54,588)
Cash Balances Beginning of Year	13,261	-	-	(44,332)	(10,263)	-	12,309	136,556
Cash Balances End of Year	<u>\$ 2,307</u>	<u>\$ -</u>	<u>\$ 310</u>	<u>\$ 56,973</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 14,234</u>	<u>\$ 81,968</u>
Cash Basis Fund Balances								
Restricted	\$ 2,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,968
Assigned	-	-	310	56,973	-	485	14,234	-
Total cash basis fund balances	<u>\$ 2,307</u>	<u>\$ -</u>	<u>\$ 310</u>	<u>\$ 56,973</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 14,234</u>	<u>\$ 81,968</u>

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, 2021

	Capital Projects			Special Revenue			Total
	Street Improvement Fund	Stormwater Projects Fund	Park Expansion Fund	Special Levies	Special Projects	Low Moderate Income	
Receipts:							
Property tax	\$ -	\$ -	\$ -	\$ 72,979	\$ -	\$ -	\$ 72,979
Use of money and property	29	1	38	-	-	182	383
Intergovernmental	-	-	-	-	-	-	47,968
Special assessments	1,520	-	-	-	-	-	5,338
Miscellaneous	-	-	-	-	1,451	-	1,451
Total receipts	1,549	1	38	72,979	1,451	182	128,119
Disbursements:							
Current:							
Community and economic development	-	32	-	-	-	-	32
Capital projects	-	571,319	145,185	-	399	-	1,555,619
Total disbursements	-	571,351	145,185	-	399	-	1,555,651
Excess (Deficiency) of Receipts over (Under) Disbursements	1,549	(571,350)	(145,147)	72,979	1,052	182	(1,427,532)
Other Financing Sources (Uses):							
Transfers in	-	577,800	30,602	-	-	-	1,443,945
Transfers out	-	-	-	(72,000)	-	-	(72,000)
Total other financing sources (uses)	-	577,800	30,602	(72,000)	-	-	1,371,945
Net Change in Cash Balances	1,549	6,450	(114,545)	979	1,052	182	(55,587)
Cash Balances Beginning of Year	32,146	544	145,147	6,142	3,278	225,354	520,142
Cash Balances End of Year	\$ 33,695	\$ 6,994	\$ 30,602	\$ 7,121	\$ 4,330	\$ 225,536	\$ 464,555
Cash Basis Fund Balances							
Restricted	\$ 33,695	\$ -	\$ 30,602	\$ 7,121	\$ 4,330	\$ 225,536	\$ 385,559
Assigned	-	6,994	-	-	-	-	78,996
Total cash basis fund balances	\$ 33,695	\$ 6,994	\$ 30,602	\$ 7,121	\$ 4,330	\$ 225,536	\$ 464,555

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, 2021

	<u>Enterprise Funds</u>		
	<u>Solid Waste</u>	<u>Storm Water</u>	<u>Total</u>
Operating Receipts:			
Charges for service	\$ 302,884	\$ 199,002	\$ 501,886
Use of money and property	392	68	460
Total operating receipts	<u>303,276</u>	<u>199,070</u>	<u>502,346</u>
Operating Disbursements:			
Salaries and wages	24,979	13,696	38,675
Employee benefits and costs	9,339	5,003	14,342
Staff development	-	1,870	1,870
Contractual services	329,890	37,720	367,610
Commodities	5,386	3,864	9,250
Total operating disbursements	<u>369,594</u>	<u>62,153</u>	<u>431,747</u>
Excess (Deficiency) of Operating Receipts Over (Under) Disbursements	(66,318)	136,917	70,599
Transfers out	<u>-</u>	<u>(120,000)</u>	<u>(120,000)</u>
Net Change in Cash Balances	(66,318)	16,917	(49,401)
Cash Balances Beginning of Year	<u>414,466</u>	<u>88,958</u>	<u>503,424</u>
Cash Balances End of Year	<u><u>\$ 348,148</u></u>	<u><u>\$ 105,875</u></u>	<u><u>\$ 454,023</u></u>
Cash Basis Fund Balances Unrestricted	<u><u>\$ 348,148</u></u>	<u><u>\$ 105,875</u></u>	<u><u>\$ 454,023</u></u>

