



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

May 10, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Urbana, Iowa.

The City's receipts totaled \$4,345,656 for the year ended June 30, 2010, a 244 percent increase over the prior year. The receipts included \$538,790 in property and other city tax, \$223,055 from tax increment financing, \$575,207 from charges for service, \$107,411 from operating grants, contributions and restricted interest, \$377,345 from capital grants, contributions and restricted interest, \$57,965 from local option sales tax, \$4,106 from unrestricted interest on investments, \$2,441,165 from bond proceeds and \$20,612 from other general receipts.

Disbursements for the year totaled \$3,449,788, a 193 percent increase over the prior year, and included \$2,753,231 for business-type activities, \$277,731 for public works and \$155,705 for debt service.

The significant increase in receipts and disbursements is due to the City financing and constructing improvements and extensions to the municipal sewer system.

A copy of the audit report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/1021-0042-B00F.pdf>.

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**CITY OF URBANA**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2010**

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**City of Urbana**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2010)</b>		
Keith Schmitz	Mayor	Jan 2010
Tammy Coleman	Council Member	Jan 2010
Dennis Wayson	Council Member	Jan 2010
Tonya Kramer	Council Member	Jan 2012
A.J. Narveson	Council Member	Jan 2012
Mike Smith	Council Member	Jan 2012
Chris Justice	City Clerk	Indefinite
William Sueppel, Jr.	City Attorney	Indefinite
<b>(After January 2010)</b>		
Gary Benson	Mayor	Jan 2012
Tonya Kramer	Council Member	Jan 2012
A.J. Narveson	Council Member	Jan 2012
Mike Smith	Council Member	Jan 2012
Mike Kramer	Council Member	Jan 2014
Tina Slager	Council Member	Jan 2014
Traci Wilson	City Clerk	Indefinite
William Sueppel, Jr.	City Attorney	Indefinite

**City of Urbana**



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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Urbana, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Urbana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

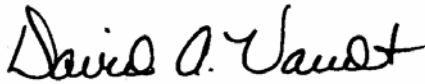
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Urbana as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2011 on our consideration of the City of Urbana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Urbana's basic financial statements. Other supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 28, 2011



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Urbana 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, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2010 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 89.7%, or approximately \$690,000, from fiscal year 2009 to fiscal year 2010. Property tax increased approximately \$136,000, tax increment financing increased approximately \$157,000 and capital grants, contributions and restricted interest increased approximately \$377,000.
- Disbursements of the City's governmental activities decreased 6.8%, or approximately \$51,000, from fiscal year 2009 to fiscal year 2010. Debt service disbursements decreased approximately \$124,000 while public works and community and economic development disbursements increased approximately \$20,000 and \$79,000, respectively.
- The City's total cash basis net assets increased 150%, or \$895,868, from June 30, 2009 to June 30, 2010. Of this amount, the assets of the governmental activities increased \$763,369 and the assets of the business type activities increased \$132,499.

### 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 Statement of Activities and Net Assets. 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.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's outstanding debt. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## **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 Statement of Activities and Net Assets reports information which helps answer this question.

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the City water, sewer and storm sewer systems. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

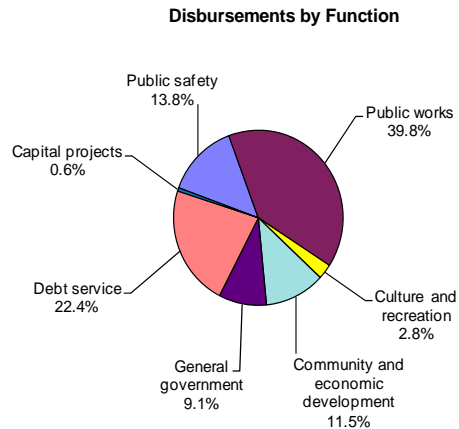
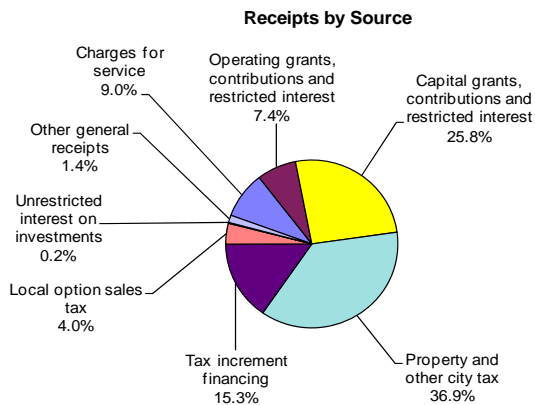
2) Proprietary funds account for the City's Enterprise Funds and are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City, and the Storm Sewer Fund.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$406,860 to \$1,170,229. The analysis that follows focuses on the changes in the cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2010	2009
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 131,676	121,955
Operating grants, contributions and restricted interest	107,411	128,358
Capital grants, contributions and restricted interest	377,345	-
General receipts:		
Property and other city tax	538,790	403,110
Tax increment financing	223,055	66,509
Local option sales tax	57,965	41,715
Unrestricted interest on investments	3,072	2,480
Other general receipts	20,612	5,427
<b>Total receipts</b>	<b>1,459,926</b>	<b>769,554</b>
Disbursements:		
Public safety	96,452	109,298
Public works	277,731	257,762
Culture and recreation	19,220	21,588
Community and economic development	79,820	850
General government	63,193	62,438
Debt service	155,705	279,834
Capital projects	4,436	15,936
<b>Total disbursements</b>	<b>696,557</b>	<b>747,706</b>
Change in cash basis net assets before transfers	763,369	21,848
Transfers in	-	43,922
Net change in cash basis net assets	763,369	65,770
Cash basis net assets beginning of year	406,860	341,090
Cash basis net assets end of year	<b>\$ 1,170,229</b>	<b>406,860</b>



