

CITY OF GREENFIELD, IOWA
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND BUDGET INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES
WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2015

CITY OF GREENFIELD, IOWA

TABLE OF CONTENTS

		Page
OFFICIALS AND BOND COVERAGE		1
INDEPENDENT AUDITORS' REPORT		2
BASIC FINANCIAL STATEMENTS	Exhibit	
Government-wide Financial Statements - Statement of Activities and Net Position - Cash Basis	A	5
Governmental Funds Financial Statements - Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	7
Proprietary Funds Financial Statements - Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	9
Notes to Financial Statements		10
BUDGET INFORMATION	Schedule	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	1	24
Notes to Budgetary Comparison Schedule		25
SUPPLEMENTARY INFORMATION		
Schedule of Indebtedness - All Governmental Funds and Proprietary Funds	2	26
Schedule of Bond and Note Maturities - Governmental Funds	3	27
Schedule of Bond and Note Maturities - Proprietary Funds	4	28
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	5	30
OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		32
Schedule of Findings and Responses		34

CITY OF GREENFIELD, IOWA

**OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

Name	Title	Term Expires	Bond Coverage
GOVERNANCE-			
Ron Smith	Mayor	12/31/2015	\$ 10,000
Kevin Hall	Council Member	12/31/2017	10,000
Debra Houghtaling	Council Member	12/31/2017	10,000
Brian Fox	Council Member	12/31/2017	10,000
Brian Eisbach	Council Member	12/31/2015	10,000
Carol Woosley	Council Member	12/31/2015	10,000
Robert Guikema	Utility Trustee	12/31/2020	10,000
Lynne Don Carlos	Utility Trustee - Chair	12/31/2018	10,000
Terry Schneider	Utility Trustee	12/31/2016	10,000
Linda Kintigh	Library Trustee	7/1/2018	10,000
Larry Means	Library Trustee	7/1/2018	10,000
Roleen Chiles	Library Trustee - Chair	7/1/2017	10,000
Pamela Kincaide	Library Trustee	7/1/2017	10,000
Josh Rardin	Library Trustee	7/1/2017	10,000
Marilyn Nickel	Library Trustee	7/1/2017	10,000
Kevin Nelson	Library Trustee	7/1/2017	10,000
OTHERS-			
Rebecca Haase	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	40,000
Scott Tonderum	Utility General Manager	Indefinite	40,000
Lynn Heinbuch	Head Librarian	Indefinite	10,000

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue

Omaha, Nebraska 68127-1904

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Steven M. Povich, C.P.A.
Gregory A. Harr, C.P.A./ABV
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.

402-592-3800
Fax: 402-592-7747
www.ofwf.com

Daniel A. Dudley, C.P.A./PFS
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.
Frank H. Burnham, C.P.A.
Matthew R. Tunink, C.P.A.
Terrie L. Larkowski, C.P.A./ABV

INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, Iowa

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis method of accounting described in Note 1; this includes determining the cash basis method of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, 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.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 6 to the financial statements, the City adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Budget and Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's basic financial statements. The accompanying supplementary information contained in schedules 2 through 5 for the year ended June 30, 2015, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in schedules 2 through 5 has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2015, 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 information in schedules 2 through 5 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

The other budget comparison information contained in schedule 1, pages 24 and 25, has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Prior Years' Supplementary Information

We also previously audited, in accordance with auditing standards general accepted in the United States of America, the basic financial statements of the City of Greenfield for each of the nine years ended June 30, 2006 through 2014 (not presented herein) and have annually issued our reports on those financial statements, which contained unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The prior years' information contained in schedule 5 for each of those nine years ended June 30, 2006 through 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare each of the 2006 through 2014 financial statements. The prior years' information contained in schedule 5 has been subjected to the auditing procedures applied in each of the audits of the 2006 through 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare each of those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the prior years' information in schedule 5 is fairly stated in all material respects in relation to the basic financial statements as a whole for each of the nine years ended June 30, 2006 through 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the City of Greenfield'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greenfield's internal control over financial reporting and compliance.

November 11, 2015
Omaha, Nebraska

CITY OF GREENFIELD, IOWA

BASIC FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

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

	Program Disbursements	Program Receipts			Net (Expense) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS:					
Primary government -					
Governmental activities -					
Public safety	\$ 362,684	\$ -	\$ 5,843	\$ -	\$ (356,841)
Public works	440,224	5,116	206,093	-	(229,015)
Culture and recreation	164,530	-	-	-	(164,530)
Community and economic development	63,871	33,628	59,287	-	29,044
General government	453,034	8,595	-	-	(444,439)
Debt service	370,954	-	-	-	(370,954)
Capital projects	30,515	-	-	-	(30,515)
Total governmental activities	1,885,812	47,339	271,223	-	(1,567,250)
Business type activities - sewer	294,968	209,069	-	-	(85,899)
Total of primary government	<u>\$ 2,180,780</u>	<u>\$ 256,408</u>	<u>\$ 271,223</u>	<u>\$ -</u>	<u>\$ (1,653,149)</u>
Components -					
Governmental activities -					
Library	\$ 97,962	\$ 896	\$ 203,203	\$ -	\$ 106,137
Business type activities -					
Water	767,716	830,838	-	3,732	66,854
Electric	3,882,276	3,915,693	-	-	33,417
Total of components	<u>\$ 4,747,954</u>	<u>\$ 4,747,427</u>	<u>\$ 203,203</u>	<u>\$ 3,732</u>	<u>\$ 206,408</u>

(Continued to next page)

CITY OF GREENFIELD, IOWA

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

	Primary Government			Total of Components
	Governmental Activities	Business Type Activities	Total Primary Government	
CHANGES IN NET POSITION:				
Net (expense) revenue (continued from previous page)	\$ (1,567,250)	\$ (85,899)	\$ (1,653,149)	\$ 206,408
General receipts -				
Property taxes levied for -				
General purposes	449,864	-	449,864	-
Tax increment financing	327,938	-	327,938	-
Employee benefits	166,779	-	166,779	-
Debt service	46,875	-	46,875	-
Local option sales and other city tax	224,147	-	224,147	-
Use of money (interest) and property	29,904	5,075	34,979	16,738
Special assessments	12,581	-	12,581	-
Miscellaneous	17,254	-	17,254	148,861
Unremitted sewer fees - net	-	-	-	5,912
Operating transfers (to) from	(65,000)	-	(65,000)	65,000
Sale of capital assets	1,526	-	1,526	41,990
Payment received for Water Utility debt	47,263	-	47,263	-
Revolving fund loans collected	-	-	-	40,373
Revolving fund loans made	-	-	-	(83,611)
Payment to City from Electric	110,000	-	110,000	(110,000)
Total general receipts and transfers	1,369,131	5,075	1,374,206	125,263
Change in cash basis net position	(198,119)	(80,824)	(278,943)	331,671
Cash basis net position - beginning of year	2,092,266	2,211,901	4,304,167	1,688,310
	<u>\$ 1,894,147</u>	<u>\$ 2,131,077</u>	<u>\$ 4,025,224</u>	<u>\$ 2,019,981</u>
Cash basis net position - end of year				
	<u>\$ 1,894,147</u>	<u>\$ 2,131,077</u>	<u>\$ 4,025,224</u>	<u>\$ 2,019,981</u>
CASH BASIS NET POSITION:				
Restricted				
Expendable -				
General fund activity	\$ 5,000	\$ -	\$ 5,000	\$ -
Road use tax fund activity	88,395	-	88,395	-
Employee benefits fund activity	105,785	-	105,785	-
Local option tax fund activity	578,189	-	578,189	-
Debt service fund activity	927,087	-	927,087	974,149
Unrestricted	189,691	2,131,077	2,320,768	1,045,832
	<u>\$ 1,894,147</u>	<u>\$ 2,131,077</u>	<u>\$ 4,025,224</u>	<u>\$ 2,019,981</u>
Total cash basis net position	<u>\$ 1,894,147</u>	<u>\$ 2,131,077</u>	<u>\$ 4,025,224</u>	<u>\$ 2,019,981</u>

