CITY OF VENTURA

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

JUNE 30, 2016

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CITY OF VENTURA

OFFICIALS

Name	Title	Term Expires
	(Before January 2016)	
Art Tesar (resigned Jan 2016)	Mayor	Jan 2018
Lynn Benson-appointed	Mayor-interim	Jan 2016
Crystal Kay Meints	Council Member	Jan 2018
Darwin Avery	Council Member	Jan 2016
John Quintus	Council Member	Jan 2016
Brian Vaage	Council Member	Jan 2018
Mike Thackery	Council Member	Jan 2016
Else Taylor	City Administrator	July 2016
John Sorenson	Attorney	July 2016
	(After January 2016)	
Lynn Benson	Mayor	Jan 2018
Crystal Kay Meints	Council Member	Jan 2018
Darwin Avery	Council Member	Jan 2020
John Quintus	Council Member	Jan 2020
Brian Vaage	Council Member	Jan 2018
Mike Thackery	Council Member	Jan 2020
Else Taylor	City Administrator	July 2017
John Sorenson	Attorney	July 2017

Renner & Birchem, PC
Certified Public Accountants
"Where people who care make the difference"

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MICHAEL J. BIRCHEM, CPA, CFP®

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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 Ventura, Iowa, as of and for the year ended June 30, 2016, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the remaining fund information of City of Ventura as of June 30, 2016, 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 described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Ventura's basic financial statements. The supplementary information included in Schedules 1 through 2, 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the City's Management's Discussion and Analysis, 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 6 through 12 and 27 through 31 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 December 6, 2016 on our consideration of City of Ventura'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 Ventura's internal control over financial reporting and compliance.

Renner & Birchem, P.C.

December 6, 2016

Renner & Birchem, P.C.
Britt, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Ventura provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2016 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 13.5% or approximately $162,570, from fiscal year 2015 to fiscal year 2016. Operating grants increased approximately $56,000 and special assessments decreased $202,384.

- Disbursements of the City's governmental activities increased 11.1% or approximately $100,301 in the fiscal year 2016 from fiscal year 2016. Public safety and public works disbursements increased approximately $37,800 and $131,000, respectively.

- The City's total cash basis net position decreased 7.7%, or $110,562, from June 30, 2015 to June 30, 2016. Of this amount, the cash basis net position of the governmental activities decreased $74,143 and the cash basis net position of the business activities decreased $36,419.

USING THIS ANNUAL REPORT

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

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

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

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

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

Other Supplementary Information provides detailed information about the City's indebtedness.

Basis of Accounting

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from $1,248,210 to $1,174,067. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30, 2016	Year Ended June 30, 2015
Receipts:		
Program receipts:		
Charges for service	$ 42,374	42,961
Operating grants, contributions and restricted interest	150,966	94,886
General receipts:		
Property tax	535,369	537,633
Special assessments	73,562	275,946
Local option tax	121,029	111,217
Commercial/industrial tax replacement	10,408	
Unrestricted interest	966	2,429
Other general receipts	102,600	134,772
Total receipts	1,037,274	1,199,844
Disbursements:		
Public safety	186,465	148,617
Public works	278,643	147,546
Health and social services	2,026	1,290
Culture and recreation	102,671	113,426
Community and economic development	7,484	7,219
General government	111,595	106,604
Debt service	301,568	338,406
Capital projects	17,537	44,580
Total disbursements	1,007,989	907,688
Change in cash basis net position before transfers	29,285	292,156
Transfers net	(103,428)	
Change in cash basis net position	(74,143)	292,156
Cash basis net position beginning of year	1,248,210	956,054
Cash basis net position end of year	$ 1,174,067	1,248,210

The cash basis net position decrease of $74,143 is primarily due to a decrease in special assessment receipts of $202,384. The City's total receipts for governmental activities decreased 13.5% or $162,570. The cost of all programs and services increased, $100,301, with no new programs added this year.

The cost of all governmental activities this year was approximately $1,007,000 compared to approximately $908,000 last year. However, as shown in the Statement of Activities and Net Position on page 14, the amount taxpayers ultimately financed for these activities was approximately $815,000 because some of the cost was paid by those directly benefited from the programs (approximately $42,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately $151,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts.

