CITY OF SIGOURNEY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2015

CITY OF SIGOURNEY, IOWA

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CITY OF SIGOURNEY, IOWA

OFFICIALS
JUNE 30, 2015

Name	Title	Term Expires
Terry W. Hollingsworth	Mayor	January 2018
Edward Conrad	Council Member	January 2016
Randall Schultz	Council Member	January 2018
Rick Landgrebe	Council Member	January 2018
Douglas L. Glandon	Council Member	January 2016
William Bender	Council Member	January 2018
Connie McLaughlin	Council Member	January 2016
Angela Alderson	City Clerk	Indefinite
John Wehr	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the City Council of
City of Sigourney, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sigourney, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Sigourney, Iowa's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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 Sigourney, Iowa, as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Sigourney, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 4 through 8 and 26 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sigourney, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2009 (which are not presented herein) were audited by other auditors. The other auditors expressed unmodified opinions on those financial statements which were prepared in conformity with the basis of accounting described in Note 1. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015, on our consideration of the City of Sigourney, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sigourney, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
December 9, 2015

CITY OF SIGOURNEY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The City of Sigourney, Iowa 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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 27.2% or $689,233 from fiscal year 2014 to fiscal 2015. Note proceeds decreased $735,000 and make up the majority of the decrease.
- Disbursements of the City's governmental activities increased 2.3% or $41,520 from fiscal 2014 to fiscal 2015. Capital projects disbursements increased $45,438, community and economic development disbursements decreased $81,115 and public works disbursements increased $76,068.
- Receipts of the City's business type activities increased 18.3%, or $191,844, from fiscal year 2014 to fiscal year 2015. Sewer receipts increased $167,148.
- Disbursements of the City's business type activities decreased 4.5%, or $41,426, from fiscal year 2014 to fiscal year 2015. Water disbursements decreased $60,239.
- The City's total cash basis net position increased 11.4% or $372,500 from June 30, 2014 to June 30, 2015. Of this amount, the net position of the governmental activities increased $35,886 and the net position of the business type activities increased by $336,614.

USING THIS ANNUAL REPORT

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

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

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

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness.

Basis of Accounting

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

- Business Type Activities include the water, sewer and sanitation funds. 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, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

   The required financial 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 the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three enterprise Funds to provide separate information for the water, sewer and sanitation funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

   The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

   Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from $1,758,240 to $1,794,126. The analysis that follows focuses on the changes in cash basis net position for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30, 2015	2014
Receipts:		
Program receipts:		
Charges for service	$ 78,923	$ 86,664
Operating grants, contributions and restricted interest	401,738	340,080
General receipts:		
Property tax	981,899	992,155
Local option sales tax	258,088	228,537
Tax increment financing	70,909	64,142
Unrestricted interest on investments	3,917	4,444
Note proceeds		735,000
Other general receipts	53,345	87,030
Total receipts	1,848,819	2,538,052
Disbursements:		
Public safety	328,973	381,254
Public works	204,631	128,563
Culture and recreation	308,082	233,455
Community and economic development	48,279	129,394
General government	215,201	218,427
Debt service	363,987	381,978
Capital projects	366,996	321,558
Total disbursements	1,836,149	1,794,629
Change in cash basis net position before transfers	12,670	743,423
Transfers, net	23,216	23,216
Change in cash basis net position	35,886	766,639
Cash basis net position beginning of year	1,758,240	991,601
Cash basis net position end of year	$ 1,794,126	$ 1,758,240

The City's total receipts for governmental activities decreased 27.2% or $689,233. The decrease in receipts was primarily the result of a decrease in proceeds from debt received during the current year.

The total cost (disbursements) of all programs and services increased by $41,520 or 2.3%. The increase in disbursements was primarily the result of more capital projects expenditures for the current year.

Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30, 2015	2014
Receipts:		
Program receipts:		
Charges for service:		
Water	$ 480,210	$ 456,784
Sewer	502,787	335,639
Sanitation	182,992	181,200
General receipts:		
Unrestricted interest on investments	2,290	3,797
Other general receipts	71,068	70,083
Total receipts	1,239,347	1,047,503
Disbursements:		
Water	387,250	447,489
Sewer	297,231	311,910
Sanitation	195,036	161,544
Total disbursements	879,517	920,943
Change in cash basis net position before transfers	359,830	126,560
Transfers, net	(23,216)	(23,216)
Change in cash basis net position	336,614	103,344
Cash basis net position beginning of year	1,501,553	1,398,209
Cash basis net position end of year	$ 1,838,167	$ 1,501,553

Total business type activities receipts for the fiscal year increased $191,844 or 18.3%. The increase in receipts was primarily the result of increases in sewer charges for service.

