

## INSTRUCTIONS FOR ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2014

The Office of Auditor of State and the United States Census Bureau have developed this cooperative financial reporting form for use by Iowa cities. This form replaces Census Bureau annual finance reporting form F-28. The city is required to electronically file the annual financial report with the Auditor of State by December 1, 2014. In addition, the city is required to mail a signed copy of page one and the proof of publication to the Auditor of State.

This report reflects the revised Uniform Chart of Accounts for City Governments in Iowa as of September 25, 2002. Because these forms have been designed to coincide with the budget forms, and they are to be prepared in the same manner as the budget forms, we have not provided line-by-line instructions. The instructions for preparation of the City budget for the year ended June 30, 2014 provide guidance on the types of city activities to be included in each of the fund types, and also provide descriptions and examples of the proper reporting categories for specific items. If you have questions on where specific items are to be reported, the budget instructions should be helpful to you. However, the following specific instructions should be noted.

### GENERAL INSTRUCTIONS

- a. The financial activity of all city operations or departments including departments with separately maintained records and/or utilities that budget separately from the city should be included in the Annual Financial Report. Also, include the financial transactions of the following agencies if they are operative in your city: airport commissions (single-city); housing authorities with ex officio boards; revitalization areas; urban renewal agencies; library board and telecommunications utilities.
- b. If you budgeted on the basis of U.S. generally accepted accounting principles (GAAP), the Annual Financial Report should be completed on that basis. If you budgeted on a NON-GAAP basis, usually on the basis of cash receipts and disbursements, the Annual Financial Report should be prepared on that basis. Be sure to mark on the form which basis is used.
- c. **Cities are required to use the Excel spreadsheet provided by the Office of Auditor of State. Please be sure to complete all sections of the AFR (Part I through Part VII). All spreadsheet cells where data may be entered (input cells) are highlighted in yellow. Non-highlighted cells containing formulas are password protected and therefore, cannot be changed.** If you have an item that is not already identified on the form, include the item in the applicable area of each section.
- d. If different funds or sections of the report are developed on a different basis of accounting or different reporting period, this should be disclosed in the report. It is not necessary to convert data to the same basis of accounting or to the same reporting period. Identify funds or sections and differences in reporting.
- e. Investment activity, such as purchase and redemption of CDs or transfers between checking and savings accounts, should not be reported as receipts, disbursements, or transfers. These types of transactions merely exchange one type of asset for another and do not affect the city's fund balances.
- f. **All Tax Increment Financing** revenue should be reported in the "Special Revenue Fund, Urban Renewal Tax Revenue Account" (SRF-URTR) in accordance with Chapter 403.19(2) of the Code of Iowa. Disbursements should also be recorded in the SRF-URTR account for most disbursements, including payment of principal and interest on TIF revenue debt issued in accordance with Chapter 403.9 of the Code of Iowa. If the City has general obligation debt which is payable from TIF collections, the City should record the revenue in the SRF-URTR account and transfer to the Debt Service Fund in accordance with Chapter 384.4 of the Code of Iowa for payment of the debt. Transfers from the SRF-URTR account to the Capital Projects Fund would also be appropriate for capital projects pursuant to a construction contract or other commitment. TIF revenue debt should be recorded separately from other revenue debt and should include developer agreements and interfund loans. "TIF special revenue" activity should be reported in column (c) on pages 2-12 consistent with the certified budget.
- g. All city pension payments should be included as direct expenditures. Where possible these payments should be included with the function being reported i.e., police, fire, etc. Exclude any payments to city administered and operated retirement systems.
- h. **Part I, Utility Franchise Tax** — If your city imposes a tax on the gross receipts of **private** utility companies, report the proceeds of that tax here. These fees, established in accordance with Chapter 364.2 of the Code of Iowa, include systems for electric light and power, heating, telephone, telegraph, cable television, district telegraph and alarm, motor bus, trolley bus, street railway or other public transit, waterworks, and gasworks. **Do not include** the proceeds of the State sales tax on the receipts of the city-owned public utilities that your city collects and remits to the State.