The City's receipts and cash basis net assets for governmental activities increased over the prior year, primarily due to proceeds from the sale of property donated to the City through an economic development agreement. Disbursements in the public works function increased approximately \$20,000 over the prior year due to completion of a seal coat project started in fiscal year 2009. Disbursements in the debt service function decreased approximately \$124,000, or 44%, primarily due to the City retiring a general obligation note in fiscal year 2009. Also, in fiscal year 2010, the City budgeted and paid urban renewal development agreements from the community and economic development function. These payments were charged to the debt service function in fiscal year 2009.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 221,384	220,397
Sewer	214,965	187,072
Nonmajor	7,182	7,068
General receipts:		
Unrestricted interest on investments	1,034	1,822
Bond/loan proceeds	2,441,165	75,721
Total receipts	<u>2,885,730</u>	<u>492,080</u>
Disbursements:		
Water	168,409	197,771
Sewer	2,584,724	230,183
Nonmajor	98	982
Total disbursements	<u>2,753,231</u>	<u>428,936</u>
Change in cash basis net assets before transfers	132,499	63,144
Transfers out	-	(43,922)
Net change in cash basis net assets	132,499	19,222
Cash basis net assets beginning of year	190,209	170,987
Cash basis net assets end of year	<u>\$ 322,708</u>	<u>190,209</u>

The cash basis net assets for the City's business type activities increased primarily due to rate increases implemented early in fiscal year 2010. Receipts and disbursements increased approximately \$2,394,000 and \$2,324,000, respectively. These increases were due to a wastewater treatment project started during fiscal year 2010, which is being funded through issuance of revenue bonds.

### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Urbana completed the year, its governmental funds reported a combined fund balance of \$1,170,229, an increase of \$763,369 over last year's total of \$406,860. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance was \$179,837 at the end of this fiscal year compared to \$102,697 at the end of last fiscal year. The increase was mainly due to an increase in property tax.
- The Road Use Tax Fund cash balance was \$24,922 at the end of this fiscal year compared to a deficit \$17,107 at the end of last fiscal year. The increase of \$42,029 was primarily due to an increase in road use tax receipts and a decrease in public works street projects from the previous fiscal year.

- The Urban Renewal Tax Increment Fund cash balance was \$372,112 at the end of this fiscal year compared to \$225,007 at the end of last fiscal year. The increase of \$147,105 was primarily to an increase in tax increment financing during the current fiscal year.
- The Debt Service Fund cash balance was \$89,124 at the end of this fiscal year compared to \$26,796 at the end of last fiscal year. The increase was due to the reduction in the amount of principal due during the current year and an increase in the debt service property tax levy which resulted in an increase in property tax of \$82,973.
- The Capital Projects Fund cash balance was a \$393,090 at the end of this fiscal year compared to \$19,996 at the end of last fiscal year. The increase was primarily due to proceeds from the sale of property donated to the City through an economic development agreement.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance was \$200,782 at the end of the fiscal year compared to an ending balance of \$147,256 at the end of last fiscal year. The increase is primarily due to a decrease in disbursements in fiscal year 2010. During fiscal year 2009, the City recoated the water tower at a cost of approximately \$46,000.
- The Sewer Fund cash balance was \$104,267 at the end of the fiscal year compared to an ending balance of \$32,378 at the end of last fiscal year. The increase was due to a rate increase implemented early in fiscal year 2010.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended the budget one time. The amendment was approved on June 9, 2010 and resulted in an increase in projected receipts and other financing sources of \$719,837, primarily related to the sale of property and bond proceeds from the Iowa Finance Authority for improvements to the City’s municipal sewer system. The budget amendment also resulted in an increase in authorized disbursements of \$716,500, primarily related to improvements to the City’s municipal sewer system.

During the year ended June 30, 2010, disbursements in the business type activities function exceeded the amount budgeted prior to the budget amendment.

**DEBT ADMINISTRATION**

At June 30, 2010, the City had \$3,481,819 in general obligation debt and other long-term debt outstanding compared to \$1,184,702 last year, as shown below:

	Outstanding Debt at Year-End	
	June 30,	
	2010	2009
General obligation bonds/notes:		
Corporate purpose	\$ 905,000	1,015,000
Fire truck acquisition	50,009	-
Project note	-	75,721
Revenue bonds:		
Sewer	2,479,025	-
Lease purchase agreement:		
Wheel loader	47,785	93,981
Total	<u>\$3,481,819</u>	<u>1,184,702</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,002,794 and urban renewal rebate agreements of \$334,860, net of cash on hand of \$461,236 to service this debt, totals \$876,418 and is significantly below the City's constitutional debt limit of approximately \$3.8 million.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Urbana's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, including tax rates and fees charged for various City activities.

The fiscal year 2011 budget includes receipts and other financing sources of \$7,600,267 and disbursements of \$7,380,106. The fiscal year 2011 budget is higher than the fiscal year 2010 budgeted receipts and other financing sources of \$4,246,471 and budgeted disbursements of \$4,080,970.

The fiscal year 2011 property tax levy is \$14.86748 per \$1,000 of assessed property valuation, a slight decrease from the \$14.86764 levy rate for fiscal year 2010.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the City's citizens, taxpayers, customers, investors 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 questions about this report or need additional financial information, contact Traci Wilson, City Clerk, at 906 W. Main Street, Urbana, Iowa 52345.