Total business type activities disbursements decreased $41,426 or 4.5%. This resulted primarily from decreases in water and sewer fund expenditures.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Sigourney, Iowa completed the year, its governmental funds reported a combined fund balance of $1,695,141, a decrease of $2,335 from last year's total of $1,697,476. 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 increased $56,249 primarily due to an increase in property tax revenue from the prior year to $453,351.
- The Road Use Tax Fund cash balance increased $31,515 primarily due to an increase in intergovernmental receipts from the prior year to $154,181 (prior year increase was $17,732).
- The Local Option Sales and Services Tax Fund cash balance increased $134,572 primarily due to a decrease in expenditures compared to the prior year to $519,959.
- The Employee Benefits Fund cash balance increased $53,585 primarily due to a decrease in expenditures to $179,891.
- The Debt Service Fund cash balance increased $14,046 primarily due to an increase in transfers in to $26,995.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS (Continued)

- The Capital Projects Fund cash balance decreased $332,563 primarily related to less proceeds from long-term debt to $219,466.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased $82,272 primarily due to an increase in receipts to $653,064 in the current fiscal year.
- The Sewer Fund cash balance increased $193,933 to $779,320, due primarily to an increase in receipts in the current fiscal year.
- The Sanitation Fund cash balance increased $41,805 primarily due to a decrease in expenditures to $151,359 in the current fiscal year.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2015, the City amended its budget once resulting in an increase in budgeted expenditures of $70,278.

DEBT ADMINISTRATION

At June 30, 2015 the City had $4,004,844 in general obligation notes and other long-term debt, compared to $4,349,606 last year, as shown below.

Outstanding Debt at Year End

	Year ending June 30, 2015	2014
General obligation notes	$ 2,855,000	$ 3,075,000
Revenue notes	1,088,000	1,194,000
Other obligations	61,844	80,606
Total	$ 4,004,844	$ 4,349,606

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. At June 30, 2015, the City's general obligation debt outstanding was below its constitutional debt limit of $4,394,565. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Sigourney, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment (as of June 2015) in the County now stands at 3.4% compared to 4.3% last year. This compares with the State's unemployment rate of 3.6% and the national rate of 5.3%.

Inflation in the State was lower than the national Consumer Price Index increase. The State's CPI increase was (1.860)% for the twelve month period ending June 2015 compared with the national rate of .293%.

These indicators were taken into account when adopting the budget for fiscal year 2016. There were no major changes to the fiscal year 2016 budget, other than an increase in intergovernmental receipts and a decrease in capital projects expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Angela Alderson, City Clerk, 100 North Main, Sigourney, Iowa 52591.

BASIC FINANCIAL STATEMENTS

CITY OF SIGOURNEY, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs:	Disbursements	Program Receipts: Charges for Service	Program Receipts: Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Public safety	$ 328,973	$ 5,415	$ 7,516
Public works	204,631	-	214,100
Culture and recreation	308,082	52,544	130,090
Community and economic development	48,279	1,765	15,599
General government	215,201	19,199	34,433
Debt service	363,987	-	-
Capital projects	366,996	-	-
Total governmental activities	1,836,149	78,923	401,738
Business type activities:			
Water	387,250	480,210	-
Sewer	297,231	502,787	-
Sanitation	195,036	182,992	-
Total business type activities	879,517	1,165,989	-
Total	$ 2,715,666	$ 1,244,912	$ 401,738
General receipts and transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Unrestricted interest on investments			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Memorials			
Expendable:			
Streets			
Capital projects			
Debt service			
Other purposes			
Unrestricted			
Total cash basis net position			

See Notes to Financial Statements

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

	Governmental Activities	Business Type Activities	Total
	$ (316,042)	$ -	$ (316,042)
	9,469	-	9,469
	(125,448)	-	(125,448)
	(30,915)	-	(30,915)
	(161,569)	-	(161,569)
	(363,987)	-	(363,987)
	(366,996)	-	(366,996)
	(1,355,488)	-	(1,355,488)
	-	92,960	92,960
	-	205,556	205,556
	-	(12,044)	(12,044)
	-	286,472	286,472
	(1,355,488)	286,472	(1,069,016)
	665,829	-	665,829
	316,070	-	316,070
	70,909	-	70,909
	258,088	-	258,088
	3,917	2,290	6,207
	53,345	71,068	124,413
	23,216	(23,216)	-
	1,391,374	50,142	1,441,516
	35,886	336,614	372,500
	1,758,240	1,501,553	3,259,793
	$ 1,794,126	$ 1,838,167	$ 3,632,293
	$ 5,675	$ -	$ 5,675
	154,181	-	154,181
	219,466	-	219,466
	26,995	234,617	261,612
	835,473	-	835,473
	552,336	1,603,550	2,155,886
	$ 1,794,126	$ 1,838,167	$ 3,632,293