Changes in Cash Basis Net Position of Business Type Activities		
	Year Ended	Year Ended
Receipts:	June 30, 2016	June 30, 2015
Program receipts:		
Charges for service:		
Water	$ 106,756	101,427
Sewer	39,641	37,996
General receipts:		
Unrestricted interest on investments	588	592
Total receipts	146,985	140,015
Disbursements:		
Water	198,126	81,340
Sewer	88,706	33,771
Total disbursements	286,832	115,111
Change in cash basis net position before transfers	(139,847)	24,904
Transfers, net	103,428	
Change in cash basis net position	(36,419)	24,904
Cash basis net position beginning of year	194,897	169,993
Cash basis net position end of year	$ 158,478	194,897

Total business type activities receipts for the fiscal year were $146,985 compared to $140,015 last year. Total disbursements for the fiacal year increased $171,721 to $286,832. Total business type activities cash basis net position decreased from a year ago, decreasing from $194,897 at June 30, 2015 to $158,478 at June 30, 2016.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Ventura completed the year, its governmental funds reported a combined fund balance of $1,174,067, a decrease of $74,143 from last year's total of $1,248,210. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased $34,811 from the prior year to $400,123.
- The Special Revenue, Road Use Tax Fund cash balance increased by $25,571 to $83,304 during the fiscal year. The City intends to use this money to upgrade the condition of all city roads.
- The Special Revenue, Local Option Tax Fund cash balance decreased $29,476 to $77,592.
- There was a decrease in the Debt Service Fund cash balance of $2,522 for an ending balance of $558,074.
- The Capital Projects Fund cash balance decreased $32,905 to $54,974.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased by $12,306 to $72,675 during the fiscal year.
- The Enterprise, Sewer Fund cash balance decreased by $48,725 to $85,803 during the fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amended budget was approved on December 14, 2015 to provide for additional $290,128 in disbursements to provide for additional disbursements for the culture and recreation, and capital projects. The second budget amendment was approved April 11, 2016 to provide another $45,000 in disbursements for capital projects. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were $25,536 more than budgeted.

DEBT ADMINISTRATION

At June 30, 2016, the City had $2,755,000 in general obligation bonds and notes outstanding, compared to $2,995,000 at the end of the prior year, as shown below.

Outstanding Debt at Year-End

	June 30,	
	2016	2015
Fire truck note	$ 60,000	75,000
General obligation bonds	2,695,000	2,920,000
Total	$ 2,755,000	2,995,000

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of $2,775,000 is below its constitutional debt limit of approximately $4,400,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Ventura's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates, and fees that will be charged for various City activities. Economic factors in the area remain steady as the county unemployment rate remains one of the lowest in the state.

These among other economic factors were taken into account when adopting the budget for fiscal year 2017. Amounts available for appropriation in the operating budget are $1,133,047, an increase of 2.9% from the final 2016 budget. Budgeted disbursements are expected to decrease by $16,750.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately $21,750 by the close of 2016. Actual amounts can and usually do differ from budgeted amounts.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Else Taylor, City Administrator, 101 Sena Street, Ventura, Iowa.