## **Basic Financial Statements**

City of Urbana

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 96,452	14,687	3,000	-
Public works	277,731	110,121	97,459	-
Culture and recreation	19,220	1,867	6,535	-
Community and economic development	79,820	855	-	-
General government	63,193	4,146	-	-
Debt service	155,705	-	246	-
Capital projects	4,436	-	171	377,345
Total governmental activities	696,557	131,676	107,411	377,345
Business type activities:				
Water	168,409	221,384	-	-
Sewer	2,584,724	214,965	-	-
Nonmajor	98	7,182	-	-
Total business type activities	2,753,231	443,531	-	-
Total	\$ 3,449,788	575,207	107,411	377,345

**General Receipts:**

Property and other city tax levied for:  
 General purposes  
 Debt service  
 Tax increment financing  
 Local option sales tax  
 Unrestricted interest on investments  
 Bond proceeds  
 Miscellaneous  
 Total general receipts  
 Change in cash basis net assets  
 Cash basis net assets beginning of year  
 Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:  
 Urban renewal purposes  
 Debt service  
 Local option sales tax  
 Capital projects  
 Other purposes  
 Unrestricted

**Total cash basis net assets**

See notes to financial statements.



Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(78,765)	-	(78,765)
(70,151)	-	(70,151)
(10,818)	-	(10,818)
(78,965)	-	(78,965)
(59,047)	-	(59,047)
(155,459)	-	(155,459)
373,080	-	373,080
(80,125)	-	(80,125)
-	52,975	52,975
-	(2,369,759)	(2,369,759)
-	7,084	7,084
-	(2,309,700)	(2,309,700)
(80,125)	(2,309,700)	(2,389,825)
321,003	-	321,003
217,787	-	217,787
223,055	-	223,055
57,965	-	57,965
3,072	1,034	4,106
-	2,441,165	2,441,165
20,612	-	20,612
843,494	2,442,199	3,285,693
763,369	132,499	895,868
406,860	190,209	597,069
\$ 1,170,229	322,708	1,492,937
\$ 372,112	-	372,112
89,124	-	89,124
99,680	-	99,680
393,090	-	393,090
36,386	-	36,386
179,837	322,708	502,545
\$ 1,170,229	322,708	1,492,937

City of Urbana

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 279,820	-	-
Tax increment financing	-	-	223,055
Other city tax	3,638	-	-
Licenses and permits	13,505	-	-
Use of money and property	5,057	-	-
Intergovernmental	3,000	97,459	-
Charges for service	110,371	-	-
Special assessments	-	-	-
Miscellaneous	32,948	-	-
Total receipts	<u>448,339</u>	<u>97,459</u>	<u>223,055</u>
Disbursements:			
Operating:			
Public safety	90,335	-	-
Public works	207,653	55,430	-
Culture and recreation	18,444	-	-
Community and economic development	3,870	-	75,950
General government	59,746	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>380,048</u>	<u>55,430</u>	<u>75,950</u>
Excess of receipts over disbursements	<u>68,291</u>	<u>42,029</u>	<u>147,105</u>
Other financing sources (uses):			
Operating transfers in	8,849	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>8,849</u>	<u>-</u>	<u>-</u>
Net change in cash balances	77,140	42,029	147,105
Cash balances beginning of year	102,697	(17,107)	225,007
Cash balances end of year	<u>\$ 179,837</u>	<u>24,922</u>	<u>372,112</u>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	-	-
Unreserved, designated for:			
Urbana library	61,442	-	-
Farmer's market	2,373	-	-
Little league	7,588	-	-
Unreserved, undesignated:			
General fund	108,434	-	-
Special revenue funds	-	24,922	372,112
Capital projects fund	-	-	-
Total cash basis fund balances	<u>\$ 179,837</u>	<u>24,922</u>	<u>372,112</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
215,475	-	37,058	532,353
-	-	-	223,055
2,312	-	58,452	64,402
-	-	-	13,505
-	15	-	5,072
-	-	-	100,459
-	-	-	110,371
246	-	-	246
-	377,515	-	410,463
218,033	377,530	95,510	1,459,926
-	-	6,117	96,452
-	-	14,648	277,731
-	-	776	19,220
-	-	-	79,820
-	-	3,447	63,193
155,705	-	-	155,705
-	4,436	-	4,436
155,705	4,436	24,988	696,557
62,328	373,094	70,522	763,369
-	-	-	8,849
-	-	(8,849)	(8,849)
-	-	(8,849)	-
62,328	373,094	61,673	763,369
26,796	19,996	49,471	406,860
89,124	393,090	111,144	1,170,229
89,124	-	-	89,124
-	-	-	61,442
-	-	-	2,373
-	-	-	7,588
-	-	-	108,434
-	-	111,144	508,178
-	393,090	-	393,090
89,124	393,090	111,144	1,170,229

**City of Urbana**

City of Urbana

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

As of and for the year ended June 30, 2010

	Enterprise			Total
	Water	Sewer	Storm Sewer	
Operating receipts:				
Charges for service	\$ 217,495	211,664	7,182	436,341
Miscellaneous	3,889	3,301	-	7,190
Total operating receipts	221,384	214,965	7,182	443,531
Operating disbursements:				
Business type activities	142,079	145,257	98	287,434
Excess of operating receipts over operating disbursements	79,305	69,708	7,084	156,097
Non-operating receipts (disbursements):				
Interest on investments	551	483	-	1,034
Revenue bond proceeds (net of \$37,860 initiation fee)	-	2,441,165	-	2,441,165
Debt service	(12,253)	(110,142)	-	(122,395)
Capital outlay	(14,077)	(2,329,325)	-	(2,343,402)
Total non-operating receipts (disbursements)	(25,779)	2,181	-	(23,598)
Net change in cash balances	53,526	71,889	7,084	132,499
Cash balances beginning of year	147,256	32,378	10,575	190,209
Cash balances end of year	\$ 200,782	104,267	17,659	322,708
<b>Cash Basis Fund Balances</b>				
Reserved for debt service	\$ -	12,800	-	12,800
Unreserved	200,782	91,467	17,659	309,908
Total cash basis fund balances	\$ 200,782	104,267	17,659	322,708

See notes to financial statements.