CITY OF SIGOURNEY, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue			
	General	Road Use Tax	Local Option Sales and Services Tax	Employee Benefits	Debt Service
RECEIPTS:					
Property tax	$ 505,336	$ -	$ -	$ 146,698	$ 316,070
Tax increment financing	-	-	-	-	-
Other City tax	-	-	258,088	-	-
Licenses and permits	20,344	-	-	-	-
Use of money and property	16,026	-	555	-	-
Intergovernmental	38,279	214,100	-	4,158	8,963
Charges for service	46,459	-	-	-	-
Miscellaneous	43,188	-	3,446	33	-
Total receipts	669,632	214,100	262,089	150,889	325,033
DISBURSEMENTS:					
Operating:					
Public safety	239,986	-	1,944	65,160	-
Public works	-	182,585	56,355	15,691	-
Culture and recreation	181,005	-	37,125	16,860	-
Community and economic development	-	-	29,093	-	-
General government	192,392	-	-	22,809	-
Debt service	-	-	-	-	363,987
Capital projects	-	-	-	-	-
Total disbursements	613,383	182,585	124,517	120,520	363,987
Excess (deficiency) of receipts over (under) disbursements	56,249	31,515	137,572	30,369	(38,954)
Other financing sources (uses):					
Operating transfers in	-	-	-	23,216	53,000
Operating transfers out	-	-	(3,000)	-	-
Total other financing sources (uses)	-	-	(3,000)	23,216	53,000
Change in cash balances	56,249	31,515	134,572	53,585	14,046
CASH BALANCES - Beginning of year	397,102	122,666	385,387	126,306	12,949
CASH BALANCES - End of year	$ 453,351	$ 154,181	$ 519,959	$ 179,891	$ 26,995
Cash Basis Fund Balances					
Nonspendable:					
Memorials	$ -	$ -	$ -	$ -	$ -
Restricted for:					
Debt service	-	-	-	-	26,995
Streets	-	154,181	-	-	-
Other purposes	-	-	519,959	179,891	-
Capital projects	-	-	-	-	-
Unassigned	453,351	-	-	-	-
Total cash basis fund balances	$ 453,351	$ 154,181	$ 519,959	$ 179,891	$ 26,995

See Notes to Financial Statements

Capital Projects	Nonmajor	Total
$ -	$ 13,795	$ 981,899
-	70,909	70,909
-	-	258,088
-	-	20,344
-	190	16,771
10,000	2,980	278,480
-	2,857	49,316
24,433	118,691	189,791
34,433	209,422	1,865,598
-	26,883	333,973
-	-	254,631
-	73,092	308,082
-	19,186	48,279
-	-	215,201
-	-	363,987
366,996	-	366,996
366,996	119,161	1,891,149
(332,563)	90,261	(25,551)
-	3,000	79,216
-	(53,000)	(56,000)
-	(50,000)	23,216
(332,563)	40,261	(2,335)
552,029	101,037	1,697,476
$ 219,466	$ 141,298	$ 1,695,141
$ -	$ 5,675	$ 5,675
-	-	26,995
-	-	154,181
-	135,623	835,473
219,466	-	219,466
-	-	453,351
$ 219,466	$ 141,298	$ 1,695,141

EXHIBIT C

CITY OF SIGOURNEY, IOWA

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - GOVERNMENTAL FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Total governmental funds cash balances	$	1,695,141
Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:		
The Internal Service Fund is used by management to charge the costs of vehicle replacement to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.		98,985
Cash basis net position of governmental activities	$	1,794,126
Change in cash balances	$	(2,335)
Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:		
The Internal Service Fund is used by management to charge the costs of vehicle replacement to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.		38,221
Change in cash basis net position of governmental activities	$	35,886

See Notes to Financial Statements

EXHIBIT D

CITY OF SIGOURNEY, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise				Internal Service
	Water	Sewer	Sanitation	Total	Vehicle Replacement
Operating receipts:					
Charges for service	$ 480,210	$ 502,787	$ 182,992	$ 1,165,989	$ 139,000
Miscellaneous	44,440	5,746	4,061	54,247	-
Total operating receipts	524,650	508,533	187,053	1,220,236	139,000
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Business type activities	314,638	248,741	139,685	703,064	82,451
Total operating disbursements	314,638	248,741	139,685	703,064	82,451
Excess of operating receipts over operating disbursements	210,012	259,792	47,368	517,172	56,549
Non-operating receipts (disbursements):					
Interest on investments	1,354	588	114	2,056	276
Capital projects	(41,084)	-	-	(41,084)	-
Debt service	(77,978)	(58,940)	-	(136,918)	-
Total non-operating receipts (disbursements)	(117,708)	(58,352)	114	(175,946)	276
Excess of receipts over disbursements	92,304	201,440	47,482	341,226	56,825
Transfers out	(10,032)	(7,507)	(5,677)	(23,216)	-
Change in cash balances	82,272	193,933	41,805	318,010	56,825
CASH BALANCES - Beginning of year	570,792	585,387	109,554	1,265,733	296,584
CASH BALANCES - End of year	$ 653,064	$ 779,320	$ 151,359	$ 1,583,743	$ 353,409
Cash Basis Fund Balances					
Restricted for:					
Debt service	$ 84,233	$ 150,384	$ -	$ 234,617	$ -
Water deposits	34,225	-	-	34,225	-
Sewer construction	-	207,841	-	207,841	-
Unrestricted	534,606	421,095	151,359	1,107,060	353,409
Total cash basis fund balances	$ 653,064	$ 779,320	$ 151,359	$ 1,583,743	$ 353,409

