



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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

July 21, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Guttenberg, Iowa.

The City's receipts totaled \$5,640,158 for the year ended June 30, 2015. The receipts included \$1,062,161 in property tax, \$173,672 from local option sales tax, \$3,425,601 from charges for service, \$463,902 from operating grants, contributions and restricted interest, \$102,190 from capital grants, contributions and restricted interest, \$125,285 from tax increment financing, \$17,062 from unrestricted interest on investments, \$140,000 from note proceeds and \$130,285 from other general receipts.

Disbursements for the year ended June 30, 2015 totaled \$6,555,967, and included \$1,706,002 for public works, \$743,039 for public safety and \$554,929 for debt service. Also, disbursements for business type activities totaled \$2,561,938.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1521-0189-B00F>.

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

JUNE 30, 2015

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City of Guttenberg

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Russel Loven	Mayor	Jan 2018
Jane Parker	Council Member	Jan 2016
Virginia Saeugling	Council Member	Jan 2016
Steve Friedlein	Council Member	Jan 2018
Fred Schaub	Council Member	Jan 2018
Dave Schleuter	Council Member	Jan 2018
Mary Willett	City Manager	Indefinite
Mike Schuster	Attorney	Indefinite
James Garret	Attorney	Indefinite

City of Guttenberg



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

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 Guttenberg, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Modified
Business Type Activities	Adverse
Major Governmental Funds:	
General	Modified
Special Revenue:	
Local Option Sales Tax	Modified
Debt Service	Modified
Capital Projects	Modified
Major Enterprise Funds:	
Guttenberg Municipal Hospital	Adverse
Water	Modified
Sewer	Modified
Electric	Modified
Aggregate Remaining Fund Information	Modified

Basis for Adverse Opinions on the Enterprise, Guttenberg Municipal Hospital Fund and on Business Type Activities

Management has not included the Enterprise, Guttenberg Municipal Hospital Fund in the City's financial statements because the Guttenberg Municipal Hospital reports in accordance with U.S. generally accepted accounting principles, a different financial reporting framework than the City's cash basis of accounting. Accounting principles require this fund be presented as a major Enterprise Fund and financial information about the Enterprise, Guttenberg Municipal Hospital Fund be part of the business type activities, thus increasing that activity's receipts and disbursements and changing its net position. The amounts by which this departure affects the receipts, disbursements and cash balance of the business type activities and the omitted major fund are \$17,082,822, \$14,398,513 and \$13,473,649, respectively.

Adverse Opinions

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions on the Enterprise, Guttenberg Municipal Hospital Fund and on Business Type Activities" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the Enterprise, Guttenberg Municipal Hospital Fund and the business type activities of the City of Guttenberg as a June 30, 2015, or the changes in its cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Modified Opinions

As permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2014.

Modified Opinions

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2014, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the General Fund, the Special Revenue, Local Option Sales Tax Fund, the Debt Service Fund, the Capital Projects Fund, the major Enterprise Funds, including the Water, Sewer and Electric Funds, and the aggregate remaining fund information of the City of Guttenberg as of June 30, 2015, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As discussed 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 discussed in Note 4, the City of Guttenberg 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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guttenberg's basic financial statements. 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. Because of the significance of the matter described in the "Basis for Adverse Opinions on the Enterprise, Guttenberg Municipal Hospital Fund and on Business Type Activities" paragraph on the preceding page, it is inappropriate to, and we do not, express an opinion on the supplementary information.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 28 through 35, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2016 on our consideration of the City of Guttenberg'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 Guttenberg's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 27, 2016

City of Guttenberg

Basic Financial Statements

City of Guttenberg

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 743,039	42,289	49,831	5,000
Public works	1,706,002	4,055	227,621	-
Health and social services	67,378	-	-	-
Culture and recreation	401,558	62,157	157,399	-
Community and economic development	115,133	44,815	25,273	66,147
General government	322,990	197,944	-	-
Debt service	554,929	-	3,778	-
Capital projects	83,000	-	-	31,043
Total governmental activities	3,994,029	351,260	463,902	102,190
Business type activities:				
Water	352,250	406,377	-	-
Sewer	442,223	398,523	-	-
Electric	1,734,052	2,232,726	-	-
Storm sewer	19,667	25,737	-	-
Utility deposits	13,746	10,978	-	-
Total business type activities	2,561,938	3,074,341	-	-
Total	\$ 6,555,967	3,425,601	463,902	102,190
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel tax				
Unrestricted interest on investments				
Utility franchise fees				
Commercial/industrial replacement claim payments				
Note proceeds				
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:				
Cemetery perpetual care				
Expendable:				
Streets				
Employee benefits				
Debt service				
Local option sales tax				
Capital projects				
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
(645,919)	-	(645,919)
(1,474,326)	-	(1,474,326)
(67,378)	-	(67,378)
(182,002)	-	(182,002)
21,102	-	21,102
(125,046)	-	(125,046)
(551,151)	-	(551,151)
(51,957)	-	(51,957)
(3,076,677)	-	(3,076,677)
-	54,126	54,126
-	(43,699)	(43,699)
-	498,674	498,674
-	6,070	6,070
-	(2,768)	(2,768)
-	512,403	512,403
(3,076,677)	512,403	(2,564,274)
827,855	-	827,855
234,306	-	234,306
125,285	-	125,285
173,672	-	173,672
28,984	-	28,984
15,085	1,977	17,062
16,297	-	16,297
16,880	-	16,880
140,000	-	140,000
68,124	-	68,124
235,197	(235,197)	-
1,881,685	(233,220)	1,648,465
(1,194,992)	279,183	(915,809)
5,127,793	1,571,393	6,699,186
\$ 3,932,801	1,850,576	5,783,377
\$ 85,574	-	85,574
155,678	-	155,678
234,010	-	234,010
1,003,871	-	1,003,871
277,219	-	277,219
626,422	-	626,422
186,786	14,933	201,719
1,363,241	1,835,643	3,198,884
\$ 3,932,801	1,850,576	5,783,377