See notes to financial statements.

CITY OF GREENFIELD

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

	General	Special Revenue			TIF
		Road Use Tax	Employee Benefit	Local Option Tax	
RECEIPTS:					
Property/other allocated taxes	\$ 449,864	\$ -	\$ 166,779	\$ -	\$ -
Tax increment financing	-	-	-	-	327,938
Other city taxes	19,225	-	-	204,922	-
Licenses and permits	8,268	-	-	-	-
Use of money (interest) and property	29,904	-	-	-	-
Intergovernmental	65,130	206,093	-	-	-
Charges for services	39,071	-	-	-	-
Special assessments	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	17,026	228	-	-	-
Total receipts	628,488	206,321	166,779	204,922	327,938
DISBURSEMENTS:					
Operating -					
Public safety	339,682	-	23,002	-	-
Public works	142,388	288,050	9,786	-	-
Culture and recreation	158,601	-	5,929	-	-
Community economic development	46,626	-	-	-	17,245
General government	442,580	-	10,454	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	1,129,877	288,050	49,171	-	17,245
Excess (deficiency) of receipts over disbursements	(501,389)	(81,729)	117,608	204,922	310,693
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	110,000	-	-	-	-
Payment received for Water Utility debt	-	-	-	-	-
Sale of capital assets	1,526	-	-	-	-
Transfers in	88,080	-	-	-	-
Transfers out	(65,000)	-	(88,080)	(30,515)	(315,072)
Total other financing sources (uses)	134,606	-	(88,080)	(30,515)	(315,072)
Change in cash balances	(366,783)	(81,729)	29,528	174,407	(4,379)
Cash balances - beginning of year	561,474	170,124	76,257	403,782	4,379
Cash balances - end of year	\$ 194,691	\$ 88,395	\$ 105,785	\$ 578,189	\$ -
CASH BASIS FUND BALANCES:					
Restricted	\$ 5,000	\$ 88,395	\$ 105,785	\$ 578,189	\$ -
Assigned	-	-	-	-	-
Unassigned	189,691	-	-	-	-
Total cash basis fund balances	\$ 194,691	\$ 88,395	\$ 105,785	\$ 578,189	\$ -

(Continued across to next page)

See notes to financial statements.

CITY OF GREENFIELD

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

	Debt Service	Capital Projects	Primary Government Total	Component Library	Governmental Funds Totals
RECEIPTS:					
Property/other allocated taxes	\$ 46,875	\$ -	\$ 663,518	\$ -	\$ 663,518
Tax increment financing	-	-	327,938	-	327,938
Other city taxes	-	-	224,147	-	224,147
Licenses and permits	-	-	8,268	-	8,268
Use of money (interest) and property	-	-	29,904	1,707	31,611
Intergovernmental	-	-	271,223	12,935	284,158
Charges for services	-	-	39,071	896	39,967
Special assessments	12,581	-	12,581	-	12,581
Donations	-	-	-	190,268	190,268
Miscellaneous	-	-	17,254	26	17,280
Total receipts	<u>59,456</u>	<u>-</u>	<u>1,593,904</u>	<u>205,832</u>	<u>1,799,736</u>
DISBURSEMENTS:					
Operating -					
Public safety	-	-	362,684	-	362,684
Public works	-	-	440,224	-	440,224
Culture and recreation	-	-	164,530	97,962	262,492
Community economic development	-	-	63,871	-	63,871
General government	-	-	453,034	-	453,034
Debt service	370,954	-	370,954	-	370,954
Capital projects	-	30,515	30,515	-	30,515
Total disbursements	<u>370,954</u>	<u>30,515</u>	<u>1,885,812</u>	<u>97,962</u>	<u>1,983,774</u>
Excess (deficiency) of receipts over disbursements	(311,498)	(30,515)	(291,908)	107,870	(184,038)
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	-	-	110,000	-	110,000
Payment received for Water Utility debt	47,263	-	47,263	-	47,263
Sale of capital assets	-	-	1,526	-	1,526
Transfers out	-	-	(498,667)	-	(498,667)
Total other financing sources (uses)	<u>47,263</u>	<u>-</u>	<u>(339,878)</u>	<u>-</u>	<u>(339,878)</u>
Change in cash balances	(264,235)	(30,515)	(631,786)	107,870	(523,916)
Cash balances - beginning of year	876,250	-	2,092,266	144,065	2,236,331
Cash balances - end of year	<u>\$ 612,015</u>	<u>\$ -</u>	<u>\$ 1,460,480</u>	<u>\$ 251,935</u>	<u>\$ 1,712,415</u>
CASH BASIS FUND BALANCES:					
Restricted	\$ 927,087	\$ -	\$ 1,704,456	\$ -	\$ 1,704,456
Assigned	-	-	-	316,935	316,935
Unassigned	-	-	189,691	-	189,691
Total cash basis fund balances	<u>\$ 927,087</u>	<u>\$ -</u>	<u>\$ 1,894,147</u>	<u>\$ 316,935</u>	<u>\$ 2,211,082</u>

See notes to financial statements.