City of Asbury, Iowa
 Schedule 6 – Schedule of Indebtedness
 June 30, 2021

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	\$ 1,450,000	\$ -	\$ 200,000	\$ 1,250,000	\$ 31,406	\$ -
2012B Refunding	2/17/2012	2.00	525,000	130,000	-	65,000	65,000	2,600	-
2012C Refunding	2/17/2012	2.00	3,245,000	350,000	-	250,000	100,000	6,500	-
2015B Refunding Seippel Road	2/9/2016	2.00-3.00	2,495,000	2,045,000	-	160,000	1,885,000	50,950	-
2017 GO Bond Sun Valley	5/10/2017	2.00-3.00	1,540,000	1,260,000	-	100,000	1,160,000	32,681	-
2017 SRF TIF	9/8/2017	1.75	1,807,000	1,316,000	-	71,000	1,245,000	23,030	-
Golf Cart Lease	1/23/2018	4.50	121,000	50,417	-	30,250	20,167	2,498	-
Total General Obligation Bonds				6,601,417	-	876,250	5,725,167	149,665	-
Revenue Bonds:									
2006 Sewer Improvements	6/8/2006	1.75	2,100,000	116,000	-	116,000	-	2,030	-
2017 SRF Water Revenue	9/8/2017	1.75	1,200,000	1,042,000	-	108,000	934,000	18,235	-
Total Revenue Bonds				1,158,000	-	224,000	934,000	20,265	-
Total				\$ 7,759,417	\$ -	\$ 1,100,250	\$ 6,659,167	\$ 169,930	\$ -

City of Asbury, Iowa
Schedule 7 – Bond and Note Maturities
June 30, 2021

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	
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	
		<u>\$ 1,250,000</u>		<u>\$ 65,000</u>		<u>\$ 100,000</u>		<u>\$ 1,160,000</u>	

General Obligation Bonds									
Year Ending June 30,	2018 Golf Cart 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			
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>\$ 20,167</u>		<u>\$ 1,885,000</u>		<u>\$ 1,245,000</u>			<u>\$ 5,725,167</u>

Year Ending June 30,	Revenue Bonds	
	2017 Water Revenue	
	Improvement Bonds	
	Issued September 8, 2017	
	Interest Rates	Amount
2022	1.75	\$ 110,000
2023	1.75	112,000
2024	1.75	113,000
2025	1.75	115,000
2026	1.75	118,000
2027	1.75	120,000
2028	1.75	122,000
2029	1.75	124,000
		\$ 934,000

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts:										
Property tax	\$ 2,490,261	\$ 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
Tax increment financing	1,181,308	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
Other City tax	854,584	729,324	680,780	653,658	641,812	571,108	518,694	515,484	529,380	435,069
Licenses and permits	175,341	175,135	205,052	179,874	248,243	203,772	199,251	200,440	157,047	170,298
Use of money and property	7,142	64,832	116,136	61,150	22,919	22,529	31,209	28,444	52,667	59,626
Intergovernmental	1,004,167	727,703	1,087,232	805,770	604,260	905,775	463,502	435,063	444,396	412,197
Charges for service	1,082,406	880,472	990,128	986,555	1,031,706	1,083,592	1,055,327	1,018,363	992,163	1,071,844
Special assessments	176,515	84,509	80,482	171,752	154,719	118,285	36,309	41,897	80,859	7,509
Miscellaneous	33,080	43,479	65,036	127,394	103,558	147,396	266,760	144,783	12,123	13,238
Total receipts	<u>\$ 7,004,804</u>	<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>
Disbursements:										
Operating:										
Public safety	\$ 803,743	\$ 725,532	\$ 658,765	\$ 644,148	\$ 664,821	\$ 576,565	\$ 514,611	\$ 547,478	\$ 473,094	\$ 488,098
Public works	511,236	495,274	544,499	406,557	418,945	330,833	450,492	462,248	471,561	368,144
Culture and recreation	1,269,335	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
Community and economic development	287,131	11,758	6,260	22,589	3,504	51,654	91,874	20,789	21,803	13,776
General government	289,379	279,441	278,596	290,644	261,022	245,601	219,623	220,188	241,074	217,315
Debt service	998,957	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
Capital projects	2,639,899	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
Total disbursements	<u>\$ 6,799,680</u>	<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>



**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, 2021, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 8, 2021. 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) as a basis for designing 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 material weaknesses 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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2021-001 and 2021-002 to be material weaknesses.

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 2021-003 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 financial statements. 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, 2021, 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
September 8, 2021

Part I: Findings Related to the Financial Statements:

Material Weaknesses

2021-001 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.

2021-002 Golf Course 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: During the fiscal year, special order purchases at the Meadows Golf Course were initiated, authorized, recorded, processed, and reported by the General Manager.

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 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

2021-003 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 2021.

Part III: Other Findings Related to Statutory Reporting:

2021-IA-A Certified Budget – Disbursements during year ended June 30, 2021 did not exceed the amounts budgeted.

2021-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.

2021-IA-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2021-IA-D Business Transactions – No business transactions between the City and City officials or employees were noted.

- 2021-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.
- 2021-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.
- 2021-IA-G Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2021-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.
- 2021-IA-I Revenue Bonds and Notes** – No instances of noncompliance with the revenue bond and note resolutions were noted.
- 2021-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, 2020.
- 2021-IA-K Tax Increment Financing** – the Special Revenue Tax Increment Financing Fund properly disbursed payments for TIF loans and rebates. Also, the City properly completed the Tax Increment Debt Certificate forms to request TIF property taxes.