See Notes to Financial Statements

EXHIBIT E

CITY OF SIGOURNEY, IOWA

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Total enterprise funds cash balances	$	1,583,743
Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:		
The Internal Service Fund is used by management to charge the costs of vehicle replacement to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.		254,424
Cash basis net position of business type activities	$	1,838,167
Change in cash balances	$	318,010
Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:		
The Internal Service Fund is used by management to charge the costs of vehicle replacement to indiviudal funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.		18,604
Change in cash basis net position of business type activities	$	336,614

See Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sigourney, Iowa is a political subdivision of the State of Iowa located in Keokuk County. It was first incorporated in 1844 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, sewer and sanitation utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Sigourney, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Sigourney, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Sigourney Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Sigourney Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Sigourney Library is legally separate from the City, its purpose is to benefit the City of Sigourney, Iowa (the primary government) by soliciting contributions and managing those funds.

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: Keokuk County Assessor's Conference Board, Keokuk County E-911 Joint Service Board and Keokuk County Emergency Management Commission.

B. Basis of Presentation

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-wide Financial Statement (Continued)

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consist of $207,841 for sewer construction.

Unrestricted net position consist of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales and Services Tax Fund is used to account for receipts from the local option sales and services tax. The receipts are used to finance projects approved by the City Council.

The Employee Benefits Fund is used to account for property tax and other receipts to be used for the payment of the City's governmental fund employee benefits.

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

The 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 waste water treatment and sanitary sewer system.

The Sanitation Fund accounts for the operation and maintenance of the City's sanitary disposal system.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City of Sigourney, Iowa 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 paid, there are both restricted and unrestricted cash basis net position 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.

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

Proprietary funds distinguish operating receipts and disbursements from 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. Governmental Cash Basis Fund Balances:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2015 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.

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

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 has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for general obligation and revenue capital loan notes are as follows:

Year Ending June 30,	General Obligation Capital Loan Notes		Bank Loan		Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 230,000	$ 110,370	$ 19,710	$ 2,907	$ 110,000	$ 32,640	$ 359,710	$ 145,917
2017	210,000	102,816	20,637	1,980	114,000	29,340	344,637	134,136
2018	210,000	96,103	21,497	1,010	117,000	25,920	348,497	123,033
2019	215,000	88,900	-	-	121,000	22,410	336,000	111,310
2020	230,000	81,247	-	-	124,000	18,780	354,000	100,027
2021-2025	855,000	289,934	-	-	359,000	47,070	1,214,000	337,004
2026-2030	750,000	129,507	-	-	143,000	8,670	893,000	138,177
2031-2033	155,000	14,175	-	-	-	-	155,000	14,175
Total	$ 2,855,000	$ 913,052	$ 61,844	$ 5,897	$ 1,088,000	$ 184,830	$ 4,004,844	$ 1,103,779

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay $1,177,000 of water revenue notes issued in October 2001, May 2002 and December 2007. Proceeds from the notes provided financing for the construction of water main extensions. The notes are payable solely from water customer net receipts and are payable through 2028. Annual principal and interest payments on the notes required 37% of net receipts. The total principal and interest remaining to be paid on the notes is $826,780. For the current year, principal and interest paid and total customer net receipts were $77,978 and $211,366, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay $959,000 of sewer revenue notes issued in December 2002. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2022. Annual principal and interest payments on the notes required 23% of net receipts. The total principal and interest remaining to be paid on the notes is $446,050. For the current year, principal and interest paid and total customer net receipts were $59,030 and $260,380, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions.

a. The notes will only be redeemed from the future earnings of the enterprise activity and the notes holders hold a lien on the future earnings of the funds.

b. Sufficient monthly transfers shall be made to a separate water revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.

c. A total of $41,940 shall be set aside in a water reserve account for the notes issued in May 2002. This account is restricted for the purpose of paying the principal and interest on the notes whenever the funds in the sinking account are insufficient. In addition, a total of $75,000 shall be set aside in a water reserve account for the notes issued in December 2007.