i. **Part II, Section E, Community and Economic Development** — All disbursements for economic development **should be reported in the Community and Economic Development function**, regardless of the purpose of the economic development.

j. **Parts II and V, Debt service** — Governmental funds disbursements for **debt service** should be reported at the appropriate line in part II. Report at the **debt service** line your disbursements for debt principal retired, interest paid, paying agent's fees, and other costs of administering your city's debt. Debt includes bonds, notes, pledge orders, anticipatory and stamped warrants, etc. In part V of the form, entitled **Debt Outstanding, Issued, and Retired**, repeat from part II the amount of principal retired for the various types of debt issued and the amounts of interest paid for the various types of debt issued. Enterprise funds disbursements for **debt service** should be reported as Business type activities, under "Proprietary," Column (h) of the AFR form.

k. **Part II, Section I — Internal Service Funds** — Budgeted and non-budgeted service funds (ISF). In accordance with the Chapter 384.20 of the Code of Iowa, all expenditures must be budgeted in one of the nine budgetary functions. A transfer from an operating fund to an Internal Service Fund does not satisfy this statutory requirement.

Cities that budget ISF transactions in the ISF should include the receipts/revenues, disbursements/expenses and balances under "Proprietary," Column (h) of the AFR form.

Cities that budget the contributions from operating funds (as expenditures/disbursements at the time of the contribution to the ISF), should **not** include the Internal Service Fund transactions under "Proprietary," Column (h) of the AFR form. However, the balance, remaining, if any, in the non-budgeted ISF, will be reported on the publication page in the appropriate section.

l. **Part II, Section J — Other Financing Uses** category is limited in its use to operating transfers out, the amounts paid to bondholders or placed in escrow in connection with advance refundings resulting in the redemption or defeasance of debt **which use proceeds of the refunding debt**, or the redemption of anticipatory debt or project warrants **when one type of debt replaces another type of debt**. Payments to debt holders or an escrow agent made from sources other than refunding proceeds and all payments related to current refunding of debt, should be reported as debt service disbursements.

m. **Part V, Section B, Short Term Debt** — Includes anticipatory warrants, pledge orders, and construction warrants. It does not include stamped warrants.

n. **Part VI, Debt Limitation for General Obligation Debt** — The city's debt limitation is 5% multiplied by the actual value of the taxable property, **excluding Ag land valuations**, before rollback. After the City's name is entered on [All Funds P1], the valuation will automatically be entered.

**The debt to be applied against the constitutional debt limitation includes all** obligations payable from some component of the tax structure, including TIF, Hotel-Motel taxes, LOST, etc. Current year maturities are generally excluded from the debt limitation. The debt excludes interest unless there is not a distinction between principal and interest. Then the entire obligation is applied against the limit.

o. **Part VII, Cash and Investment Assets — Bond and interest funds** are reserves held specifically for the redemption of long-term debt. **Bond construction funds** are funds that are used to account for the unexpended proceeds of long-term debt, pending the disbursement of these funds. Include the total cash on hand and in bank and investments in all funds. For cash basis (non-GAAP) reporting, the total "cash and investments" in Part VII, column (e) on page 13, should equal the amount reported as "Total actual" in column (c) as "ending fund balance June 30, 2014", plus amounts held in non-budgeted ISF, pension trust, private purpose trust and agency funds on the publication page [All Funds P1].

p. Road use tax receipts and disbursements should be budgeted and reported in the City's records and AFR in the Special Revenue Fund (not the General Fund) consistent with the City Finance Committee's recommended chart of accounts for Iowa cities and in amounts consistent with the DOT street report.

q. Consistent with GASB Statement 54, the ending fund balance June 30, 2014 should be reported on page 12 in the five components of fund balance, as applicable, in columns a-g (governmental funds only) on lines 263-267 and totaled on line 268. The ending fund balance June 30, 2014 for proprietary funds should be reported in total only on line 269. The total governmental and proprietary ending fund balance should be reported on line 270.