City of Guttenberg

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

As of and for the year ended June 30, 2015

	Special Revenue		
	Local		Debt Service
	General	Option Sales Tax	
Receipts:			
Property tax	\$ 595,200	-	230,158
Tax increment financing	-	-	-
Other city tax	40,365	173,672	4,148
Licenses and permits	30,031	-	-
Use of money and property	82,210	604	3,778
Intergovernmental	174,780	9,329	3,474
Charges for service	250,150	-	-
Special assessments	-	1,511	-
Miscellaneous	104,073	-	-
Total receipts	<u>1,276,809</u>	<u>185,116</u>	<u>241,558</u>
Disbursements:			
Operating:			
Public safety	626,594	-	-
Public works	185,515	1,304,818	-
Health and social services	67,161	-	-
Culture and recreation	364,889	-	-
Community and economic development	27,362	-	-
General government	260,005	-	-
Debt service	-	-	554,929
Capital projects	-	-	-
Total disbursements	<u>1,531,526</u>	<u>1,304,818</u>	<u>554,929</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(254,717)</u>	<u>(1,119,702)</u>	<u>(313,371)</u>
Other financing sources (uses):			
Note proceeds	140,000	-	-
Transfers in	180,128	-	295,315
Transfers out	-	(110,000)	-
Total other financing sources (uses)	<u>320,128</u>	<u>(110,000)</u>	<u>295,315</u>
Change in cash balances	65,411	(1,229,702)	(18,056)
Cash balances beginning of year	1,297,830	1,506,921	1,021,927
Cash balances end of year	<u>\$ 1,363,241</u>	<u>277,219</u>	<u>1,003,871</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	-	-
Employee benefits	-	-	-
Debt service	-	-	1,003,871
Local option sales tax	-	277,219	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	1,363,241	-	-
Total cash basis fund balances	<u>\$ 1,363,241</u>	<u>277,219</u>	<u>1,003,871</u>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	217,048	1,042,406
-	125,285	125,285
-	4,226	222,411
-	-	30,031
44	503	87,139
-	203,618	391,201
-	-	250,150
-	-	1,511
30,999	138,634	273,706
31,043	689,314	2,423,840
-	116,445	743,039
-	215,669	1,706,002
-	217	67,378
-	36,669	401,558
-	87,771	115,133
-	62,985	322,990
-	-	554,929
83,000	-	83,000
83,000	519,756	3,994,029
(51,957)	169,558	(1,570,189)
-	-	140,000
-	-	475,443
-	(130,246)	(240,246)
-	(130,246)	375,197
(51,957)	39,312	(1,194,992)
678,379	622,736	5,127,793
626,422	662,048	3,932,801
-	85,574	85,574
-	155,678	155,678
-	234,010	234,010
-	-	1,003,871
-	-	277,219
626,422	-	626,422
-	186,786	186,786
-	-	1,363,241
626,422	662,048	3,932,801

Exhibit C

City of Guttenberg

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

As of and for the year ended June 30, 2015

	Enterprise				Total
	Water	Sewer	Electric	Nonmajor	
Operating receipts:					
Charges for service	\$ 406,377	398,523	2,232,726	25,737	3,063,363
Miscellaneous	-	-	-	10,978	10,978
Total operating receipts	406,377	398,523	2,232,726	36,715	3,074,341
Operating disbursements:					
Business type activities	299,886	266,155	1,734,052	33,413	2,333,506
Excess of operating receipts over operating disbursements	106,491	132,368	498,674	3,302	740,835
Non-operating receipts (disbursements):					
Interest on investments	325	330	1,229	93	1,977
Debt service	(25,140)	(160,543)	-	-	(185,683)
Capital projects	(27,224)	(15,525)	-	-	(42,749)
Net non-operating receipts (disbursements)	(52,039)	(175,738)	1,229	93	(226,455)
Excess (deficiency) of receipts over (under) disbursements	54,452	(43,370)	499,903	3,395	514,380
Transfers out	(55,069)	-	(180,128)	-	(235,197)
Change in cash balances	(617)	(43,370)	319,775	3,395	279,183
Cash balances beginning of year	288,061	299,465	927,571	56,296	1,571,393
Cash balances end of year	\$ 287,444	256,095	1,247,346	59,691	1,850,576
Cash Basis Fund Balances					
Restricted for debt service	\$ 2,076	12,857	-	-	14,933
Unrestricted	285,368	243,238	1,247,346	59,691	1,835,643
Total cash basis fund balances	\$ 287,444	256,095	1,247,346	59,691	1,850,576

See notes to financial statements.