NOTE 3: NOTES PAYABLE (Continued)

Revenue Notes (Continued)

d. Water 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 notes falling due in the same year for the notes issued in December 2007 and not less than 1.25 times the maximum amount that will be required in any fiscal year prior to the respective longest maturity of each issue of water revenue notes.

e. Sewer 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 notes falling due in the same year.

Bank Loan

On October 24, 2012, the City entered into a loan agreement for a pool liner. The loan of $100,000, with interest at 4.70% per annum, is payable over a five-year period. The total interest and principal remaining to be paid on the notes is $67,741.

NOTE 4: PENSION PLAN

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

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

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

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

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

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

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

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

NOTE 4: PENSION PLAN (Continued)

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for the total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were $44,879.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled $176,531. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .0044477 percent, which was a decrease of .001187 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City pension expense, deferred outflows and deferred inflows totaled $16,470, $56,456 and $127,196.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

NOTE 4: PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability (asset):	$ 433,549	$ 176,531	$ (40,317)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	$ 34,383
Compensatory time	12,676
Sick leave	3,086
Total	$ 50,145

This liability has been computed based on rates of pay in effect at June 30, 2015.

NOTE 6: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Enterprise:	
Employee Benefits	Water Utility	$ 10,032
	Sewer Utility	7,507
	Sanitation	5,677
		23,216
Debt Service	Special Revenue:	
	TIF Program	53,000
Special Revenue:	Special Revenue:	
Restricted Gifts	Local Option Sales and Services Tax	3,000
Total		$ 79,216

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

NOTE 7: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials or employees totaling $1,415 during the year ended June 30, 2015.

NOTE 8: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

NOTE 8: RISK MANAGEMENT (Continued)

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were $28,846.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonable estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casually claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $40,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEVELOPMENT AGREEMENTS

The City entered into a development agreement to assist in urban renewal projects, as follows:

The City agreed to make payments to C, B and D Development, Inc. under Chapter 403 of the Code of Iowa. The total to be paid by the City under this agreement shall be equal to the lesser of the sum of the total applicable percentage of all tax increments collected with respect to the assessments imposed on the development property and minimum improvements as of January 1, 2006 and January 1 of each of the following fourteen years, the actual cost of the public improvements (including reasonable interest cost) for which bills and proof of payment have been submitted to the City and constructed by the Developer on or before December 31, 2015 or $1,000,000. Each payment represents the incremental property tax received by the City with respect to the incremental value of the property. As of June 30, 2015, $271,808 has been paid to the Developer.

NOTE10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 10 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully insured plan with Wellmark and Delta Dental. Retirees under age 65 pay the same premium for medical/prescription drug benefits as active employees.

Funding policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member premiums for the City and plan members are $523 for single coverage and $2,144 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the City contributed $118,572 to the plan and plan members eligible for benefits contributed $19,670 to the plan.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIGOURNEY, IOWA

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, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
RECEIPTS:			
Property tax	$ 981,899	$ -	$ -
Tax increment financing	70,909	-	-
Other City tax	258,088	-	-
License and permits	20,344	-	-
Use of money and property	16,771	2,332	278
Intergovernmental	278,480	-	-
Charges for service	49,316	1,304,989	139,000
Special assessments	-	-	-
Miscellaneous	189,791	54,247	3,442
Total receipts	1,865,598	1,361,568	142,720
DISBURSEMENTS:			
Public safety	333,973	-	-
Public works	254,631	-	-
Culture and recreation	308,082	-	4,142
Community and economic development	48,279	-	-
General government	215,201	-	-
Debt service	363,987	-	-
Capital projects	366,996	-	-
Business type activities	-	963,517	82,451
Total disbursements	1,891,149	963,517	86,593
Excess (deficiency) of receipts over (under) disbursements	(25,551)	398,051	56,127
Other financing sources (uses), net	23,216	(23,216)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,335)	374,835	56,127
BALANCES - Beginning of year	1,697,476	1,562,317	304,351
BALANCES - End of year	$ 1,695,141	$ 1,937,152	$ 360,478

See Accompanying Independent Auditor's Report

	Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
	$ 981,899	$ 978,578	$ 978,578	$ 3,321
	70,909	59,892	59,892	11,017
	258,088	251,583	286,583	(28,495)
	20,344	16,400	8,400	11,944
	18,825	23,395	23,516	(4,691)
	278,480	534,452	266,352	12,128
	1,215,305	990,300	1,121,840	93,465
	-	79,700	79,700	(79,700)
	240,596	166,437	298,482	(57,886)
	3,084,446	3,100,737	3,123,343	(38,897)
	333,973	414,847	439,040	105,067
	254,631	325,075	370,875	116,244
	303,940	248,131	414,850	110,910
	48,279	430,989	102,530	54,251
	215,201	230,975	263,750	48,549
	363,987	363,351	386,351	22,364
	366,996	540,000	540,200	173,204
	881,066	1,052,408	1,158,458	277,392
	2,768,073	3,605,776	3,676,054	907,981
	316,373	(505,039)	(552,711)	869,084
	-	-	-	-
	316,373	(505,039)	(552,711)	869,084
	2,955,442	2,210,483	2,210,483	744,959
	$ 3,271,815	$ 1,705,444	$ 1,657,772	$ 1,614,043

CITY OF SIGOURNEY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2015

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise 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 $70,278. The budget amendments are reflected in the final budgeted amounts.