CITY OF GREENFIELD

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

	Primary Government Sewer	Components Water Electric		Proprietary Funds Totals
RECEIPTS:				
Use of money (interest) and property	\$ 5,075	\$ 1,575	\$ 13,456	\$ 20,106
Charges for services	209,069	830,838	3,915,693	4,955,600
Miscellaneous	-	17,710	131,125	148,835
Total receipts	<u>214,144</u>	<u>850,123</u>	<u>4,060,274</u>	<u>5,124,541</u>
DISBURSEMENTS:				
Current operations	270,019	643,014	3,299,976	4,213,009
Debt service	-	108,405	552,697	661,102
Capital outlays	24,949	16,297	29,603	70,849
Total disbursements	<u>294,968</u>	<u>767,716</u>	<u>3,882,276</u>	<u>4,944,960</u>
Excess (deficiency) of receipts over disbursements	(80,824)	82,407	177,998	179,581
OTHER FINANCING SOURCES (USES):				
Payments to City	-	-	(110,000)	(110,000)
Unremitted sewer fees - net	-	-	5,912	5,912
Contributions-in-aid of construction	-	3,732	-	3,732
Sale of capital assets	-	-	41,990	41,990
Revolving fund loans collected	-	-	40,373	40,373
Revolving fund loans made	-	-	(83,611)	(83,611)
Transfers in	-	4,726	-	4,726
Transfers out	-	-	(4,726)	(4,726)
Total other financing sources (uses)	<u>-</u>	<u>8,458</u>	<u>(110,062)</u>	<u>(101,604)</u>
Change in cash balances	(80,824)	90,865	67,936	77,977
Cash balances - beginning of year	2,211,901	112,560	1,431,685	3,756,146
Cash balances - end of year	<u>\$ 2,131,077</u>	<u>\$ 203,425</u>	<u>\$ 1,499,621</u>	<u>\$ 3,834,123</u>
CASH BASIS FUND BALANCES:				
Restricted for debt service	\$ -	\$ 70,887	\$ 903,262	\$ 974,149
Unrestricted -				
Designated diesel replacement	-	-	50,000	50,000
Undesignated	2,131,077	132,538	546,359	2,809,974
Total cash basis fund balances	<u>\$ 2,131,077</u>	<u>\$ 203,425</u>	<u>\$ 1,499,621</u>	<u>\$ 3,834,123</u>

See notes to financial statements.

CITY OF GREENFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization and Nature of Activities* -

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to its citizens including public safety, public works, culture and recreation, community and economic development and general government services. In addition, the City operates a sewer system and, through its components, operates a water system, electric system and public library.

B. *Reporting Entity* -

For financial reporting purposes, the City (as the primary government) considers if it has oversight responsibility or control over any other legal entity. Criteria for determining the scope of such oversight include: (1) financial inter-dependency, (2) selection of the governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters. The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as 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.

As the primary government and for financial reporting purposes, the City of Greenfield has identified and included the following component units to comprise the reporting entity:

Greenfield Public Library (Library)
Greenfield Municipal Utilities (GMU) (Water and Electric)

Discretely Presented Component Units -

The Library is governed by a seven-person board, some appointed by the Mayor and approved by the City Council and some appointed by the County Board of Supervisors, whose operating budget and funding is included in the City's overall budget. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the Mayor and approved by the City Council. GMU operates and manages water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements, on the full accrual basis, for each utility are available separately.

Jointly Governed Organizations -

The City also participates in several jointly-governed organizations that provide goods or services to residents of the City but that 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: Adair County Sanitary Disposal Commission, SIRHA, E911 Service Board, and Greater Greenfield Community Foundation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basis of Presentation* -

The accompanying financial statements include all City funds and component units of the City as the reporting entity and are presented on the basis of cash receipts and disbursements (cash basis) which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, these financial statements do not present the financial position and results of activities of the funds in accordance with accounting principles generally accepted in the United States of America applicable to government entities.

Government-wide Financial Statements -

The Statement of Activities and Net Position - Cash Basis displays financial information about the nonfiduciary activities of the City. The effect of inter-fund activity has generally been removed from the financial information. These financial statements distinguish between governmental and business-type activities. Governmental activities are supported by tax and intergovernmental revenues and are reported separately from business-type activities, which rely primarily on fees and charges for services or personal property provided to external users. The Statement of Activities and Net Position - Cash Basis presents the reporting entity's net position in the following categories/components:

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

Unrestricted Net Position consist of net position that does not meet the definition of restricted. Unrestricted net position is often subject to constraints (designations) imposed by the City Council, which may be removed or modified.

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 balances and then to less restrictive or unassigned fund balances.

The Statement of Activities and Net Position - Cash Basis also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. **Charges for Services:** Consist of charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function.
2. **Operating Grants and Contributions:** Consists of non-exchange revenue and interest on investments used in meeting the operational expenses of a particular function.
3. **Capital Grants and Contributions:** Consists of non-exchange revenue and interest on investments used in meeting the capital requirements of a particular function.

Cash basis program receipts that are derived directly from each governmental activity, or function, are reported by activity described as follows:

Public Safety

Traffic fine receipts and intergovernmental fire reimbursements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Works	Road use taxes, aviation fuel sales, hanger rents
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	Licenses, permits, building reimbursements and user fees
Library	Late fees, copier fees, and of county and township funding

Property tax and other items received but not properly included as program receipts are reported as general receipts.

Program receipts for City proprietary funds and component unit proprietary funds are from user fees charged for the services provided to the users and all other related receipts not related to capital and noncapital financing or investing activities.

Funds Financial Statements -

The accounts of the City and its component units are organized on the basis of funds, each of which is considered a separate accounting entity. The funds financial statements display information about the government by reporting major funds. The City and its component units have no fiduciary funds. Separate financial information is provided for governmental funds and proprietary funds. Individual major governmental funds or individual major enterprise funds are reported as separate columns in the fund financial statements. The City reports all funds as major funds as follows:

Governmental Fund Types -

General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating costs, fixed charges and capital improvement costs that are not paid from other funds.

Special Revenue Funds - These funds are used to account for the proceeds of specific receipt sources that are restricted by legislation to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund accounts for a special property tax levy restricted to employer matching Social Security and Medicare taxes and employee group insurance.

Local Option Sales Tax (LOST) Fund accounts for receipts from the local option tax authorized and restricted by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing (TIF) Fund accounts for incremental property tax receipts associated with urban renewal districts restricted to improvements and debt service.

Debt Service Fund - This fund is used to account for property tax receipts and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

Capital Projects Fund - This fund is used to account for all costs associated with significant construction or improvements projects and proceeds of related interim debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically assigned to the Library. Disbursements from this fund are for all Library operating costs, fixed charges and capital improvement costs.

Proprietary Fund Types -

Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric utilities which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the residents of the City.

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. *Measurement Focus and Basis of Accounting* -

Measurement focus refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made regardless of the measurement focus applied.

The City and Library component unit maintain financial records on the basis of cash receipts and disbursements and the amounts displayed in these financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted to cash receipts and disbursements for inclusion in the City reporting entity.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. *Governmental Cash Basis Fund Balances* -

On the governmental fund financial statements, cash basis fund balances are, as applicable, 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 donors, creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Budgets and Budgetary Accounting* -

In accordance with the Code of Iowa, the City annually adopts a budget which includes the City's components. The budget is submitted following required public notice and hearing. A budgetary comparison and related disclosures are reported in a separate Budget Information section.

NOTE 2 - POOLED CASH DEPOSITS AND INVESTMENTS

The City pools its cash deposits into checking and savings accounts and maintains records as to each fund's share of the total cash balance. The Library and GMU have each also pooled the cash, checking and savings accounts of their various funds. Deposits of the reporting entity were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City, Library and GMU are each authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's 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 drainage districts.

At June 30, 2015, all investments for the City, Library and GMU were held as non-negotiable certificates of deposits in the name of the fund that provided the cash to purchase the certificate.