City of Guttenberg

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The City of Guttenberg is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 1857 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, electric and storm sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Guttenberg has included all funds, organizations, agencies, boards, commissions and authorities except for the Enterprise, Guttenberg Municipal Hospital Fund. 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 Guttenberg (the primary government) and the Friends of the Guttenberg Public Library (Friends of the Library), the Guttenberg Economic and Industrial Development Committee (Economic and Industrial Development Committee) and the Guttenberg Firefighters Association (Fire Association), (component units).

Blended Component Units

The Friends of the Library is legally separate from the City but is so intertwined with the City 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 Library is legally separate from the City, its purpose is to benefit the City of Guttenberg public library by soliciting contributions and managing those funds.

The Economic and Industrial Development Committee is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Economic and Industrial Development Committee was established pursuant to Chapter 504A of the Code of Iowa for the purpose of planning for expansion of the existing industrial park and supporting its use as a business part, researching incentives for job growth and enhancements to existing businesses.

The Fire Association is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Fire Association was established pursuant to Chapter 504A of the Code of Iowa for the purpose of assisting the Guttenberg Fire Department.

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: CDBG Housing, Cable TV Commission, Clayton County Emergency Management Commission, Clayton County Joint E911 Service Board, Clayton County Assessor's Conference Board, Clayton County Solid Waste Management Commission and Clayton County Communications Board.

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 Fund.

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

Unrestricted net position consists 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 and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The City reports the following major governmental funds:

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

The Special Revenue, Local Option Sales Tax Fund is used to account for the collection and use of local option sales and services tax.

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 used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

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

The Enterprise, Electric Fund accounts for the operation and maintenance of the City's electrical system.

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are 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 are 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. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements in the public safety, public works, health and social services and general government functions exceeded the amounts budget prior to the budget amendment.

(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 Chapters 12B and 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and warrants or improvement certificates of a drainage district.

At June 30, 2015, an escrow agent held U.S. Treasury notes for the City with a carrying amount and fair value of \$998,711 which mature in June 2016.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,448,000	124,540	117,000	62,193	1,565,000	186,733
2017	487,000	77,524	120,000	58,995	607,000	136,519
2018	495,000	69,255	125,000	55,708	620,000	124,963
2019	455,000	60,843	129,000	52,283	584,000	113,126
2020	460,000	53,580	132,000	48,750	592,000	102,330
2021-2025	1,505,000	149,023	724,000	187,085	2,229,000	336,108
2026-2030	415,000	33,938	762,000	82,230	1,177,000	116,168
2031-2033	-	-	187,000	6,142	187,000	6,142
Total	\$ 5,265,000	568,703	2,296,000	553,386	7,561,000	1,122,089

Revenue Bonds

On October 13, 2010, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$392,000 of water revenue bonds with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the City's water system. The bonds are payable solely from water customer net receipts and are payable through 2030. During the current year, annual principal and interest payments on the water revenue bonds required 23% of net receipts. Principal and interest paid and total customer net receipts were \$24,360 and \$106,491, respectively.

On September 10, 2008, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$548,000 of sewer revenue bonds with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the City's sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2028.

On October 13, 2010, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$1,267,000 of sewer revenue bonds with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the City's sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2031.

On March 8, 2013, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$585,338 of sewer revenue bonds with interest at 1.75% per annum. The agreement also requires the City to annually pay a 0.25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the City's sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2033.

During the current year, annual principal and interest payments on the sewer revenue bonds required approximately 117% of net receipts. Principal and interest paid and total customer net receipts were \$155,297 and \$132,368, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activities and the bond holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (c) User rates shall be established at a level which produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

During fiscal year 2015, sufficient sewer user rates were not established at a level to produce net receipts equal to at least 110% of the principal of and interest on the sewer bonds as they came due.

Lease Purchase Agreement

On November 15, 2013, the City entered into a lease-purchase agreement for a street sweeper with a cost of \$161,333. The following is a schedule of the future minimum lease payments, including interest at 2.36% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2015.

<u>Year Ending</u>	<u>Amount</u>
June 30,	
2016	\$ 44,528
Less amount representing interest	<u>(1,027)</u>
Present value of net minimum lease payments	<u>\$ 43,501</u>

During the year ended June 30, 2015, the City paid \$44,528 on the lease agreement.

General Obligation Refunding Bonds

On June 1, 2014, the City issued \$2,360,000 of general obligation corporate purpose and refunding bonds for the advance crossover refunding of \$980,000 of general obligation bonds dated May 15, 2009. The City will report the cash held by the escrow agent and the series 2009 debt until the bonds are called on June 1, 2016.

The City entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they come due. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the City.

(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 the 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, PO 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 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 at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

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

Contributions - 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. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.76% of covered payroll and the City contributed 10.14% for a total rate of 16.90%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$60,432.