CITY OF SIGOURNEY, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

		2015
City's proportion of the net pension liability		0.0044477 %
City's proportionate share of the net pension liability	$	176,531
City's covered-employee payroll	$	486,454
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		36.29 %
Plan fiduciary net position as a percentage of the total pension liability		87.61 %

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

CITY OF SIGOURNEY, IOWA

SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 2 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014
Statutorily required contribution	$ 44,878	$ 45,124
Contributions in relation to the statutorily required contribution	44,878	45,124
Contribution deficiency (excess)	$ -	$ -
City's covered-employee payroll	$ 485,943	$ 486,454
Contributions as a percentage of covered-employee payroll	9.24 %	9.28 %

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report

CITY OF SIGOURNEY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

CITY OF SIGOURNEY, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue				
	Restricted Gifts	Urban Renewal Tax Increment	CDBG Housing	TIF Program	CLG History Presentation
RECEIPTS:					
Property tax	$ -	$ -	$ -	$ -	$ -
Tax increment financing	-	-	-	70,909	-
Use of money and property	90	4	-	-	6
Intergovernmental	2,589	-	-	-	-
Charges for service	-	-	2,857	-	-
Miscellaneous	19,622	-	-	-	-
Total receipts	22,301	4	2,857	70,909	6
DISBURSEMENTS:					
Operating:					
Public safety	1,572	-	11,125	-	-
Culture and recreation	14,232	-	-	-	-
Community and economic development	1,207	-	242	17,707	30
Total disbursements	17,011	-	11,367	17,707	30
Excess (deficiency) of receipts over (under) disbursements	5,290	4	(8,510)	53,202	(24)
Other financing sources (uses):					
Operating transfers in	3,000	-	-	-	-
Operating transfers out	-	-	-	(53,000)	-
Total other financing sources (uses)	3,000	-	-	(53,000)	-
Change in cash balances	8,290	4	(8,510)	202	(24)
CASH BALANCES - Beginning of year	27,985	3,095	11,458	9,121	2,238
CASH BALANCES - End of year	$ 36,275	$ 3,099	$ 2,948	$ 9,323	$ 2,214
Cash Basis Fund Balances					
Nonspendable:					
Memorials	$ -	$ -	$ -	$ -	$ -
Restricted for other purposes	36,275	3,099	2,948	9,323	2,214
Total Cash Basis Fund Balances	$ 36,275	$ 3,099	$ 2,948	$ 9,323	$ 2,214

See Accompanying Independent Auditor's Report.

SCHEDULE 1

Emergency	Lewis Memorial Fountain	Year 2044	Friends of the Sigourney Public Library	Permanent: Lewis Memorial Trust	Permanent: Library Memorial Trust	Total
$ 13,795	$ -	$ -	$ -	$ -	$ -	$ 13,795
-	-	-	-	-	-	70,909
-	42	46	2	-	-	190
391	-	-	-	-	-	2,980
-	-	-	-	-	-	2,857
-	95,627	-	3,442	-	-	118,691
14,186	95,669	46	3,444	-	-	209,422
14,186	-	-	-	-	-	26,883
-	54,718	-	4,142	-	-	73,092
-	-	-	-	-	-	19,186
14,186	54,718	-	4,142	-	-	119,161
-	40,951	46	(698)	-	-	90,261
-	-	-	-	-	-	3,000
-	-	-	-	-	-	(53,000)
-	-	-	-	-	-	(50,000)
-	40,951	46	(698)	-	-	40,261
-	23,349	10,349	7,767	4,675	1,000	101,037
$ -	$ 64,300	$ 10,395	$ 7,069	$ 4,675	$ 1,000	$ 141,298
$ -	$ -	$ -	$ -	$ 4,675	$ 1,000	$ 5,675
-	64,300	10,395	7,069	-	-	135,623
$ -	$ 64,300	$ 10,395	$ 7,069	$ 4,675	$ 1,000	$ 141,298

CITY OF SIGOURNEY, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2015

Obligation	Date of Issue		Interest Rates
General obligation capital loan notes:			
Refunding Series 2008	May 7, 2008		4.50%
Series 2010	September 29, 2009		3.5% - 4.1%
Series 2010B	October 1, 2010		2.0% - 3.38%
Series 2011	February 1, 2011		2.0% - 4.5%
Series 2013	August 22, 2013		2.0% - 4.5%
Total			
Revenue capital loan notes:			
Water Series 2001	October 1, 2001	*	3.00%
Water Series 2002	May 3, 2002	*	3.00%
Sewer Series 2002	December 6, 2002	*	3.00%
Water Series 2007	December 20, 2007	*	3.00%
Total			
Other obligations:			
Bank loans:			
Sanitation Truck	April 16, 2009		4.50%
Pool Liner	October 24, 2012		4.70%
Total			

* The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance.