Interest rate risk - Funds may be invested in investments with maturities longer than 365 days, but maturities shall be consistent with the needs of the City, Library or GMU.

NOTE 3 - REVOLVING LOANS RECEIVABLE

GMU through its electric utility obtained a \$300,000 USDA Federal Revolving Loan Grant from which to make revolving loans for rural economic development. GMU was then required to contribute \$60,000 to this fund. The full amount of \$360,000 was loaned to E. E. Warren Opera House Association for rehabilitation of the historical opera house in Greenfield, Iowa. This loan advance is repayable to GMU in monthly installments of \$3,333 beginning May 1, 2012. The loan is evidenced by a promissory note, is non-interest bearing and may be repaid in whole or in part at any time prior to maturity. As this loan is paid down, it provides funds for additional loans to be made.

Two additional loans were made from the revolving loan fund during the year. A loan to Trinity Salon in the amount of \$8,611, dated December 9, 2014, is repayable in monthly installments of \$72 beginning February 1, 2015. This note is noninterest bearing and may be repaid in whole or in part at any time prior to maturity. A loan to Zero Energy Systems, LLC in the amount of \$75,000, dated May 15, 2015, is repayable in monthly installments of \$1,056 beginning December 15, 2015. This note bears interest at 2.5% per annum and may be repaid in whole or in part at any time prior to maturity.

NOTE 3 - LOANS RECEIVABLE (Continued)

Annual amounts receivable in future years ending June 30 are as follows:

2016	\$ 46,242
2017	51,918
2018	52,198
2019	52,484
2020	52,778
2021 and After	60,948
Total	<u>\$ 316,568</u>

NOTE 4 - SPECIAL ASSESSMENTS

Amounts totaling \$306,308 were levied during 2006 and 2008 for infrastructure and improvements to the public square and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear interest at 5.85 percent per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2015, the remaining uncollected principal balance due was \$18,640. During the current year, \$12,581 of collections were included as receipts in the debt service fund.

NOTE 5 - LONG-TERM DEBT

Governmental activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Amounts Due Within One Year
2011A Street Improvement Bonds	\$ 205,000	\$ -	\$ 40,000	\$ 165,000	\$ 40,000
Warren Cultural Center Debt (TIF District Debt)	139,182	-	7,694	131,488	8,028
2012 Refunding Bonds	1,210,000	-	300,000	910,000	300,000
	<u>\$ 1,554,182</u>	<u>\$ -</u>	<u>\$ 347,694</u>	<u>\$ 1,206,488</u>	<u>\$ 348,028</u>

The City issued \$315,000 of general obligation debt on March 30, 2011, for street improvements. The bonds mature serially through December 1, 2018, with interest at various rates from 1.10 to 2.75 percent per annum payable semiannually on December 1 and June 1. The notes are callable on June 1, 2016.

The City issued \$150,000 of urban renewal tax increment financing (TIF) revenue bonds on June 7, 2011, to partially fund the costs of construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The bonds mature serially through December 1, 2027, with interest at 4.50 percent payable semiannually on December 1 and June 1.

NOTE 5 - LONG-TERM DEBT (Continued)

On June 12, 2012, the City issued \$1,810,000 of general obligation refunding bonds for the purpose of refunding the 2013 through 2018 maturities of the general obligation public square improvement bonds, dated December 15, 2007. The bonds mature serially through June 1, 2018, with interest at various rates from .45 to 1.25 percent annum payable semiannually on December 1 and June 1. The bonds are callable on or after June 1, 2016.

Business-type activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Amounts Due Within One Year
City of Greenfield Water	\$ 201,855	\$ -	\$ 41,327	\$ 160,528	\$ 43,255
2012 Series Water	670,000	-	45,000	625,000	45,000
2010A Series Electric	645,000	-	210,000	435,000	215,000
2010B Series Electric	2,560,000	-	-	2,560,000	-
2013 Series Electric	665,000	-	100,000	565,000	80,000
SIMECA Lease Electric	379,000	-	125,000	254,000	126,000
	<u>\$ 5,120,855</u>	<u>\$ -</u>	<u>\$ 521,327</u>	<u>\$ 4,599,528</u>	<u>\$ 509,255</u>

The City has an agreement whereby Greenfield Municipal Utilities (Water) is to reimburse the City for costs related to water distribution infrastructure included as part of the City's debt to finance the public square improvements.

A summary of long-term debt, segregated between amounts to be repaid from governmental activities resources and from business type activities (proprietary funds) resources at June 30, 2015, is as follows:

Governmental -

City General Obligation Debt -

Street Improvement Bonds bearing interest at 1.10 to 2.75 percent	\$ 165,000
Warren Cultural Center Debt bearing interest at 4.50 percent (TIF District Debt)	131,488
2012 Refunding Bonds (Public Square) bearing interest at .45 to 1.25 percent (TIF District Debt)	910,000

Proprietary -

GMU General Obligation Debt -

Water Department owed to City bearing interest at 2.94 percent	160,528
2012 Water Revenue Bonds bearing interest at 1.55 to 3.10 percent	625,000
2010A Series Electric Refunding Notes bearing interest at 1.60 to 3.25 percent	435,000
2010B Series Electric Revenue Bonds bearing interest at 2.25 to 3.9 percent	2,560,000
2013 Series Electric Revenue refunding Notes bearing interest at .80 to 2.75 percent	565,000
SIMECA capitalized lease bearing interest at 0.85 to 1.85 percent	254,000

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental activities annual future aggregate debt service requirements to maturities are as follows:

Year Ending June 30,	City General Obligation		Total Requirement
	Principal	Interest	
2016	\$ 348,028	\$ 19,835	\$ 367,863
2017	353,409	15,915	369,324
2018	353,792	11,230	365,022
2019	54,192	5,917	60,109
2020	9,599	4,273	13,872
2021	10,047	3,825	13,872
2022	10,504	3,368	13,872
2023	10,982	2,890	13,872
2024	11,476	2,396	13,872
2025	12,004	1,868	13,872
2026	12,550	1,321	13,871
2027	13,122	750	13,872
2028	6,783	153	6,936
	<u>\$ 1,206,488</u>	<u>\$ 73,741</u>	<u>\$ 1,280,229</u>

Proprietary activities annual future aggregate debt service requirements (including capitalized lease obligation) to maturities are as follows:

Year Ending June 30,	GMU Water		GMU Electric		Total Requirement
	Principal	Interest	Principal	Interest	
2016	\$ 88,255	\$ 20,165	\$ 421,000	\$ 109,334	\$ 638,754
2017	89,376	18,196	423,000	99,636	630,208
2018	91,191	16,193	300,000	90,055	497,439
2019	76,706	13,890	255,000	83,893	429,489
2020	50,000	12,055	260,000	77,475	399,530
2021	50,000	11,005	270,000	70,294	401,299
2022	50,000	9,805	280,000	62,251	402,056
2023	55,000	8,605	200,000	54,760	318,365
2024	55,000	7,093	210,000	47,890	319,983
2025	60,000	5,580	220,000	40,470	326,050
2026 and after	120,000	5,580	975,000	76,610	1,177,190
	<u>\$ 785,528</u>	<u>\$ 128,167</u>	<u>\$ 3,814,000</u>	<u>\$ 812,668</u>	<u>\$ 5,540,363</u>

NOTE 5 - LONG-TERM DEBT (Continued)

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from future earnings of the enterprise activity, and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to both an electric revenue bond and interest account and a water bond and interest account for the purpose of making the next annual principal and interest payments when due. As of June 30, 2015, the water bond and interest sinking fund account was fully funded, the electric bond and interest was underfunded by \$3,602, which was subsequently corrected.
- c. Additional cash transfers shall be made to both an electric revenue bond reserve account and a water bond reserve account until such accounts reach a maximum balance of \$427,832 and \$65,850, respectively. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. These accounts were fully funded at June 30, 2015.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2015.