Collective Net Pension Liability, Collective Pension Expense, Collective Deferred Outflows of Resources and Collective 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 \$247,543. The collective net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.006242%, which was a decrease of 0.001331% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's collective pension expense, collective deferred outflows of resources and collective deferred inflows of resources totaled \$25,514, \$15,957 and \$156,424, respectively.

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

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 IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

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 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 593,069	247,543	(43,989)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 15 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. Retirees under age 65 pay the same premium for the 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 monthly premiums for the City and plan members are \$453 for single coverage and \$1,151 for family coverage. For the year ended June 30, 2015, the City contributed \$144,319 and plan members eligible for benefits contributed \$7,604 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory 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 approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 77,000
Sick leave	173,000
Compensatory time	3,000
Total	<u>\$ 253,000</u>

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

(7) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Enterprise:	
	Electric	<u>\$ 180,128</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	110,000
	Urban Renewal Tax Increment	130,246
	Enterprise:	
	Water	55,069
		<u>295,315</u>
Total		<u>\$ 475,443</u>

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

(8) Risk Management

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

(9) Economic Development Revolving Loan Account

The City has three economic development loans made from the economic development revolving loan account. The loans are for a period of two to seventeen years, bear interest from 0% to 1.5% per annum and require monthly payments. During the year ended June 30, 2015, payments of \$54,241 of principal and \$712 of interest were received. The outstanding loan principal balance within the General Fund was \$245,682 at June 30, 2015.

(10) Construction Commitments

The City entered into a contract for street improvements totaling \$1,141,815. At June 20, 2015, the City had paid \$1,048,332 on the contract. The remaining balance of \$93,483 will be paid as work on the project progresses.

City of Guttenberg

Other Information

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

Other Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual (Excluding Municipal Hospital)	Unaudited Guttenberg Municipal Hospital	Less Funds not Required to be Budgeted
Receipts:				
Property tax	\$ 1,042,406	-	-	-
Tax increment financing	125,285	-	-	-
Other city tax	222,411	-	-	-
Licenses and permits	30,031	-	-	-
Use of money and property	87,139	1,977	183,201	108
Intergovernmental	391,201	-	-	-
Charges for service	250,150	3,063,363	16,331,870	-
Special assessments	1,511	-	-	-
Miscellaneous	273,706	10,978	567,751	137,079
Total receipts	<u>2,423,840</u>	<u>3,076,318</u>	<u>17,082,822</u>	<u>137,187</u>
Disbursements:				
Public safety	743,039	-	-	32,908
Public works	1,706,002	-	-	-
Health and social services	67,378	-	-	-
Culture and recreation	401,558	-	-	2,485
Community and economic development	115,133	-	-	87,771
General government	322,990	-	-	-
Debt service	554,929	-	-	-
Capital projects	83,000	-	-	-
Business type activities	-	2,561,938	14,398,513	-
Total disbursements	<u>3,994,029</u>	<u>2,561,938</u>	<u>14,398,513</u>	<u>123,164</u>
Excess (deficiency) of receipts over (under) disbursements	(1,570,189)	514,380	2,684,309	14,023
Other financing sources, net	375,197	(235,197)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,194,992)	279,183	2,684,309	14,023
Balances beginning of year	5,127,793	1,571,393	10,789,340	77,939
Balances end of year	<u>\$ 3,932,801</u>	<u>1,850,576</u>	<u>13,473,649</u>	<u>91,962</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,042,406	1,036,153	1,036,153	6,253
125,285	130,246	130,246	(4,961)
222,411	195,906	195,906	26,505
30,031	7,055	7,055	22,976
272,209	79,450	79,450	192,759
391,201	276,141	352,441	38,760
19,645,383	18,405,916	18,405,916	1,239,467
1,511	1,000	1,000	511
715,356	455,475	455,475	259,881
<u>22,445,793</u>	<u>20,587,342</u>	<u>20,663,642</u>	<u>1,782,151</u>
710,131	513,855	745,095	34,964
1,706,002	1,127,016	1,827,016	121,014
67,378	6,500	76,500	9,122
399,073	444,660	454,660	55,587
27,362	128,000	128,000	100,638
322,990	262,355	337,355	14,365
554,929	533,243	534,743	(20,186)
83,000	453,543	453,543	370,543
16,960,451	17,992,965	17,992,965	1,032,514
<u>20,831,316</u>	<u>21,462,137</u>	<u>22,549,877</u>	<u>1,718,561</u>
1,614,477	(874,795)	(1,886,235)	3,500,712
140,000	505,500	645,500	(505,500)
1,754,477	(369,295)	(1,240,735)	2,995,212
17,410,587	9,786,194	9,786,194	7,624,393
<u>19,165,064</u>	<u>9,416,899</u>	<u>8,545,459</u>	<u>10,619,605</u>

City of Guttenberg

Notes to Other 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 the blended component units. The City's budget includes the Guttenberg Municipal Hospital Fund, a City department which is excluded from the City's financial statements because the Guttenberg Municipal Hospital uses a financial reporting framework which differs from the financial reporting framework used by the City. 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 Fund 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 \$1,087,740. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public safety, public works, health and social services and general government functions prior to the budget amendment.

City of Guttenberg

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.006242%
City's proportionate share of the net pension liability	\$ 248
City's covered-employee payroll	\$ 751
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.02%
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.