City of Urbana

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

The City of Urbana is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1894 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Urbana 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: Benton County Assessor's Conference Board, Benton County Emergency Management Commission and the Benton County Joint E911 Service Board.

Urbana/Polk Township Fire Protection Agency

The City participates in the Urbana/Polk Township Fire Agency. The Agency is made up of the City of Urbana and Polk Township. The Agency was developed as the result of an agreement established pursuant to Chapter 28E of the Code of Iowa between the City and the township. Upon dissolution, the remaining assets shall be distributed to the participating agencies.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets 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 Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets 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 funds are aggregated and reported as nonmajor governmental and proprietary funds.

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing receipts and the payment of debt for urban renewal projects.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating receipts and disbursements from 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.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements in the business-type activities function exceeded the amount budgeted prior to the June 2010 budget amendment.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010 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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$65,092 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.



**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for long-term general obligation bonds and notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 110,000	36,105	146,105
2012	115,000	32,130	147,130
2013	120,000	27,818	147,818
2014	120,000	23,155	143,155
2015	120,000	18,464	138,464
2016-2019	320,000	29,321	349,321
Total	\$ 905,000	166,993	1,071,993

General Obligation Note

On February 3, 2010, the City issued a \$55,009 general obligation fire truck acquisition note for the purpose of paying the costs associated with acquiring a fire truck. The note was issued pursuant to Chapter 384.24A of the Code of Iowa. The note bears no interest and is payable in three monthly payments of \$1,411 each on April 1, 2010, May 1, 2010 and June 1, 2010, respectively, with one final payment due July 1, 2010. During the year ended June 30, 2010, the City paid principal of \$5,000 on the note. The balance on the note at June 30, 2010 was \$50,009.

Sewer Revenue Bonds

On November 18, 2009, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a sewer revenue bond of up to \$1,225,000 with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bond was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the municipal sewer system. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2010, the City had drawn down \$876,292 of the authorized amount. An initiation fee of \$12,250 (1% of the authorized borrowing for the sewer revenue bond) was charged by the Iowa Finance Authority. The total initiation fee was withheld from the first proceeds of the sewer revenue bond drawn by the City during the year ended June 30, 2010. A final repayment schedule has not yet been adopted. However, during the year ended June 30, 2010, the City paid interest of \$12,407 on the bond under a preliminary repayment schedule. The balance on the bond at June 30, 2010 was \$876,292.

On January 13, 2010, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a sewer revenue bond of up to \$2,561,000 with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bond was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the municipal sewer system. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. An initiation fee of \$25,610 (1% of the authorized borrowing for the sewer revenue bond) was charged by the Iowa Finance Authority. At June 30, 2010, the City had not drawn down any of the authorized amount, but the total initiation fee of \$25,610 was charged by the Iowa Finance Authority. A final repayment

schedule has not yet been adopted. However, during the year ended 2010, the City paid interest of \$295 on the bond under a preliminary repayment schedule. The balance on the bond at June 30, 2010 was \$25,610.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue bonds. The bonds are payable solely from sewer customer net receipts. Current year interest payments on the bonds required less than 20% of net receipts. The total amount of principal and interest remaining to be paid on the bonds at June 30, 2010 is not available since final repayment schedules have not been adopted. For the current year, interest paid and total customer net receipts were \$12,702 and \$69,708, respectively.

The resolutions providing for the issuance of the sewer revenue bonds issued under loan agreements between the City of Urbana, the Iowa Finance Authority and the Iowa Department of Natural Resources include the following provisions:

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

The City has not established and made the required transfers to a sewer revenue bond sinking account.

On November 12, 2009, in connection with the November 18, 2009 issuance of the \$1,225,000 sewer revenue bond, the City passed a resolution authorizing a project advance of \$1,225,000, plus interest at 3.25% per annum, from the Sewer Fund to pay a portion of the cost of constructing improvements and extensions to the municipal sewer system, a project located in the City's Urban Renewal area. The City intends to certify this advance as tax increment financing debt. The project advance will be repaid from future incremental property tax in the Special Revenue, Urban Renewal Tax Increment Fund in annual installments due June 1 of each year in such amounts as determined by the City Council. Repayment of the advance is subject to the determination of future City Councils there is incremental property tax available for such purpose which have been allocated to or accrued in the Special Revenue, Urban Renewal Tax Increment Fund relative to the project advance and the Council reserves the right to appropriate funds, or to withhold such appropriation, at its discretion.

#### Forgivable Loan

On January 13, 2010, the City entered into a forgivable loan agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of \$1,607,000 of sewer revenue bonds. The bonds were issued pursuant to the provisions of Chapter 384.24A of the Code of Iowa and the American Recovery and Reinvestment Act of 2009 (ARRA) for the purpose of providing funds to pay a portion of the costs of constructing improvements and extensions to the municipal sanitary sewer system of the City. If the requirements of ARRA, including, but not limited to, satisfaction of applicable timing requirements, are not met and the loan is not forgiven, the City will pay interest at 3.0% per annum, an annual .25% servicing fee on the outstanding principal balance (including undisbursed loan proceeds) and an initiation fee of 1% of the authorized loan. The City will draw down funds from the Trustee upon request to reimburse the City for costs as they are incurred. At June 30, 2010, the City had drawn down \$1,577,123 of the authorized amount.

Capital Lease

On June 30, 2008, the City entered into a lease purchase agreement to purchase a wheel loader. The lease is for 3 years, bears interest at 1.7% per annum and requires annual payments of \$49,012.