BASIC FINANCIAL STATEMENTS

City of Ventura

Exhibit A

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2016

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions / Programs:						
Governmental activities:						
Public safety	$ 186,465		41,932	(144,533)		(144,533)
Public works	278,643	42,252	88,606	(147,785)		(147,785)
Health and social services	2,026			(2,026)		(2,026)
Culture and recreation	102,671	122	20,428	(82,121)		(82,121)
Community and economic development	7,484			(7,484)		(7,484)
General government	111,595			(111,595)		(111,595)
Debt service	301,568			(301,568)		(301,568)
Capital projects	17,537			(17,537)		(17,537)
Total governmental activities	1,007,989	42,374	150,966	(814,649)		(814,649)
Business type activities:						
Water	198,126	106,756			(91,370)	(91,370)
Sewer	88,706	39,641			(49,065)	(49,065)
Total business type activities	286,832	146,397			(140,435)	(140,435)
Total	$ 1,294,821	188,771	150,966	(814,649)	(140,435)	(955,084)
General Receipts:						
Property tax levied for:						
General purposes				$ 315,899		315,899
Debt service				219,470		219,470
Special assessments				73,562		73,562
Local option sales tax				121,029		121,029
Commercial/industrial tax replacement				10,408		10,408
Unrestricted interest on investments				966	588	1,554
Miscellaneous				102,600		102,600
Transfers				(103,428)	103,428	
Total general receipts				740,506	104,016	844,522
Change in cash basis net position				(74,143)	(36,419)	(110,562)
Cash basis net position beginning of year				1,248,210	194,897	1,443,107
Cash basis net position end of year				$ 1,174,067	158,478	1,332,545
Cash Basis Net Position						
Restricted:						
Expendable:						
Streets				$ 83,304		83,304
Debt service				558,074		558,074
Other purposes				211,857		211,857
Unrestricted				320,832	158,478	479,310
Total cash basis net position				$ 1,174,067	158,478	1,332,545

See notes to financial statements.

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

As of and for the year ended June 30, 2016

		Special Revenue				
	General	Road Use Tax	Local Option	Debt Service	Capital Project	Total
Receipts:						
Property tax	$ 315,899			219,470		535,369
Other city tax	2,502		121,029	1,742		125,273
Licenses and permits	4,191					4,191
Use of money and property	26,470		51			26,521
Intergovernmental	68,496	88,606		4,272		161,374
Charges for services	42,374					42,374
Special assessments				73,562		73,562
Miscellaneous	68,610					68,610
Total receipts	528,542	88,606	121,080	299,046		1,037,274
Disbursements:						
Operating:						
Public safety	95,151		75,946		15,368	186,465
Public works	140,998	63,035	74,610			278,643
Health and social services	2,026					2,026
Culture and recreation	102,671					102,671
Community & economic development	7,484					7,484
General government	111,595					111,595
Debt service				301,568		301,568
Capital projects					17,537	17,537
Total disbursements	459,925	63,035	150,556	301,568	32,905	1,007,989
Excess (deficiency) of receipts over (under) disbursements	68,617	25,571	(29,476)	(2,522)	(32,905)	29,285
Other financing sources (uses):						
Operating transfers out	(103,428)					(103,428)
Total other financing sources (uses)	(103,428)					(103,428)
Change in cash balances	(34,811)	25,571	(29,476)	(2,522)	(32,905)	(74,143)
Cash balances beginning of year	434,934	57,733	107,068	560,596	87,879	1,248,210
Cash balances end of year	$ 400,123	83,304	77,592	558,074	54,974	1,174,067
Cash Basis Fund Balances						
Restricted For:						
Debt service				558,074		558,074
Streets		83,304				83,304
Other purposes	$ 58,549		77,592		54,974	191,115
Assigned	20,742					20,742
Unassigned	320,832					320,832
Total cash basis fund balances	$ 400,123	83,304	77,592	558,074	54,974	1,174,067

See notes to financial statements.

Exhibit C

City of Ventura

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

As of and for the year ended June 30, 2016

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	$ 106,756	39,641	146,397
Total operating receipts	106,756	39,641	146,397
Operating disbursements:			
Business type activities	198,126	88,706	286,832
Total operating disbursements	198,126	88,706	286,832
Excess of operating receipts over operating expenses	(91,370)	(49,065)	(140,435)
Non-operating receipts:			
Interest on investments	248	340	588
Net non-operating receipts	248	340	588
Transfers in	103,428		103,428
Change in cash balances	12,306	(48,725)	(36,419)
Cash balance beginning of year	60,369	134,528	194,897
Cash balances end of year	$ 72,675	85,803	158,478
Cash Basis Fund Balances			
Unrestricted	$ 72,675	85,803	158,478
Total cash basis fund balances	$ 72,675	85,803	158,478

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The City of Ventura is a political subdivision of the State of Iowa located in Cerro Gordo County. It was first incorporated in 1960 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, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Ventura has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Ventura Protection Association Board, Landfill of North Iowa Board, Community Fire Board and Library Board.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all 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 services.

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:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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. The City has elected to report all governmental funds as major funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Fund is used to account for local option tax receipts and disbursements.