See accompanying independent auditor's report.

City of Guttenberg

Schedule of City Contributions

Iowa Public Employees' Retirement System
Last Six Fiscal Years
(In Thousands)

Other Information

	2015	2014	2013
Statutorily required contribution	\$ 60	60	59
Contributions in relation to the statutorily required contribution	(60)	(60)	(59)
Contribution deficiency (excess)	\$ -	-	-
City's covered-employee payroll	\$ 751	751	647
Contributions as a percentage of covered-employee payroll	7.99%	7.99%	9.12%

See accompanying independent auditor's report.

GASB Statement No. 68 requires ten years of information 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.

2012	2011	2010
54	50	48
(54)	(50)	(48)
-	-	-
629	650	645
8.59%	7.69%	7.44%

City of Guttenberg

Notes to Other 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% per year measured from the member's first unreduced retirement age to a 6% 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

City of Guttenberg

Supplementary Information

City of Guttenberg

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

As of and for the year ended June 30, 2015

					Special	
	Road Use Tax	Employee Benefits	Urban Renewal Tax	Green Energy	Project Share	Library Trust
Receipts:						
Property tax	\$ -	217,048	-	-	-	-
Tax increment financing	-	-	125,285	-	-	-
Other city tax	-	4,226	-	-	-	-
Use of money and property	-	213	75	-	-	107
Intergovernmental	199,542	3,406	670	-	-	-
Miscellaneous	-	-	-	180	-	-
Total receipts	199,542	224,893	126,030	180	-	107
Disbursements:						
Operating:						
Public safety	-	83,537	-	-	-	-
Public works	175,324	40,345	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	34,184	-	-	-	-
Community and economic development	-	-	-	-	-	-
General government	-	62,985	-	-	-	-
Total disbursements	175,324	221,051	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	24,218	3,842	126,030	180	-	107
Other financing uses:						
Transfers out	-	-	(130,246)	-	-	-
Change in cash balances	24,218	3,842	(4,216)	180	-	107
Cash balances beginning of year	131,460	230,168	49,550	1,726	530	41,829
Cash balances end of year	\$ 155,678	234,010	45,334	1,906	530	41,936
Cash Basis Fund Balances						
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	-
Restricted for:						
Streets	155,678	-	-	-	-	-
Employee benefits	-	234,010	-	-	-	-
Other purposes	-	-	45,334	1,906	530	41,936
Total cash basis fund balances	\$ 155,678	234,010	45,334	1,906	530	41,936

See accompanying independent auditor's report.

Revenue							Permanent		
Guttenberg Relief	Watershed Improvement Review Board Grant	Forfeiture	Friends of the Library	Economic and Industrial Development Committee	Fire Association	Cemetery Perpetual Care	Total		
-	-	-	-	-	-	-	217,048		
-	-	-	-	-	-	-	125,285		
-	-	-	-	-	-	-	4,226		
-	-	-	-	11	97	-	503		
-	-	-	-	-	-	-	203,618		
1,000	-	-	1,482	99,554	36,043	375	138,634		
1,000	-	-	1,482	99,565	36,140	375	689,314		
-	-	-	-	-	32,908	-	116,445		
-	-	-	-	-	-	-	215,669		
217	-	-	-	-	-	-	217		
-	-	-	2,485	-	-	-	36,669		
-	-	-	-	87,771	-	-	87,771		
-	-	-	-	-	-	-	62,985		
217	-	-	2,485	87,771	32,908	-	519,756		
783	-	-	(1,003)	11,794	3,232	375	169,558		
-	-	-	-	-	-	-	(130,246)		
783	-	-	(1,003)	11,794	3,232	375	39,312		
537	3,362	436	3,789	28,187	45,963	85,199	622,736		
1,320	3,362	436	2,786	39,981	49,195	85,574	662,048		
-	-	-	-	-	-	85,574	85,574		
-	-	-	-	-	-	-	155,678		
-	-	-	-	-	-	-	234,010		
1,320	3,362	436	2,786	39,981	49,195	-	186,786		
1,320	3,362	436	2,786	39,981	49,195	85,574	662,048		

Schedule 2

City of Guttenberg

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

As of and for the year ended June 30, 2015

	Enterprise		
	Storm Sewer	Utility Deposits	Total
Operating receipts:			
Charges for service	\$ 25,737	-	25,737
Miscellaneous	-	10,978	10,978
Total operating receipts	25,737	10,978	36,715
Operating disbursements:			
Business type activities	19,667	13,746	33,413
Excess (deficiency) of operating receipts over (under) operating disbursements	6,070	(2,768)	3,302
Non-operating receipts:			
Interest on investments	43	50	93
Change in cash balances	6,113	(2,718)	3,395
Cash balances beginning of year	24,026	32,270	56,296
Cash balances end of year	\$ 30,139	29,552	59,691
Cash Basis Fund Balances			
Unrestricted	\$ 30,139	29,552	59,691

See accompanying independent auditor's report.