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments under the agreement:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Case</u> <u>Wheel Loader</u>
2011	\$ 49,012
Less amount representing interest	<u>(1,227)</u>
Present value of net minimum lease payments	<u>\$ 47,785</u>

Payments under the lease agreement for the year ended June 30, 2010 totaled \$49,012.

**(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010 and 2009 were \$12,947 and \$10,400, respectively, equal to the required contributions for each year.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Emergency	<u>\$ 8,849</u>

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

**(6) 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.

**(7) Urban Renewal Rebate and Economic Development Agreements**

Urban Renewal Rebate Agreements

The City has entered into three development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for certain infrastructure improvements by the developers. The total to be paid by the City under the agreements is not to exceed \$541,760.

During the year ended June 30, 2010, the City rebated \$75,950 of incremental property tax to the developers. The outstanding principal balance on these agreements at June 30 2010 is \$334,860.

These agreements are not a general obligation of the City. However, the debt payment in the succeeding year is subject to the constitutional debt limitation of the City.

Economic Development and Rebate Agreement

On April 14, 2010, the City entered into an agreement with Clickstop Real Estate Holdings, Inc. (Company) and Keith D. Elwick Trust (Developer) to develop certain commercial property within the City for which the Company has requested financial assistance. Pursuant to the agreement, in exchange for the Company meeting certain requirements, including the undertaking to construct the project within stated timing requirements and the satisfaction of applicable employment requirements, the Developer and City agreed to the following:

- The Developer agreed to grant certain property to the City at no cost and provide a \$150,000 grant to the City to help defray the cost of the development project. The property was conveyed to the City in May 2010 and the \$150,000 grant was subsequently provided in July 2010.
- The City agreed to sell the property granted to the City by the Developer to the Company. The sale occurred during June 2010 with the City netting proceeds of \$377,345. The City also agreed to provide a \$448,000 economic development grant to the Company to assist in the costs of construction of the project. The grant is to be disbursed monthly, commencing July 1, 2010, with each installment equal to 1/3 of the demonstrated costs of the project incurred by the Company. As of November 12, 2010, the City had met its grant obligation in its entirety.
- Pursuant to Chapters 15A and 403 of the Code of Iowa, the City agreed to provide up to nine annual economic development tax increment payments to the company, not to exceed \$315,000. The payments are to begin June 1, 2013 and continue until June 1, 2021. The payments will be in amounts equal to a percentage (ranging from 75% to 100%) of the incremental property tax available with respect to the developed property. Each payment is subject to annual appropriation by the City Council and, while the payments do not constitute a general obligation of the City, they are subject to the constitutional debt limitation of the City.

**(8) Commitments**

The City has entered into construction contracts totaling \$5,215,263 for improvements to the City's municipal sewer plant and development of the Blue Creek Business Park. As of June 30, 2010, costs of \$1,943,861 have been incurred on the projects. The remaining \$3,271,402 will be paid as work on the projects progresses.

**(9) Subsequent Events**

On August 15, 2010, the City issued \$750,000 of general obligation corporate purpose bonds, series 2010A for the purpose of paying the costs associated with construction of street improvements within the City's urban renewal area (Blue Creek Business Park Project). In December 2010, the City certified the \$750,000 as tax increment financing (TIF) debt to be repaid with future TIF receipts.

On October 13, 2010, the Council approved the purchase of a fire truck at a cost of \$224,372. The City plans to enter into a loan agreement in fiscal year 2012 to finance the purchase.

**City of Urbana**

**Required Supplementary Information**

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

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 532,353	-
Tax increment financing	223,055	-
Other city tax	64,402	-
Licenses and permits	13,505	-
Use of money and property	5,072	1,034
Intergovernmental	100,459	-
Charges for service	110,371	436,341
Special assessments	246	-
Miscellaneous	410,463	7,190
Total receipts	1,459,926	444,565
Disbursements:		
Public safety	96,452	-
Public works	277,731	-
Health and social services	-	-
Culture and recreation	19,220	-
Community and economic development	79,820	-
General government	63,193	-
Debt service	155,705	-
Capital projects	4,436	-
Business type activities	-	2,753,231
Total disbursements	696,557	2,753,231
Excess (deficiency) of receipts over (under) disbursements	763,369	(2,308,666)
Other financing sources, net	-	2,441,165
Excess of receipts and other financing sources over disbursements and other financing uses	763,369	132,499
Balances beginning of year	406,860	190,209
Balances end of year	\$ 1,170,229	322,708

See accompanying independent auditor's report.



Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
532,353	528,921	534,921	(2,568)
223,055	235,000	218,000	5,055
64,402	50,563	73,000	(8,598)
13,505	15,375	12,575	930
6,106	8,150	3,650	2,456
100,459	86,500	102,000	(1,541)
546,712	504,725	514,825	31,887
246	-	-	246
417,653	17,400	7,500	410,153
1,904,491	1,446,634	1,466,471	438,020
96,452	101,153	113,653	17,201
277,731	336,118	336,118	58,387
-	700	700	700
19,220	33,553	33,553	14,333
79,820	87,250	87,250	7,430
63,193	85,020	85,020	21,827
155,705	244,703	254,703	98,998
4,436	2,080,000	400,000	395,564
2,753,231	395,973	2,769,973	16,742
3,449,788	3,364,470	4,080,970	631,182
(1,545,297)	(1,917,836)	(2,614,499)	1,069,202
2,441,165	2,080,000	2,780,000	(338,835)
895,868	162,164	165,501	730,367
597,069	452,474	452,474	144,595
1,492,937	614,638	617,975	874,962

City of Urbana

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information 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 ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. 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 \$716,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements in the business type activities function exceeded the amount budgeted prior to the June 9, 2010 budget amendment.