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 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 waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

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

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

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

Assigned – Amounts the City Council intends to use for specific purposes.

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.

(2) Cash

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

(3) Bonds and Notes Payable

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

Year Ending	General Obligation Bonds	
June 30,	Principal	Interest
2017	$ 245,000	73,143
2018	245,000	69,463
2019	250,000	65,093
2020	255,000	59,922
2021	245,000	54,162
2022-2026	1,295,000	163,325
2027	220,000	7,590
	$ 2,755,000	492,698

(4) Pension Plan

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

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

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching 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, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally 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 more than 22 years of service 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 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 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 - 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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 were $14,482.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of $110,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.0022441%, which was an increase of 0.000051% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled $9,350, $21,315 and $25,815 respectively.

There were no non-employer contributing entries to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an 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 IPERS' 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 geometric 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
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed 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 of 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 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	$ 194,110	$ 110,868	$ 40,606

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 retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 2 active members in the plan. 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.

The dental benefits are provided through a fully-insured plan with Delta Dental. Retirees pay the same premium for the dental 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 retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are $1,367 for family coverage for medical/prescription drug benefits and $77 for family coverage for dental benefits. The same monthly premiums apply to retirees. For the year ended June 30, 2016 the City contributed $32,478.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours are accumulated for subsequent use but are not paid 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 and comp time to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount June 30, 2016
Vacation	$5,525
Comp Time	158
Total	$5,683

This liability has been computed based on rates of pay as of June 30, 2016.

(7) Related Party Transactions

The City had business transactions between the City and City officials totaling $1,224 during the year ended June 30, 2016.

(8) Risk Management

The City of Ventura 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) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Water	General	$ 103,428

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

(10) Law Enforcement Contract

The City of Ventura entered into a three year agreement with the City of Clear Lake's Police Department for the purpose of providing the City with law enforcement service. The Contract is as follows:

Year 1 $83,896
Year 2 $85,994
Year 3 $88,144

In addition to the payments listed above the contract also requires $3,000 annually for fuel and vehicle maintenance. The City is also required to set aside $15,000 annually for vehicle replacement.

(11) Date of Management Evaluation

The City has evaluated subsequent events through December 6, 2016, the date which financial statements were available to be issued.

(12) New Accounting Pronouncement

The City of Ventura adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

OTHER INFORMATION

City of Ventura

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, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
Receipts:						
Property tax	$ 535,369		535,369	539,431	539,431	(4,062)
Other city tax	125,273		125,273	104,203	104,203	21,070
Licenses and permits	4,191		4,191	5,163	5,163	(972)
Use of money and property	26,521	588	27,109	30,476	30,476	(3,367)
Intergovernmental	161,374		161,374	134,190	134,190	27,184
Charges for services	42,374	146,397	188,771	193,450	193,450	(4,679)
Special assessments	73,562		73,562	78,535	78,535	(4,973)
Miscellaneous	68,610		68,610	15,275	73,275	(4,665)
Total receipts	1,037,274	146,985	1,184,259	1,100,723	1,158,723	25,536
Disbursements:						
Public safety	186,465		186,465	218,199	218,199	31,734
Public works	278,643		278,643	256,591	316,591	37,948
Health and social services	2,026		2,026	2,000	2,200	174
Culture and recreation	102,671		102,671	107,883	111,383	8,712
Community and economic development	7,484		7,484	9,335	9,335	1,851
General government	111,595		111,595	114,382	114,382	2,787
Debt service	301,568		301,568	301,568	301,568	
Capital projects	17,537		17,537		18,000	463
Business type activities		286,832	286,832	161,589	311,589	24,757
Total disbursements	1,007,989	286,832	1,294,821	1,171,547	1,403,247	108,426
Excess (deficiency) of receipts over (under) disbursements	29,285	(139,847)	(110,562)	(70,824)	(244,524)	133,962
Other financing sources net	(103,428)	103,428				
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74,143)	(36,419)	(110,562)	(70,824)	(244,524)	133,962
Balances beginning of year	1,248,210	194,897	1,443,107	1,143,584	1,143,584	299,523
Balances end of year	$ 1,174,067	158,478	1,332,545	1,072,760	899,060	433,485

See accompanying independent auditor's report.