See Accompanying Independent Auditor's Report

SCHEDULE 2

Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed/ Cancelled During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
$ 1,255,000	$ 860,000	$ -	$ 75,000	$ 785,000	$ 38,700	$ -
350,000	280,000	-	35,000	245,000	10,750	-
670,000	470,000	-	50,000	420,000	14,296	-
770,000	715,000	-	30,000	685,000	26,625	-
750,000	750,000	-	30,000	720,000	27,300	-
	$ 3,075,000	$ -	$ 220,000	$ 2,855,000	$ 117,671	$ -
$ 390,000	$ 163,000	$ -	$ 21,000	$ 142,000	$ 2,852	$ -
50,000	21,000	-	3,000	18,000	368	-
959,000	447,000	-	50,000	397,000	7,822	-
737,000	563,000	-	32,000	531,000	16,890	-
	$ 1,194,000	$ -	$ 106,000	$ 1,088,000	$ 27,932	$ -
$ 70,000	$ 5	$ -	$ 5	$ -	$ -	$ -
100,000	80,601	-	18,757	61,844	3,860	-
	$ 80,606	$ -	$ 18,762	$ 61,844	$ 3,860	$ -

CITY OF SIGOURNEY, IOWA

NOTE MATURITIES
JUNE 30, 2015

Year Ending June 30,	General Obligation Capital Loan Notes					
	Refunding Series 2008		Series 2010		Series 2010B	
	Issued May 7, 2008		Issued September 29, 2009		Issued October 1, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2016	4.50 %	$ 80,000	3.3 %	$ 35,000	3.00 %	$ 50,000
2017	4.50	55,000	3.5	40,000	2.38	50,000
2018	4.50	55,000	4.1	40,000	2.88	50,000
2019	4.50	55,000	4.1	40,000	2.88	50,000
2020	4.50	55,000	4.1	45,000	3.20	55,000
2021	4.50	65,000	4.1	45,000	3.38	55,000
2022	4.50	40,000		-	3.38	55,000
2023	4.50	40,000		-	3.38	55,000
2024	4.50	40,000		-		-
2025	4.50	50,000		-		-
2026	4.50	50,000		-		-
2027	4.50	50,000		-		-
2028	4.50	150,000		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
Total		$ 785,000		$ 245,000		$ 420,000

Year Ending June 30,	Revenue Capital Loan Notes					
	Water Series 2001		Water Series 2002		Sewer Series 2002	
	Issued October 1, 2001		Issued May 3, 2002		Issued December 6, 2002	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2016	3.00 %	$ 22,000	3.00 %	$ 3,000	3.00 %	$ 52,000
2017	3.00	23,000	3.00	3,000	3.00	53,000
2018	3.00	23,000	3.00	3,000	3.00	55,000
2019	3.00	24,000	3.00	3,000	3.00	57,000
2020	3.00	25,000	3.00	3,000	3.00	58,000
2021	3.00	25,000	3.00	3,000	3.00	60,000
2022		-		-	3.00	62,000
2023		-		-		-
2024		-		-		-
2025		-		-		-
2026		-		-		-
2027		-		-		-
2028		-		-		-
Total		$ 142,000		$ 18,000		$ 397,000

See Accompanying Independent Auditor's Report

Series 2011 Issued February 1, 2011			Series 2013 Issued August 22, 2013			Bank Loan Series 2012 Issued October 24, 2012			
Interest Rates		Amount	Interest Rates		Amount	Interest Rates		Amount	Total
2.00 %	$	35,000	2.00 %	$	30,000	4.70 %	$	19,710	$ 249,710
3.00		35,000	2.00		30,000	4.70		20,637	230,637
3.00		35,000	2.00		30,000	4.70		21,497	231,497
3.00		35,000	3.00		35,000			-	215,000
3.50		40,000	3.00		35,000			-	230,000
3.50		40,000	3.00		35,000			-	240,000
3.50		45,000	3.50		35,000			-	175,000
4.00		45,000	3.50		35,000			-	175,000
4.00		45,000	3.50		40,000			-	125,000
4.00		50,000	4.00		40,000			-	140,000
4.25		50,000	4.00		40,000			-	140,000
4.25		55,000	4.00		40,000			-	145,000
4.25		55,000	4.375		45,000			-	250,000
4.50		60,000	4.375		45,000			-	105,000
4.50		60,000	4.375		50,000			-	110,000
		-	4.50		50,000			-	50,000
		-	4.50		50,000			-	50,000
		-	4.50		55,000			-	55,000
	$	685,000		$	720,000		$	61,844	$ 2,916,844