**Other Supplementary Information**

**City of Urbana**

## City of Urbana

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

As of and for the year ended June 30, 2010

	Special Revenue			Total
	Employee Benefits	Emergency	Local Option Sales Tax	
Receipts:				
Property tax	\$ 28,103	8,955	-	37,058
Other city tax	370	117	57,965	58,452
Total receipts	<u>28,473</u>	<u>9,072</u>	<u>57,965</u>	<u>95,510</u>
Disbursements:				
Operating:				
Public safety	6,117	-	-	6,117
Public works	14,648	-	-	14,648
Culture and recreation	776	-	-	776
General government	3,447	-	-	3,447
Total disbursements	<u>24,988</u>	<u>-</u>	<u>-</u>	<u>24,988</u>
Excess of receipts over disbursements	3,485	9,072	57,965	70,522
Other financing uses:				
Operating transfers out	-	(8,849)	-	(8,849)
Net change in cash balances	3,485	223	57,965	61,673
Cash balances beginning of year	<u>(1,681)</u>	<u>9,437</u>	<u>41,715</u>	<u>49,471</u>
Cash balances end of year	<u>\$ 1,804</u>	<u>9,660</u>	<u>99,680</u>	<u>111,144</u>
<b>Cash Basis Fund Balances</b>				
Unreserved:				
Special revenue funds	<u>\$ 1,804</u>	<u>9,660</u>	<u>99,680</u>	<u>111,144</u>

See accompanying independent auditor's report.

City of Urbana  
Statement of Indebtedness  
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose	Apr 1, 2006	3.625 - 3.90%	\$ 510,000
General obligation notes:			
Corporate purpose	Dec 1, 2003	3.25 - 4.50%	\$ 910,000
Fire truck acquisition	Mar 24, 2010	0.00%	55,009
Interim loan and disbursement agreement:			
Project note	Jun 11, 2008	0.00%	\$ 75,721
Revenue bonds:			
Sewer, series 2009A	Nov 18, 2009	* 3.00%	\$ 876,292
Sewer, series 2009B	Jan 13, 2010	* 3.00	25,610
Sewer, series 2009C (forgivable)	Jan 13, 2010	3.00	<u>1,577,123</u>
			<u>\$ 2,479,025</u>
Lease purchase agreement:			
Wheel loader	Jun 30, 2008	1.70%	<u>\$ 140,992</u>

\* The City is required to annually pay a .25% servicing fee on the outstanding principal balance.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
380,000	-	50,000	330,000	14,402
635,000	-	60,000	575,000	25,503
-	55,009	5,000	50,009	-
\$ 635,000	55,009	65,000	625,009	25,503
75,721	-	75,721	-	-
-	876,292	-	876,292	12,407
-	25,610	-	25,610	295
-	1,577,123	-	1,577,123	-
\$ -	2,479,025	-	2,479,025	12,702
93,981	-	46,196	47,785	2,816

**Schedule 3**

City of Urbana  
Bond and Note Maturities  
June 30, 2010

Year Ending June 30,	General Obligation Bonds		General Obligation Notes		Total
	Issued Apr 1, 2006		Issued Dec 1, 2003		
	Interest Rates	Amount	Interest Rates	Amount	
2011	3.75%	\$ 50,000	3.50%	\$ 60,000	110,000
2012	3.75	50,000	3.75	65,000	115,000
2013	3.75	55,000	4.00	65,000	120,000
2014	3.80	55,000	4.00	65,000	120,000
2015	3.85	60,000	4.10	60,000	120,000
2016	3.90	60,000	4.25	60,000	120,000
2017		-	4.30	65,000	65,000
2018		-	4.40	65,000	65,000
2019		-	4.50	70,000	70,000
Total		<u>\$ 330,000</u>		<u>\$ 575,000</u>	<u>\$ 905,000</u>

See accompanying independent auditor's report.



City of Urbana  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA-State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.397	S397A090016A	\$ 1,217
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CSWFT-CS192041301	<u>1,577,123</u>
Total			<u>\$ 1,578,340</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Urbana and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**City of Urbana**



**OFFICE OF AUDITOR OF STATE**  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Urbana, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated April 28, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Urbana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Urbana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Urbana's internal control over financial reporting.

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 significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 of Urbana's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 through II-C-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-10 through II-F-10 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Urbana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

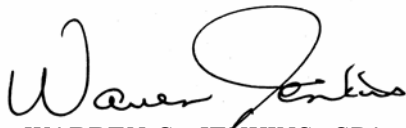
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions 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.

The City of Urbana's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Urbana's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Urbana and other parties to whom the City of Urbana may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 28, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133**

**City of Urbana**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

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Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

### Compliance

We have audited the compliance of City of Urbana, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Urbana's major federal program for the year ended June 30, 2010. The City of Urbana's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Urbana's management. Our responsibility is to express an opinion on the City of Urbana's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Urbana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Urbana's compliance with those requirements.

In our opinion, the City of Urbana complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

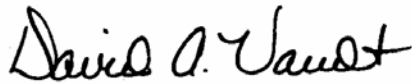
### Internal Control Over Compliance

The management of the City of Urbana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Urbana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Urbana's internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Urbana and other parties to whom the City of Urbana may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 28, 2011



City of Urbana  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 66.458 – ARRA - Capitalization Grants for Clean Water State Revolving Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Urbana did not qualify as a low-risk auditee.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties – One important element in designing internal control that safeguards assets and reasonably ensures the reliability of the accounting records is the concept of segregation of duties. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas:

- (1) Cash – preparing bank reconciliations, initiating cash receipt and disbursement transactions and handling and recording cash.
- (2) Investments – detailed record keeping, custody of investments and reconciling earnings.
- (3) Receipts – collecting, depositing, journalizing and posting.
- (4) Utility receipts – billing, collecting, depositing, posting and reconciling.
- (5) Disbursements – purchasing, check signing, recording and reconciling.
- (6) Payroll – preparing and distributing.
- (7) Accounting system – performing all general accounting functions and having custody of assets.
- (8) Information system (computer system) – performing all general accounting functions and controlling all data input and output.
- (9) Financial reporting – preparing, reconciling and distributing.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of review of reconciliations should be indicated by initials of the independent reviewer and the date of the review.