Information regarding the capitalized lease-purchase contract included in the above total requirements is as follows:

The component, Greenfield Municipal Utilities, is leasing two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor, South Iowa Municipal Electric Cooperative Association (SIMECA), in the original principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by the lessor to fund the lease. Interest rates on the capitalized lease, which vary from .85 to 1.85 percent, are the same rates paid by the lessor. GMU is required to deposit a monthly amount (currently \$10,900) sufficient to meet its share of the payments on the underlying debt, which payments are due semi-annually with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 126,000	\$ 4,384	\$ 130,384
2017	128,000	2,368	130,368
Totals	<u>\$ 254,000</u>	<u>\$ 6,752</u>	<u>\$ 260,752</u>

NOTE 6 - PENSION AND RETIREMENT BENEFITS

Plan Description - Iowa Public Employees Retirement System (IPERS) membership is mandatory for employees of the City, including employees of its component units (the Reporting Entity), except for those covered by another retirement system. Employees of the Reporting Entity are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

NOTE 6 - PENSION AND RETIREMENT BENEFITS (Continued)

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

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

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

Protection occupation members may retire at normal retirement age which is generally 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 member's highest three-year average salary.

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

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.

NOTE 6 - PENSION AND RETIREMENT BENEFITS (Continued)

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the Reporting Entity contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the Reporting Entity contributed 10.14 percent for a total rate of 16.8 percent.

The City's and component units' combined total contributions to IPERS for the year ended June 30, 2015 were \$83,534.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Reporting Entity has a liability of \$469,811 for its proportionate share of the net pension liability. 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 Reporting Entity'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 Reporting Entity's collective proportion was 0.0118462 percent which was a decrease of 0.0000818 percent from its proportion measured as of June 30, 2013.

Most regular plan members are required to contribute 5.95 percent of their annual covered salary and the City and its component units are required to contribute 8.93 percent of annual covered salary. Certain employees in special risk occupations and the Reporting Entity contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City and its component units combined contribution to IPERS for the years ended June 30, 2015, 2014, and 2013, was \$83,534, \$86,443, and \$78,619, respectively, which met the required contributions for each year.

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 per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of 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.

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 6 - PENSION AND RETIREMENT BENEFITS (Continued)

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

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 Reporting Entity 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 Reporting Entity’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Entity’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Reporting Entity’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 and component units’ proportionate share of the net pension liability:	<u>\$ 977,780</u>	<u>\$ 469,811</u>	<u>\$ 41,125</u>

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 7 - DEFERRED COMPENSATION PLAN

The City, together with its component units, offer its employees a deferred compensation plan which is qualified under Internal Revenue Code Section 457 and is sponsored through ICMA retirement corporation’s master plan. The plan is available to all employees and permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 8 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures in the accompanying financial statements for the City or its components until used or paid. The approximate liability for vested compensated absences at June 30, 2015, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$ 11,902	\$ 20	\$ 11,197	\$ 23,119
Sick leave	42,859	4,716	28,772	76,347
Personal time	832	105	-	937
Totals	<u>\$ 55,593</u>	<u>\$ 4,841</u>	<u>\$ 39,969</u>	<u>\$ 100,403</u>

NOTE 9 - RETIRED MANAGER INSURANCE

The general manager of GMU retired in March 2014. As part of his retirement benefit, GMU agreed to set-aside funds equivalent to unused vacation, accumulated uncompensated time, and a portion of unused sick leave at the time of his retirement. These funds are to be used for health insurance premiums for the benefit of only the retired manager. The amount remaining of the total original amount is \$71,374 which is proportionately allocated to the Water and Electric Systems.

NOTE 10 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2015, the City received payments of \$110,000 from the GMU Electric Department.

Transfers generally move resources from the fund statutorily required to collect the resource to the fund which may statutorily disburse the resource. Details of all transfers among funds of the primary government and between the primary government and its components for the current year are as follows:

From City General Fund to Library	\$ 65,000
From City Employee Benefit Fund to City General Fund	88,080
From City LOST Fund to Capital Projects Fund	30,515
From City TIF Fund to City Debt Service Fund	315,072
Primary Government and Library	<u>\$ 498,667</u>
From Electric Operating Fund to Water Operating Fund	\$ 4,726
GMU Component	<u>\$ 4,726</u>

NOTE 11 - RISK MANAGEMENT

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

NOTE 12 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2015:

Contracts -

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2015, \$27,748 was paid pursuant to this agreement.
- B. The City has contracted with Fox Engineering for engineering services related to both a wastewater treatment system facility plan and a wastewater collection system evaluation for system upgrades. As part of that contract, a collection system cleaning and televising project is under way for \$123,825, of which \$38,537 is yet to be completed as of June 30, 2015.
- C. The City has a 28E Agreement with Adair County for the purpose of the County providing the City with space in the Adair County Law Enforcement Center permitting the City's police department to rent space in the center to perform police operations for \$400 per month.
- D. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide potable water at an agreed-upon sale price. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.

Other Post-Employment Benefits (OPEB) -

As required by state law, the City of Greenfield offers health insurance to former employees who have retired after age 55, but have not yet reached Medicare eligibility. The fully insured plan is part of the plan offered to all City, Library, and Utility employees, whereby the retirees must pay the full cost of health insurance premium equal to that charged to current employees. There are currently twenty-two active employees, none of which are retired, covered by the plan. Management has determined that current and potential future cost exposures to this requirement is minimal and has not recorded any liability amount.

NOTE 13 - BUDGET OVERSPEND

City disbursements during the year ended June 30, 2015, exceeded the amount budgeted for the Culture and Recreation Function by \$61,901 and for the Debt Service Function by \$13,032.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2015, the date the financial statements were available to be issued, and believes that no events have occurred that require adjustment of, or disclosure in, the financial statements.