Water Series 2007 Issued December 20, 2007			
Interest Rates		Amount	Total
3.00 %	$	33,000	$ 110,000
3.00		35,000	114,000
3.00		36,000	117,000
3.00		37,000	121,000
3.00		38,000	124,000
3.00		39,000	127,000
3.00		40,000	102,000
3.00		42,000	42,000
3.00		43,000	43,000
3.00		45,000	45,000
3.00		46,000	46,000
3.00		48,000	48,000
3.00		49,000	49,000
	$	531,000	$ 1,088,000

CITY OF SIGOURNEY, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	2015	2014	2013	2012
RECEIPTS:				
Property tax	$ 981,899	$ 992,155	$ 937,369	$ 928,955
Tax increment financing	70,909	64,142	67,115	69,622
Other City tax	258,088	228,537	265,176	233,929
Licenses and permits	20,344	19,853	19,745	20,030
Use of money and property	16,771	19,480	16,242	21,899
Intergovernmental	278,480	245,751	256,200	250,266
Charges for service	49,316	78,990	58,231	68,580
Special assessments	-	-	-	-
Miscellaneous	189,791	154,058	59,956	79,036
Total	$ 1,865,598	$ 1,802,966	$ 1,680,034	$ 1,672,317
DISBURSEMENTS:				
Operating:				
Public safety	$ 333,973	$ 388,254	$ 346,968	$ 339,216
Public works	254,631	206,563	290,637	310,151
Culture and recreation	308,082	233,455	206,843	286,534
Community and economic development	48,279	129,394	65,154	75,746
General government	215,201	218,427	246,743	265,434
Debt service	363,987	381,978	440,820	436,472
Capital projects	366,996	321,558	156,200	443,551
Total	$ 1,891,149	$ 1,879,629	$ 1,753,365	$ 2,157,104

See Accompanying Independent Auditor's Report

SCHEDULE 4

	2011	2010	2009	2008	2007	2006
$	818,502	$ 685,848	$ 813,584	$ 784,884	$ 785,493	$ 679,216
	63,365	17,693	15,971	10,483	-	-
	247,351	245,843	253,702	186,336	46,111	26,141
	40,371	38,563	13,868	11,040	5,105	10,313
	19,936	23,725	20,446	21,261	23,248	17,836
	366,922	848,772	542,350	256,839	217,157	209,547
	47,514	45,167	31,475	31,102	32,736	47,183
	6,024	168	2,920	3,901	6,634	9,289
	184,035	26,441	75,015	103,931	81,432	193,803
$	1,794,020	$ 1,932,220	$ 1,769,331	$ 1,409,777	$ 1,197,916	$ 1,193,328
$	351,163	$ 310,067	$ 280,382	$ 245,805	$ 254,442	$ 217,030
	247,193	253,342	190,944	216,013	200,569	180,334
	226,056	262,065	199,791	183,933	208,531	308,714
	149,782	184,089	398,302	107,300	43,576	17,865
	202,362	336,149	221,767	215,215	165,318	209,372
	1,711,621	396,923	411,910	368,160	292,897	302,292
	338,685	886,367	349,142	41,040	99,620	638,454
$	3,226,862	$ 2,629,002	$ 2,052,238	$ 1,377,466	$ 1,264,953	$ 1,874,061

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 Mayor and City Council
City of Sigourney, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Sigourney, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Sigourney, Iowa's basic financial statements and have issued our report thereon dated December 9, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item II-A-15 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 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 Sigourney, Iowa's Response to Findings

The City of Sigourney, Iowa's responses to the findings identified in our audit is described in the accompanying schedule of findings. The City of Sigourney, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
December 9, 2015

CITY OF SIGOURNEY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results

a. Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

b. A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.

c. The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

II-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Once person has control over each of the following areas for the City:

1. Receipts – Opening mail, collecting, depositing, journalizing and posting.

2. Utility Receipts – Opening mail, billing, collecting, depositing, posting and reconciling.

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.

Response –

The City Clerk's staff is trying different approaches as to who does the posting, depositing and reconciling.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting

III-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

III-B-15 Questionable Disbursements – No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF SIGOURNEY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-D-15 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Brent Jennings, Police Reserve Officer Owner of the PTL shop	Services	$ 1,240
Cody Davis Reserve Police Officer	Services	$ 175

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total transactions were less than $2,500 during the fiscal year.

III-E-15 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 insure that the coverage is adequate for current operations.

III-F-15 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy were noted.

III-H-15 Revenue Bonds & Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

III-I-15 Annual Urban Renewal Report – No instances of non-compliance with the annual urban renewal report were noted.