Response – The City Council will review current procedures, pursuing and implementing any practical improvements possible.

Conclusion – Response accepted.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-B-10 Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquent accounts were not reconciled monthly, delinquencies were not monitored and the City does not have a formal policy for writing off uncollectible accounts.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies. The City Council should review the reconciliation each month and monitor delinquencies. The City should also establish a formal written policy for writing off uncollectible accounts.

Response – The City will ensure a reconciliation of utility billings, collections, and delinquencies is prepared monthly. The Council will review the reconciliations each month and monitor delinquencies. The City will also adopt a write-off policy.

Conclusion – Response accepted.

II-C-10 Accounting Records – Although bank balances were reconciled to computer generated financial reports, the reconciliations did not include all the City's accounts and investments and the reconciliations were not always timely. In addition, financial reports were not provided to the City Council monthly for its review.

Recommendation – To improve financial accountability and control, the monthly reconciliation of the bank balances should include all the City's accounts, including investments, and should be prepared timely. Any variances should be investigated and resolved timely. In addition, the City Council should be provided monthly financial reports including, at a minimum, a balance sheet, operating statement and bank reconciliation. Evidence of review of these reports should be noted and retained by the City Clerk.

Response – We will implement the above procedures. The City Clerk will provide the above monthly financial reports and bank reconciliation to the City Council. We will have a Council person sign and date the reports to document evidence of review.

Conclusion – Response accepted.

II-D-10 Information System – The following weaknesses in the City's computer-based system were noted:

The City does not have written policies for:

- Requiring password changes every 60 to 90 days or to maintain password privacy and confidentiality.
- requiring a time out/logoff function.
- usage of the internet.
- use of software not licensed to the City.

In addition, the City does not have a written disaster recovery plan.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over the City’s computer-based system. Also, a written disaster recovery plan should be developed and should be tested periodically.

Response – City staff will develop written polices addressing the above items and present them to the City Council for consideration. The City Council will consider the development of a written disaster recovery plan at a future date.

Conclusion – Response accepted.

II-E-10 Credit Cards – The City has credit cards for use by various employees while on City business. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation – The City should adopt a formal written policy regulating the use of City credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – City staff will develop a written credit card policy and present it to the City Council for consideration.

Conclusion – Response accepted.

II-F-10 Cash on Hand - Petty cash funds were used to make change for utility collections. The petty cash fund is not reconciled to petty cash vouchers on a regular basis.

Recommendation - The petty cash funds should be maintained on an imprest basis to provide additional control over the funds. Imprest systems improve the accountability for cash and enhance reconciliation of receipts and deposits. The petty cash fund should be reconciled on a periodic basis and replenished as needed.

Utility collections and other cash receipts should be maintained separate from change funds and should be recorded and deposited intact.

Response – We will establish a separate change fund for utility collections and will reconcile petty cash on a regular basis.

Conclusion – Response accepted.

City of Urbana  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Urbana  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-10 Certified Budget – During the year ended June 30, 2010, disbursements in the business type activities function exceeded the amount budgeted prior to the June 9, 2010 budget amendment. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – Recommended procedures will be followed in the future.

Conclusion – Response accepted.

IV-B-10 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-10 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 the coverage is adequate for current operations.

IV-E-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Smith, Council Member, Sales Representative for ACME Tools	Tools	\$ 1,028

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with Council Member Smith does not appear to represent a conflict of interest since the total transactions were less than \$1,500 during the fiscal year.

IV-F-10 Council Minutes – Except as noted, no transactions were found that we believe should have been approved in the Council minutes but were not.

Certain transactions were paid prior to Council approval. The minutes for the May 2010 meeting could not be located and the minutes for the September 2010 minutes were not properly signed.

The City Council went into closed session several times during the year. The meetings were not closed in accordance with Chapter 21.5 of the Code of Iowa because the minutes did not state the purpose for the closed meetings by reference to a specific code section and the vote of each Council Member to go into closed session was not recorded.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The City should approve all transactions prior to payment and all minutes should be retained and signed.

Closed meetings should be held in compliance with Chapter 21.5 of the Code of Iowa. The minutes should state the purpose for which the meeting is being closed by reference to a specific code section and the vote of each individual Council Member should be recorded.

Response – The City will make sure all transactions are approved before payment and will ensure all minutes are signed and retained.

The City will, in the future, cite the exact paragraph of Chapter 21.5 of the Code of Iowa prior to entering closed sessions.

Conclusion – Response accepted.

- IV-G-10 Deposits and Investments – Except as noted, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa.

The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – City staff will develop a written investment policy and forward it to the City Council for consideration.

Conclusion – Response accepted.

- IV-H-10 Financial Condition – The Enterprise, Sewer Reserve Account had a deficit balance of \$22,167 at June 30, 2010.

Recommendation - The City should investigate alternatives to eliminate this deficit balance in order to return the fund to a sound financial position.

Response – The City will work on eliminating the deficit balance with a transfer in the current fiscal year.

Conclusion – Response accepted.

- IV-I-10 Annual Financial Report - The City prepared the annual financial report for the year ended June 30, 2010. However, the report was not filed with the Office of Auditor of State by December 1, 2010 as required by Chapter 384.22 of the Code of Iowa.