CITY OF GREENFIELD, IOWA

BUDGET INFORMATION

CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Funds Actual	Proprietary Funds Actual	Net Actual	Budgeted Amounts		Positive (Negative) Variance, Final To Net Actual
				Original	Final	
RECEIPTS:						
Property tax	\$ 663,518	\$ -	\$ 663,518	\$ 647,797	\$ 647,797	\$ 15,721
Tax increment financing	327,938	-	327,938	305,000	305,000	22,938
Other city taxes	224,147	-	224,147	180,569	180,569	43,578
Licenses and permits	8,268	-	8,268	5,900	5,900	2,368
Use of money (interest) and property	31,611	20,106	51,717	3,000	344,380	(292,663)
Intergovernmental	284,158	-	284,158	373,778	414,378	(130,220)
Charges for services	39,967	4,955,600	4,995,567	5,187,662	5,187,662	(192,095)
Special assessments	12,581	-	12,581	12,000	12,000	581
Miscellaneous	207,548	148,835	356,383	41,000	41,000	315,383
Total receipts	1,799,736	5,124,541	6,924,277	6,756,706	7,138,686	(214,409)
DISBURSEMENTS:						
Public safety	362,684	-	362,684	428,147	428,147	65,463
Public works	440,224	-	440,224	497,884	547,884	107,660
Health and social services	-	-	-	500	500	500
Culture and recreation	262,492	-	262,492	200,591	200,591	(61,901)
Community and economic development	63,871	-	63,871	20,000	80,600	16,729
General government	453,034	-	453,034	199,113	470,493	17,459
Debt service	370,954	-	370,954	357,922	357,922	(13,032)
Capital projects	30,515	-	30,515	140,000	140,000	109,485
Business type activities	-	4,944,960	4,944,960	5,876,266	5,876,266	931,306
Total disbursements	1,983,774	4,944,960	6,928,734	7,720,423	8,102,403	1,173,669
Excess of receipts over disbursements	(184,038)	179,581	(4,457)	(963,717)	(963,717)	959,260
OTHER FINANCING SOURCES (USES), NET	158,789	(101,604)	57,185	311,965	311,965	(254,780)
Excess of receipts and other financing sources (uses), net over disbursements	(25,249)	77,977	52,728	(651,752)	(651,752)	704,480
Balances - beginning of year	2,236,331	3,756,146	5,992,477	6,083,114	6,083,114	(90,637)
Balances - end of year	<u>\$ 2,211,082</u>	<u>\$ 3,834,123</u>	<u>\$ 6,045,205</u>	<u>\$ 5,431,362</u>	<u>\$ 5,431,362</u>	<u>\$ 613,843</u>

See accompanying note to budgetary comparison schedule.

CITY OF GREENFIELD, IOWA

NOTES TO BUDGETARY COMPARISON SCHEDULE

1. In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes its component units, the Library and Greenfield Municipal Utilities, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2	- Valuations set for ensuing levy
March 15	- Certified Budget to County Auditor
July 1	- Taxes levied are due and payable
October - April	- Taxes are delinquent and interest accrues at 1.5 percent a month from October 1 or April 1 to date of payment
	- County publishes tax sale certificate and interest accrues at 2 percent a month

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund or fund type. 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.

Functional disbursements required to be budgeted include disbursements from the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Fund, and Enterprise Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of each year.

2. During the year the budget was amended to increase disbursements by \$381,980. The budget amendment is included in the final budget amounts.
3. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted for the Culture and Recreation and the Debt Service Functions.
4. Actual and final budget expenditure amounts for component units included in the budgetary comparison are as follows:

	Net Actual	Final Budget
Library, included as culture and recreation function	\$ 97,962	\$ 65,000
Water department included as business type activity	850,123	970,544
Electric department included as business type activity	3,882,276	4,564,789

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
 ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
PRIMARY GOVERNMENT:									
General obligation debt -									
Street improvement bonds	3/30/2011	1.10-2.75%	\$ 315,000	\$ 205,000	\$ -	\$ 40,000	\$ 165,000	\$ 5,118	\$ -
Warren Cultural Center bank note (designated TIF)	6/7/2011	4.50%	150,000	139,182	-	7,694	131,488	6,178	-
Refunding bonds for public square (designated TIF)	06/12/2012	0.45-1.25 %	1,810,000	<u>1,210,000</u>	<u>-</u>	<u>300,000</u>	<u>910,000</u>	<u>11,965</u>	<u>-</u>
Total primary government				<u>\$ 1,554,182</u>	<u>\$ -</u>	<u>\$ 347,694</u>	<u>\$ 1,206,488</u>	<u>\$ 23,261</u>	<u>\$ -</u>
COMPONENT GOVERNMENT:									
Water general obligation debt -									
City loan for public square	7/1/2007	2.94%	\$ 369,409	\$ 201,855	\$ -	\$ 41,327	\$ 160,528	\$ 5,935	\$ -
Water revenue bonds	02/29/2012	1.55-3.1%	670,000	<u>670,000</u>	<u>-</u>	<u>45,000</u>	<u>625,000</u>	<u>16,143</u>	<u>-</u>
				<u>871,855</u>	<u>-</u>	<u>86,327</u>	<u>785,528</u>	<u>22,078</u>	<u>-</u>
Electric revenue obligation debt -									
Refunding Notes A	06/09/2010	1.60-3.25%	1,245,000	645,000	-	210,000	435,000	16,330	-
Revenue Notes B	09/13/2010	2.25-3.90%	2,560,000	2,560,000	-	-	2,560,000	83,655	-
Refunding Notes	09/30/2013	0.80-2.75%	665,000	<u>665,000</u>	<u>-</u>	<u>100,000</u>	<u>565,000</u>	<u>11,640</u>	<u>-</u>
				<u>3,870,000</u>	<u>-</u>	<u>310,000</u>	<u>3,560,000</u>	<u>111,625</u>	<u>-</u>
Electric capitalized lease-purchase of generation units - refunded									
	03/14/2012	0.85-1.85%	622,511	379,000	-	125,000	254,000	6,072	-
Total component government				<u>\$ 5,120,855</u>	<u>\$ -</u>	<u>\$ 521,327</u>	<u>\$ 4,599,528</u>	<u>\$ 139,775</u>	<u>\$ -</u>

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
 GOVERNMENTAL FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

PRIMARY GOVERNMENT:

	GO Debt		GO (TIF) Debt		GO (TIF) Debt		Total
	Street		Warren Cultural		Refunding Bonds		Principal
	Improvement Bonds		Center Bank Note		(Public Square)		
Date issued	March 30, 2011		June 7, 2011		June 12, 2012		
Dates interest payable	December 1 and June 1		December 1 and June 1		December 1 and June 1		
Date callable	June 1, 2016		Not Callable		June 1, 2016		
Due in Year	Interest		Interest		Interest		
Ending June 30,	Rate	Principal	Rate	Principal	Rate	Principal	
2016	2.10%	\$ 40,000	4.50%	\$ 8,028	0.90%	\$ 300,000	\$ 348,028
2017	2.75%	40,000	4.50%	8,409	1.05%	305,000	353,409
2018	2.75%	40,000	4.50%	8,792	1.25%	305,000	353,792
2019	2.75%	45,000	4.50%	9,192	-	-	54,192
2020	-	-	4.50%	9,599	-	-	9,599
2021	-	-	4.50%	10,047	-	-	10,047
2022	-	-	4.50%	10,504	-	-	10,504
2023	-	-	4.50%	10,982	-	-	10,982
2024	-	-	4.50%	11,476	-	-	11,476
2025	-	-	4.50%	12,004	-	-	12,004
2026	-	-	4.50%	12,550	-	-	12,550
2027	-	-	4.50%	13,122	-	-	13,122
2028	-	-	4.50%	6,783	-	-	6,783
Total primary government		<u>\$ 165,000</u>		<u>\$ 131,488</u>		<u>\$ 910,000</u>	<u>\$ 1,206,488</u>