City of Guttenberg

City of Guttenberg
Schedule of Indebtedness
Year ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds/notes:			
Corporate purpose bonds	May 15, 2009	1.35-4.40%	\$ 1,625,000
Corporate purpose and refunding bonds	Sep 1, 2012	1.25-1.75	2,435,000
Corporate purpose and refunding bonds	Jun 1, 2014	2.00-3.25	2,360,000
Corporate purpose notes	Jan 30, 2015	2.70	140,000
Total			
Revenue bonds:			
Water	Oct 13, 2010 *	3.00%	\$ 392,000
Sewer	Sep 10, 2008 *	3.00	548,000
Sewer	Oct 13, 2010 *	3.00	1,267,000
Sewer	Mar 8, 2013 *	1.75	585,338
Total			
Lease purchase agreement:			
Street sweeper	Nov 15, 2013	2.36%	\$ 161,333

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

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,185,000	-	100,000	1,085,000	43,955
2,005,000	-	275,000	1,730,000	27,730
2,360,000	-	50,000	2,310,000	56,213
-	140,000	-	140,000	1,281
\$ 5,550,000	140,000	425,000	5,265,000	129,179
312,000	-	15,000	297,000	9,360
414,000	-	24,000	390,000	12,420
1,125,000	-	51,000	1,074,000	33,750
559,338	-	24,338	535,000	9,789
\$ 2,410,338	-	114,338	2,296,000	65,319
86,333	-	42,832	43,501	1,051

City of Guttenberg
 Bond and Note Maturities
 June 30, 2015

Year Ending June 30,	General Obligation					
	Corporate Purpose Bonds		Corporate Purpose and Refunding Bonds		Corporate Purpose and Refunding Bonds	
	Issued May 15, 2009		Issued Sep 1, 2012		Issued June 1, 2014	
	Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	
2016	2.95%	\$ 1,085,000	1.25%	\$ 240,000	2.00%	\$ 80,000
2017	-	-	1.25	240,000	2.00	200,000
2018	-	-	1.25	245,000	2.00	200,000
2019	-	-	1.25	245,000	2.00	210,000
2020	-	-	1.45	250,000	2.00	210,000
2021	-	-	1.60	255,000	2.00	220,000
2022	-	-	1.75	255,000	2.25	220,000
2023	-	-	-	-	2.50	225,000
2024	-	-	-	-	2.70	235,000
2025	-	-	-	-	2.90	95,000
2026	-	-	-	-	2.90	100,000
2027	-	-	-	-	3.25	100,000
2028	-	-	-	-	3.25	105,000
2029	-	-	-	-	3.25	110,000
Total		<u>\$ 1,085,000</u>		<u>\$ 1,730,000</u>		<u>\$ 2,310,000</u>

Year Ending June 30,	Revenue Bonds					
	Water		Sewer		Sewer	
	Issued Oct 13, 2010		Issued Sep 10, 2008		Issued Oct 13, 2010	
	Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	
2016	3.00%	\$ 16,000	3.00%	\$ 24,000	3.00%	\$ 52,000
2017	3.00	16,000	3.00	25,000	3.00	54,000
2018	3.00	17,000	3.00	26,000	3.00	56,000
2019	3.00	17,000	3.00	27,000	3.00	58,000
2020	3.00	18,000	3.00	28,000	3.00	59,000
2021	3.00	18,000	3.00	29,000	3.00	61,000
2022	3.00	19,000	3.00	30,000	3.00	63,000
2023	3.00	20,000	3.00	31,000	3.00	65,000
2024	3.00	20,000	3.00	32,000	3.00	68,000
2025	3.00	21,000	3.00	33,000	3.00	70,000
2026	3.00	22,000	3.00	34,000	3.00	72,000
2027	3.00	22,000	3.00	35,000	3.00	74,000
2028	3.00	23,000	3.00	36,000	3.00	77,000
2029	3.00	24,000	-	-	3.00	79,000
2030	3.00	24,000	-	-	3.00	82,000
2031	-	-	-	-	3.00	84,000
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
Total		<u>\$ 297,000</u>		<u>\$ 390,000</u>		<u>\$ 1,074,000</u>

See accompanying independent auditor's report.

Corporate Purpose		
Notes		
Issued Jan 30, 2015		
Interest		
Rates	Amount	Total
2.70%	\$ 43,000	1,448,000
2.70	47,000	487,000
2.70	50,000	495,000
	-	455,000
	-	460,000
	-	475,000
	-	475,000
	-	225,000
	-	235,000
	-	95,000
	-	100,000
	-	100,000
	-	105,000
	-	110,000
	<u>\$ 140,000</u>	<u>5,265,000</u>

Sewer		
Issued Mar 8, 2013		
Interest		
Rates	Amount	Total
1.75%	\$ 25,000	117,000
1.75	25,000	120,000
1.75	26,000	125,000
1.75	27,000	129,000
1.75	27,000	132,000
1.75	28,000	136,000
1.75	28,000	140,000
1.75	29,000	145,000
1.75	29,000	149,000
1.75	30,000	154,000
1.75	30,000	158,000
1.75	31,000	162,000
1.75	32,000	168,000
1.75	32,000	135,000
1.75	33,000	139,000
1.75	34,000	118,000
1.75	34,000	34,000
1.75	35,000	35,000
	<u>\$ 535,000</u>	<u>2,296,000</u>