Recommendation - The Annual Financial Report should be completed and filed as required by December 1 as required by Chapter 384.22 of the Code of Iowa.

Response – The City will make sure to submit our annual financial report for the fiscal year ending June 30, 2011 by December 1, 2011.

Conclusion – Response accepted.



City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-J-10 Revenue Bonds – The City has not established and made the required transfers to a sewer revenue bond sinking account as required by the sewer revenue bond resolutions.

Recommendation – The City should establish a sewer revenue bond sinking account and make the monthly transfers as required.

Response – The City Clerk will consult with bond counsel and will establish a Sewer Sinking Fund and make the monthly transfers as required.

Conclusion – Response accepted.

IV-K-10 Debt Service Levy – In the fiscal year 2010 budget, the City levied \$67,521 in excess of what was needed to pay principal and interest on general obligation debt for the year ended June 30, 2010. The levy included \$17,443 for a “2001 series bond” paid off during fiscal year 2009 and \$50,128 for a “2009 State Revolving Fund (SRF) Sewer GO Note”. The City has no general obligation SRF debt. The City’s SRF debt consists of revenue debt payable solely and only from sewer revenues, not from a debt service levy.

Recommendation – The City should consult legal counsel to determine the disposition of this matter, including the reduction of future debt service levies until the excess amount certified and collected is depleted.

Response – The City Clerk will consult with legal counsel to reduce future debt service levies until the excess amount is depleted.

Conclusion – Response accepted.

IV-L-10 Low and Moderate Income (LMI) Requirements – The City has entered into two urban renewal development agreements, one in 2003 and one in 2005, for the construction of housing units. In accordance with these agreements and Chapter 403.22 of the Code of Iowa, any project related to housing which receives tax increment financing assistance must also generate funds to be used to provide assistance to housing for low and moderate income (LMI) families. The City’s agreements provide for a 36.5% set aside percentage for LMI. As of June 30, 2010, the City has not demonstrated compliance with the LMI set aside requirements.

Recommendation – The City should consult legal counsel to determine the disposition of this matter, including determination of the appropriate LMI amounts required to be set aside pursuant to the City’s urban renewal agreements and Chapter 403.22 of the Code of Iowa. In the future, appropriate amounts should be set aside from all TIF collections.

Response – The City Clerk will consult legal counsel to get this matter resolved and ensure appropriate amounts will be set aside for LMI collections in the future.

Conclusion – Response accepted.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-M-10 Tax Increment Financing (TIF) – The following were noted during our review of the City's TIF debt certifications:

- On November 26, 2008, the City certified \$116,369 of principal and interest, representing a portion of the \$910,000 of 2003 general obligation corporate purpose notes, as tax increment financing (TIF) debt. At the time of this certification, \$60,619 of the \$116,369 had already been paid by the Debt Service Fund and did not represent debt outstanding on that date. In addition, the City has levied a debt service levy and has been paying the remaining \$55,750 of the \$116,369 from the Debt Service Fund.
- On November 12, 2009, the City authorized an internal advance of tax increment financing totaling \$1,225,000, plus interest at 3.25% per annum, to help fund an extension to the City's municipal sewer system (project) in order to make a portion of the project costs eligible to be repaid from future TIF revenues. The City subsequently issued \$1,225,000 of sewer revenue bonds, including interest at 3% per annum and an annual servicing fee of .25%, to provide immediate funds to finance the project.

On November 30, 2009, the City certified \$1,749,453 as TIF debt, representing \$1,225,000 of principal plus \$524,453 of interest (calculated at 3.25%), to cover the internal advance approved on November 12, 2009. However, the City subsequently decertified \$524,453, the portion representing interest, thereby potentially leaving the TIF revenues short of repaying the entire internal advance.

- On September 8, 2010, the City authorized an internal advance of tax increment financing totaling \$310,000, plus interest at 1.5% per annum, to help fund an economic development grant provided for in an urban renewal development agreement approved by the City on April 14, 2010. On December 20, 2010, the City certified the \$310,000 as TIF debt. However, the debt certification did not include the amount needed to cover the interest portion of the internal advance, approximately \$24,200.

In addition, pursuant to the urban renewal development agreement, the \$310,000, plus interest, is to be annually appropriated by the City Council, limiting the City's liability to the amount appropriated each year. Accordingly, only the portion appropriated each year should be certified as TIF debt.

- On August 15, 2010, the City authorized the issuance of \$750,000 of general obligation bonds, with interest ranging from 1.50% to 3.75% per annum, to help pay the costs associated with the construction of street improvements in the City's urban renewal area. On December 20, 2010, the City certified the principal amount of \$750,000 as TIF debt. However, the debt certification did not include the amount needed to cover the interest portion of the debt, approximately \$160,700.

City of Urbana

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- The City's tax increment financing certification required by Chapter 403 of the Code of Iowa must be certified to the County Auditor no later than December 1 each year. The City did not submit the 2010 certification until December 20, 2010.

Recommendation – The City should consult legal counsel to determine the disposition of these matters, including the immediate decertification of \$116,364 as TIF debt since this debt has been and continues to be paid from funds levied in the Debt Service Fund. Resolution could also include certifying additional amounts determined to be needed to cover the interest portions of existing TIF debt and decertifying amounts over certified, if any, due to annual appropriation language. The City should comply with Chapter 403 of the Code of Iowa and file future TIF debt certifications by December 1, as required.

Response – The City Clerk will consult with legal counsel to resolve these matters.

Conclusion – Response accepted.

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City of Urbana

Staff

This audit was performed by:

Marlys Gaston, CPA, Manager  
Billie Jo Heth, Senior Auditor II  
Kelly Hilton, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State