CITY OF GREENFIELD, IOWA
SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

COMPONENT GOVERNMENT:

	<u>General Obligation Debt</u>			<u>Revenue Debt</u>			
	<u>Water</u>			<u>Water</u>		<u>Electric</u>	
Date Issued	July 1, 2007			February 29, 2012		June 9, 2010A	
Date Interest Payable	June 1			June 1 and Dec. 1		Sept. 1 and Mar. 1	
Date Callable	Not Callable			June 1, 2018		September 1, 2014	
Due in Year Ending June 30,	Interest Rate	Principal	Total General Notes	Interest Rate	Principal	Interest Rate	Principal
2016	2.94%	\$ 43,255	\$ 43,255	2.41%	\$ 45,000	3.00%	\$ 215,000
2017	2.94%	44,376	44,376	1.55%	45,000	3.25%	220,000
2018	2.94%	46,191	46,191	1.55%	45,000	-	-
2019	2.94%	26,706	26,706	1.55%	50,000	-	-
2020	2.94%	-	-	2.10%	50,000	-	-
2021	2.94%	-	-	2.10%	50,000	-	-
2022	-	-	-	2.40%	50,000	-	-
2023	-	-	-	2.40%	55,000	-	-
2024	-	-	-	2.75%	55,000	-	-
2025	-	-	-	2.75%	60,000	-	-
2026 and after	-	-	-	2.75 to 3.10%	120,000	-	-
Total component government		<u>\$ 160,528</u>	<u>\$ 160,528</u>		<u>\$ 625,000</u>		<u>\$ 435,000</u>

(Continued across)

CITY OF GREENFIELD, IOWA
SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

COMPONENT GOVERNMENT:	Revenue Debt					Lease-Purchase		Electric and Water Total Principal
	Electric		Electric		Electric			
	Date issued	September 13, 2010B	Date issued	September 30, 2013	Date issued	March 1, 2002		
	Sept. 1 and Mar. 1		Sept. 1 and Mar. 1		Sept. 1 and Mar. 1			
	September 1, 2018		September 1, 2013					
Due in Year Ending June 30,	Interest Rate	Principal	Interest Rate	Principal	Total Revenue Notes	Interest Rate	Principal	
2016	-	\$ -	0.80%	\$ 80,000	\$ 340,000	1.60%	\$ 126,000	\$ 509,255
2017	-	-	1.50%	75,000	340,000	1.85%	128,000	512,376
2018	2.25%	220,000	1.50%	80,000	345,000	-	-	391,191
2019	2.50%	175,000	2.25%	80,000	305,000	-	-	331,706
2020	2.70%	180,000	2.25%	80,000	310,000	-	-	310,000
2021	2.90%	185,000	2.75%	85,000	320,000	-	-	320,000
2022	3.10%	195,000	2.75%	85,000	330,000	-	-	330,000
2023	3.30%	200,000	-	-	255,000	-	-	255,000
2024	3.40%	210,000	-	-	265,000	-	-	265,000
2025	3.50%	220,000	-	-	280,000	-	-	280,000
2026 and after	3.60 to 3.90%	975,000	-	-	1,095,000	-	-	1,095,000
Total component government		<u>\$ 2,560,000</u>		<u>\$ 565,000</u>	<u>\$ 4,185,000</u>		<u>\$ 254,000</u>	<u>\$ 4,599,528</u>

CITY OF GREENFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS ENDED JUNE 30,

	2015	2014	2013	2012	2011
RECEIPTS:					
PRIMARY GOVERNMENT -					
Property tax/other allocated taxes	\$ 663,518	\$ 640,889	\$ 713,981	\$ 618,742	\$ 565,670
Tax increment financing	327,938	331,866	319,833	308,362	307,022
Other city taxes	224,147	217,246	244,011	184,143	191,693
Licenses and permits	8,268	9,032	8,303	6,982	8,712
Use of money (interest) and property	29,904	21,576	18,076	33,254	32,779
Intergovernmental	271,223	339,657	259,090	896,225	212,860
Charges for services	39,071	44,573	50,207	81,430	76,614
Special assessments	12,581	13,087	15,882	16,657	21,069
Miscellaneous (includes donations)	17,254	34,726	50,006	31,730	34,884
Totals	1,593,904	1,652,652	1,679,389	2,177,525	1,451,303
LIBRARY COMPONENT -					
Use of money (interest) and property	1,707	1,878	1,829	1,815	1,024
Intergovernmental	12,935	11,972	11,053	10,389	9,370
Charges for services	896	986	1,119	1,198	1,010
Miscellaneous (includes donations)	190,294	5,953	16,459	10,460	12,789
Totals	205,832	20,789	30,460	23,862	24,193
Total government receipts	<u>\$ 1,799,736</u>	<u>\$ 1,673,441</u>	<u>\$ 1,709,849</u>	<u>\$ 2,201,387</u>	<u>\$ 1,475,496</u>
DISBURSEMENTS:					
PRIMARY GOVERNMENT -					
Operating -					
Public safety	\$ 362,684	\$ 232,511	\$ 207,061	\$ 319,698	\$ 179,193
Public works	440,224	432,297	342,704	362,905	311,088
Culture and recreation	164,530	129,669	122,077	108,813	116,954
Community and economic					
Development	46,626	14,418	58,940	475,776	157,314
General government	470,279	261,442	318,573	389,621	310,533
Debt service	370,954	373,444	366,189	2,141,164	320,358
Capital projects	30,515	166,573	18,700	5,325	529,057
Totals	1,885,812	1,610,354	1,434,244	3,803,302	1,924,497
LIBRARY COMPONENT -					
Operating -					
Culture and recreation	97,962	110,126	130,481	155,263	134,802
Total government disbursements	<u>\$ 1,983,774</u>	<u>\$ 1,720,480</u>	<u>\$ 1,564,725</u>	<u>\$ 3,958,565</u>	<u>\$ 2,059,299</u>

(Continued Across)