City of Ventura

Notes to Other Information – Budgetary Reporting

June 30, 2016

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 comparison 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 Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and 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 two budget amendments increased budgeted disbursements by $231,700. The budget amendments are reflected in the final budgeted amounts.

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

Iowa Public Employees' Retirement System
For the Last Two Years*

Other Information

	2016	2015
City's proportion of the net pension liability	0.0022441%	0.0021934%
City's proportionate share of the net pension liability	$ 110,868	86,988
City's covered-employee payroll	$ 153,740	144,882
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.04%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Ventura
Schedule of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	$ 14,482	13,729	12,938	11,699	10,275	8,792	8,204	11,251	6,634	5,833
Contributions in relation to the statutorily required contribution	(14,482)	(13,729)	(12,938)	(11,699)	(10,275)	(8,792)	(8,204)	(11,251)	(6,634)	(5,833)
Contribution deficiency (excess)										
City's covered-employee payroll	$ 162,178	153,740	144,882	134,935	127,318	126,507	123,375	162,119	109,645	101,438
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.94%	6.05%	5.75%

See accompanying independent auditor's report.

Changes of benefit terms:

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

Legislative action in 2008 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.

Changes of assumptions:

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

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

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

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

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

SUPPLEMENTARY INFORMATION

Schedule 1

City of Ventura

Schedule of Indebtedness

Year ended June 30, 2016

Obligation	Date of Issue	Rate of Interest	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
General Obligation:								
Street Project	9/29/2011	.60-3.45	$ 3,515,000	2,920,000		225,000	2,695,000	76,068
Fire Truck Loan	7/1/2010	0.00	150,000	75,000		15,000	60,000	
Total general obligation bonds				$ 2,995,000		240,000	2,755,000	76,068

See accompanying independent auditor's report.

Schedule 2

CITY OF VENTURA

Bond and Note Maturities

June 30, 2016

Year Ending June 30,	GENERAL OBLIGATION					
	Fire Truck Loan Issued July 1, 2010			Street Project Issued September 29, 2011		
	Interest Rates	Amount		Interest Rates	Amount	Total
2017	0.00%	$	15,000	1.60%	230,000	245,000
2018	0.00%		15,000	1.90	230,000	245,000
2019	0.00%		15,000	2.20	235,000	250,000
2020	0.00%		15,000	2.40	240,000	255,000
2021				2.60	245,000	245,000
2022				2.85	250,000	250,000
2023				2.95	255,000	255,000
2024				3.10	260,000	260,000
2025				3.25	260,000	260,000
2026				3.35	270,000	270,000
2027				3.45	220,000	220,000
Total		**$**	**60,000**		**2,695,000**	**2,755,000**

See accompanying independent auditor's report.

Renner & Birchem, PC
Certified Public Accountants
"Where people who care make the difference"

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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the 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 Ventura, Iowa, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2016. Our report expressed modified 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 Ventura'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 Ventura's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ventura's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses 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.

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 City of Ventura's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-A-16 to be material a weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 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.

City of Ventura's Responses to Findings

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

Renner & Birchem, P.C.

December 6, 2016

Renner & Birchem, P.C.
Britt, Iowa

City of Ventura

Schedule of Findings

Year Ended June 30, 2016

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

I-A-16 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts functions and the cash disbursement functions are all done by the same person.

Recommendation - We realize that with a limited number of employees segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Instances of Non – Compliance:

No matters were noted.

City of Ventura

Schedule of Findings

Year Ended June 30, 2016

Part II: Other Findings Related to Required Statutory Reporting:

II-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

II-B-16 Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Goodnature Workstop	Coats for Fire Department	$ 1,640

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City Council should determine and document the public purpose served by this disbursement before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

II-C-16 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-16 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Lynn Benson, Mayor Owner L.B. & Son	Repairs	$1,224

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Mayor, do not appear to represent a conflict of interest since total transactions were less than $1,500 during the fiscal year.

Part II: Other Findings Related to Required Statutory Reporting: (continued)

II-E-16 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-16 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

II-G-16 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.