City of Guttenberg



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Guttenberg, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2016. Our report expressed modified opinions on the financial statements of the governmental activities, the General Fund, the Special Revenue, Local Option Sales Tax Fund, the Debt Service Fund, the Capital Projects Fund, the major Enterprise Funds, including the Water, Sewer and Electric Funds, and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles, since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2014. We expressed adverse opinions on the business type activities and the Enterprise, Guttenberg Municipal Hospital Fund because the Hospital was not included in the City's financial statements since the Hospital reports in accordance with U.S. generally accepted accounting principles, a different financial reporting framework than the City's cash basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Guttenberg's internal control over financial reporting to determine the audit procedures 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 Guttenberg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Guttenberg's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described of the accompanying Schedule of Findings as items (D) through (I) to be significant deficiencies.

Compliance and Other Matters

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

The City of Guttenberg's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Guttenberg'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 City'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 Guttenberg 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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 27, 2016

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the City's financial statements. Generally, one individual has control over each of the following areas for the City:
- (1) Cash – handling, reconciling and recording. Bank reconciliations were not reviewed periodically by an independent person for propriety.
 - (2) Investments – recordkeeping and custody.
 - (3) Journal entries – preparing and journalizing with no independent review.
 - (4) Long-term debt – recordkeeping, debt payment processing, reconciling and performing cash functions.
 - (5) Receipts – collecting, reconciling and recording. In addition, the mail is not opened and distributed by someone other than accounting personnel and an initial listing, although prepared, is not compared to recorded receipts.
 - (6) Disbursements – recordkeeping and check signing.

For the Fire Association, one individual has control over the following areas:

- (1) Receipts – collecting, depositing, recording and reconciling.
- (2) Disbursements – preparation, check signing, recording and reconciling.

For the Guttenberg Economic and Industrial Development Committee, one individual has control over the following:

- (1) Receipts – collecting, depositing and recording.

For the Friends of the Library, one individual has control over the following areas:

- (1) Receipts – collecting, depositing and recording.
- (2) Disbursements – check signing, recording and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, Fire Association, Economic and Industrial Development Committee and Friends of the Library should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

Responses –

City – The City has made changes in duties to segregate as much as we possibly can.

Fire Association – The Fire Association will have two members review all receipts and disbursements and sign the list before payments are made.

Economic and Industrial Development Committee – We have a small number of transactions each month. Bank statements and reconciliations will be reviewed by a Board member not involved in handling receipts and disbursements.

Friends of the Library – We will have two members review all receipts and disbursements and sign the list before payments are made.

Conclusions – Responses accepted.

- (B) Financial Reporting – During the audit, we identified material receipts not posted correctly. In addition, we identified City funds held in escrow which were not included in the City's records. Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

Recommendation – The City should implement procedures to ensure receipts and funds held in escrow are properly reported in the City's financial statements.

Response – This practice has been implemented.

Conclusion – Response accepted.

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were reconciled throughout the year. However, the collections were not reconciled to deposits in the general ledger. A reconciliation is designed to ensure the proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances. In addition, there is no evidence of independent review of the reconciliations.

Recommendation – Procedures should be established to reconcile the amount collected per the reconciliations to deposits. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of review.

Response – With the receipt management program, all utility and other receipts are posted directly to the proper general ledger account versus using journal entries for these postings.

Utility accounts are reconciled each month by the Utility Clerk and reviewed by the City Manager or Assistant City Manager. The reconciliation sheets are signed by the person reviewing them each month. Write-offs are under the same policy and are signed by whomever reviews the list.

Conclusion – Response accepted.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

- (D) Journal Entries – Supporting documentation was not available to support certain journal entries. In addition, journal entries were not reviewed and approved by an independent person.
- Recommendation – To strengthen controls, journal entries should be supported, reviewed and approved by an independent person.
- Response – This practice has been implemented.
- Conclusion – Response accepted.
- (E) Bank Debit Card – The City has a debit card available for use by various employees for City business. Additionally, supporting documentation was not always available to support debit card charges.
- Recommendation – The City Council should prohibit the use of debit cards for City purchases. Debit cards provide immediate access to the City’s funds. Unlike credit cards, debit cards offer only limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. In addition, there is no process for prior approval of purchases made with a debit card.
- Response – This is being reviewed and an updated practice will be implemented.
- Conclusion – Response accepted.
- (F) Disbursement Approvals – The City Council approves disbursements which are appropriately noted in the minutes. However, there is no independent review to ensure the listing provided to the City Council for approval is accurate and complete. In addition, various disbursements are paid prior to City Council approval. There is no written policy allowing for payment of disbursements prior to City Council approval.
- Recommendation – The City should implement procedures for an independent review of the disbursement listing provided to the City Council for approval. The City should formalize a policy which would allow for payment of certain bills prior to City Council approval to avoid late fees and penalties.
- Response – A resolution has been approved for designation of pre-authorized payables. A list of bills and invoices are reviewed by two Council members.
- Conclusion – Response accepted.
- (G) Library Petty Cash – The City Library has a petty cash fund. The City does not have a policy for the petty cash fund which specifies proper usage, including allowable and unallowable expenses, approvals and maximum dollar amount. In addition, the Library replenishes the petty cash fund through the use of collections rather than through a claim.
- Recommendation – The City should formalize a petty cash fund policy establishing proper usage, amounts and procedures for the Library. The Library should replenish the petty cash fund by filing a claim for reimbursement. The claim should include itemized receipts for each use of the petty cash fund. All Library collections should be deposited intact.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

Response – This will be addressed by the Library Board.