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS ENDED JUNE 30,**

	2010	2009	2008	2007	2006
RECEIPTS:					
PRIMARY GOVERNMENT -					
Property tax/other allocated taxes	\$ 563,344	\$ 557,282	\$ 515,896	\$ 541,790	\$ 586,508
Tax increment financing	287,602	259,513	206,200	195,133	156,844
Other city taxes	149,798	192,068	167,996	162,127	41,747
Licenses and permits	4,963	4,943	5,651	7,302	15,531
Use of money (interest) and property	39,938	54,622	104,334	112,299	54,710
Intergovernmental	244,693	313,089	215,941	725,673	215,898
Charges for services	67,035	58,112	44,525	47,390	53,719
Special assessments	24,083	32,833	106,092	-	-
Miscellaneous (includes donations)	21,841	25,656	79,215	29,415	32,130
Totals	<u>1,403,297</u>	<u>1,498,118</u>	<u>1,445,850</u>	<u>1,821,129</u>	<u>1,157,087</u>
LIBRARY COMPONENT -					
Use of money (interest) and property	586	742	1,432	2,081	1,269
Intergovernmental	10,698	9,847	9,980	9,018	9,002
Charges for services	1,549	1,745	1,202	-	-
Miscellaneous (includes donations)	8,838	5,524	5,829	7,459	8,393
Totals	<u>21,671</u>	<u>17,858</u>	<u>18,443</u>	<u>18,558</u>	<u>18,664</u>
Total government receipts	<u>\$ 1,424,968</u>	<u>\$ 1,515,976</u>	<u>\$ 1,464,293</u>	<u>\$ 1,839,687</u>	<u>\$ 1,175,751</u>
DISBURSEMENTS:					
PRIMARY GOVERNMENT -					
Operating -					
Public safety	\$ 192,716	\$ 413,688	\$ 172,870	\$ 210,538	\$ 173,259
Public works	773,472	361,058	281,578	267,599	262,424
Culture and recreation	91,051	101,663	93,386	87,398	112,134
Community and economic					
Development	15,009	19,080	17,555	18,055	15,051
General government	341,092	255,540	260,166	265,553	248,769
Debt service	230,000	105,000	50,190	64,709	114,726
Capital projects	88,147	133,803	2,932,314	2,662,994	765,230
Totals	<u>1,731,487</u>	<u>1,389,832</u>	<u>3,808,059</u>	<u>3,576,846</u>	<u>1,691,593</u>
LIBRARY COMPONENT -					
Operating -					
Culture and recreation	122,113	115,080	120,993	114,206	116,574
Total government disbursements	<u>\$ 1,853,600</u>	<u>\$ 1,504,912</u>	<u>\$ 3,929,052</u>	<u>\$ 3,691,052</u>	<u>\$ 1,808,167</u>

CITY OF GREENFIELD, IOWA

**OTHER REPORTING
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue

Omaha, Nebraska 68127-1904

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Steven M. Povich, C.P.A.
Gregory A. Harr, C.P.A./ABV
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.

402-592-3800
Fax: 402-592-7747
www.ofwf.com

Daniel A. Dudley, C.P.A./PFS
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.
Frank H. Burnham, C.P.A.
Matthew R. Tunink, C.P.A.
Terrie L. Larkowski, C.P.A./ABV

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

INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, 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, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 11, 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 Greenfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Greenfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Greenfield's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Those deficiencies are described in Part 2 of the accompanying Schedule of Findings and Responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 3, Item 15-3B and 15-3i, of the accompanying Schedule of Findings and Responses.

Comments involving statutory and the 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 audits were 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.

Auditee Response to Findings

Management's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

November 11, 2015
Omaha, Nebraska

CITY OF GREENFIELD, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

- (a) An unmodified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP)
- (b) Two internal control deficiencies were disclosed during the audit of the basic financial statements. These deficiencies are considered significant deficiencies. No material weaknesses were reported.
- (c) The audit did not identify any noncompliance which is material to the financial statements.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Internal Control Significant Deficiencies:

15-2A **Financial Reporting** - While management is capable of assembling accurate cash-to-budget financial information for the council and trustees to rely on to make operating decisions, they do not possess the skills necessary to report financial information as financial statements, and the related disclosure notes thereto, in accordance with U.S. generally accepted accounting principles (U.S. GAAP) or in accordance with the cash basis method required by the Auditor of State.

Recommendation - Management should improve their knowledge of financial reporting requirements by attending local or online professional educational courses and investing time to read relevant accounting literature. In addition, attendance at certain educational seminars sponsored by the Auditor of the State of Iowa could be beneficial.

Response - The council and trustee's primary intent is to employ individuals whose knowledge relates directly to operations. Steps will be taken to help employees increase their knowledge and understanding of relevant accounting principles to improve overall financial reporting.

Conclusion - Response accepted.

15-2B **Cash Accounts** - A primary control procedure is the regular and accurate reconciliation of all cash accounts and to timely record to the general ledger all corrections discovered by the reconciliation process. Even though differences were located through the reconciliation process, those differences were not fully identified and accordingly, corrections were not made to the bank reconciliation or the general ledger.

The City, Library, and Greenfield Municipal Utilities each use a pooled cash arrangement whereby each has their own checking, savings, and multiple certificates of deposit to manage cash. Each use self-balancing individual funds for accounting purposes to track how individual funds share in each cash pool. The City and Utilities' bank reconciliations contained unidentified differences, and accordingly, did not agree with the general ledger at June 30, 2015.

Recommendation - All cash accounts should be reconciled timely and corrections regularly recorded in the proper period. Further, alternating the reconciliations between two employees would increase the overall control and call attention to problems in the reconciliations.

Response - All corrections that were necessary through June 30, 2015, to The City and the Utilities have now made. Bank reconciliations will be prepared on a timely basis from now on.

Conclusion - Response accepted.

Instances of Non-Compliance:

See Item 15-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

15-3A **Official Depositories** - A resolution naming depositories for deposits of the City, Library, and Greenfield Municipal Utilities has been approved by the City of Council or Boards of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

15-3B **Certified Budget** - City disbursements during the year ended June 30, 2015, exceeded the amount budgeted for Culture and Recreation by \$61,901 and Debt Service by \$13,032. A budgetary comparison schedule is available as a separate page in the supplementary section of this report.

Recommendation - The City should monitor expenditures of its activities sufficient to avoid exceeding the budgeted expenditures and amend the budget as necessary.

Response - The City will monitor expenditures in the future and amend the budget as determined necessary. The budget was amended but not in all areas necessary.

Conclusion - Response accepted

15-3C **Questionable Disbursements** - No expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979, were discovered during our audit.

15-3D **Travel Expense** - No expenditures for travel expenses of spouses of officials or employees were discovered during our audit.

15-3E **Business Transactions** - No business transactions between officials of the City, Library, or Greenfield Municipal Utilities were discovered by our audit that were other than immaterial and met the guidelines of the Code of Iowa.

15-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. A listing of Officials and bond coverage amounts is presented on a separate page in another section of this overall report.

- 15-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa.
- 15-3H **Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 15-3I **Revenue Bonds and Notes** - One instance of noncompliance with the revenue bond and not resolutions was noted. The electric sinking fund was underfunded by \$3,602 as of June 30, 2015, which amount was deposited subsequent to June 30, 2015.
- 15-3J **Urban Renewal Annual Report** - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.