Conclusion – Response accepted.

- (H) Accounting Policies and Procedures Manual – The City does not have an accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

1. Aid in training additional or replacement personnel.
2. Help achieve uniformity in accounting and in the application of policies and procedures.
3. Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Response – The City will obtain another City's accounting policies and procedures manual for guidance in creating a manual for the City.

Conclusion – Response accepted.

- (I) Disaster Recovery Plan – The City does not have a written disaster recovery plan for its computer system.

Recommendation – A written disaster recovery plan should be developed and tested periodically.

Response – The City will develop a plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the debt service function. In addition, disbursements in the public safety, public works, health and social services and general government functions exceeded the amounts budgeted prior to the budget amendment. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City amended as soon as we believed we needed to. The policy has now changed.

Conclusion – Response accepted.

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

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dan Pierce, Employee, Owner of Groundscapes Plus	Services and supplies	\$ 262
George Marteo, Police Chief, employee of Bug Busters	Services	765
Steve Freedline, Council Member, employee of Kann Manufacturing Corporation	Services	617
Virginia Saeugling, Council Member, father owns Keith Electric Service	Services	866
Julie Zitterguren, Employee, brother owns Fassbinder Small Engines	Equipment and services	2,523

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the transactions with Groundscapes Plus, Bug Busters, Kann Manufacturing Corporation and Keith Electric Service do not appear to represent conflicts of interest since total transactions with each were less than \$2,500 during the fiscal year.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

The transactions with Fassbinder Small Engines may represent a conflict of interest as defined in Chapters 362.5(3)(d) and (k) of the Code of Iowa since the total transactions exceed \$2,500 during the fiscal year and the transactions were not competitively bid.

Recommendation – The City Council should consult legal counsel to determine the disposition of this matter.

Response – This matter has been resolved.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – Except as noted below, no transactions were found that we believe should have been approved in the City Council minutes but were not.

For 2 of 25 disbursements tested, there was no evidence the City Council approved the disbursements as they were not included in the approved disbursement listing or published in the newspaper.

Recommendation – The City Council should approve and publish all disbursements as required.

Response – This matter will be resolved.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Bonds and Notes – The City's sewer revenue bond resolution requires the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers to produce net operating receipts equal to at least 110% of the principal and interest due in each fiscal year. The City's net sewer receipts were less than 110% of the sewer revenue bond principal and interest due during fiscal year 2015.

Recommendation – The City Council should ensure sewer rates are sufficient to produce net receipts of at least 110% of the principal and interest requirements.

Response – The monthly minimum sewer rate has been increased by \$2.

Conclusion – Response accepted.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

- (9) Excessive Balance – The Special Revenue, Employee Benefits Fund cash balance at June 30, 2015 was \$234,010, or 106% of the total disbursements of \$221,051 during the fiscal year. The cash balance of the fund was \$230,168 at June 30, 2014.

Recommendation – The City should consider reducing the balance of the Special Revenue, Employee Benefits Fund to a reasonable amount through reductions in future tax askings.

Response – Considerations and reductions are planned.

Conclusion – Response accepted.

- (10) Unclaimed Property – Chapters 556.8 and 556.11 of the Code of Iowa require each City to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The City did not remit these obligations as required.

Recommendation - Outstanding checks should be reviewed annually and items over two years old should be remitted to the Office of Treasurer of State as required.

Response – The review and remittance will occur in the future.

Conclusion – Response accepted.

- (11) Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City’s Annual Financial Report contain a “summary for the preceding fiscal year of all collections and receipts, all accounts due the City, and all expenditures...” The City’s Annual Financial Report reported for the fiscal year ended June 30, 2015 did not include the revenues and expenditures of the Guttenberg Municipal Hospital. In addition, the amount of transfers in and transfers out were double counted as both disbursements and transfers.

Recommendation – The City should ensure the Annual Financial Report is accurate and complete.

Response – Greater care to follow details and accurate numbers used in the report are anticipated.

Conclusion – Response accepted.

- (12) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 as required.

The following exception was noted:

The amount reported by the City as TIF debt outstanding was understated by \$129,935 because the City reported the debt outstanding at June 30, 2015 rather than June 30, 2014.

City of Guttenberg

Schedule of Findings

Year ended June 30, 2015

Recommendation – The City should ensure the debt amounts reported on the Levy Authority Summary agree with the City’s records.

Response – The City, with the assistance of our financial consultants, will ensure the TIF amounts agree.

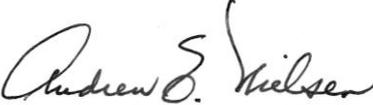
Conclusion – Response accepted.

City of Guttenberg

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Dorothy O. Stover, Senior Auditor II
Nathaniel W. Packer, CPA, Staff Auditor
Alexander N. Kawamura, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State