



**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 \_\_\_\_\_ March 5, 2015 \_\_\_\_\_

Contact: Andy Nielsen  
515/281-5834

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

The City's receipts totaled \$161,315 for the year ended June 30, 2014. The receipts included \$60,611 in property tax, \$7,074 from charges for service, \$50,286 from operating grants, contributions and restricted interest, \$42,443 from local option sales tax, \$661 from unrestricted interest on investments and \$240 from other general receipts.

Disbursements for the year ended June 30, 2014 totaled \$97,070, and included \$35,662 for public safety, \$23,517 for public works and \$18,832 for general government.

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 <http://auditor.iowa.gov/reports/1422-0592-B00F.pdf>.

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**CITY OF UNIVERSITY PARK**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2014**

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**City of University Park**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2014)</b>		
George Toubekis	Mayor	Jan 2014
Arlen Phillips	Mayor Pro tem	Jan 2016
Dave Graham	Council Member	Jan 2014
Lynn Kaufman	Council Member	Jan 2014
Mike Pate	Council Member	Jan 2014
Ben Doak	Council Member	Jan 2016
Joe Albright	City Clerk/Treasurer	Indefinite
Greg Life	Attorney	Indefinite
<b>(After January 2014)</b>		
George Toubekis	Mayor	Jan 2016
Arlen Phillips	Mayor Pro tem	Jan 2016
Ben Doak	Council Member	Jan 2016
Sarah Kargol	Council Member	Jan 2018
Stephen Kelly	Council Member	Jan 2018
Colleen Platt	Council Member	Jan 2018
Joe Albright	City Clerk/Treasurer	Indefinite
Greg Life	Attorney	Indefinite

**City of University Park**



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Mary Mosiman, CPA  
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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 and each major fund of the City of University Park, Iowa, as of and for the year ended June 30, 2014, 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.

### Basis for Qualified 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, 2013.



Qualified 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, 2013, 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 and each major fund of the City of University Park as of June 30, 2014, 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

*Other Information*

The other information, the budgetary comparison information on pages 17 and 18, 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 January 6, 2015 on our consideration of the City of University Park'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 University Park's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 6, 2015

## **Basic Financial Statements**

City of University Park

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2014

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>			
Governmental activities:			
Public safety	\$ 35,662	-	-
Public works	23,517	-	50,286
Culture and recreation	17,781	4,680	-
Community and economic development	1,278	-	-
General government	18,832	2,394	-
Total	\$ 97,070	7,074	50,286

**General Receipts:**

Property and other city tax levied for general purposes  
 Local option sales tax  
 Unrestricted interest on investments  
 Miscellaneous  
 Total general receipts  
 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 for streets  
 Unrestricted

**Total cash basis net position**

See notes to financial statements.

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

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Total

---

(35,662)  
26,769  
(13,101)  
(1,278)  
(16,438)

---

(39,710)

---

60,611  
42,443  
661  
240

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103,955

---

64,245

845,103

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\$ 909,348

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\$ 448,094

461,254

---

\$ 909,348

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## City of University Park

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

As of and for the year ended June 30, 2014

	General	Special Revenue Road Use Tax	Total
Receipts:			
Property tax	\$ 60,611	-	60,611
Other city tax	42,443	-	42,443
Licenses and permits	2,394	-	2,394
Use of money and property	661	875	1,536
Intergovernmental	-	49,411	49,411
Charges for service	4,680	-	4,680
Miscellaneous	240	-	240
Total receipts	111,029	50,286	161,315
Disbursements:			
Operating:			
Public safety	35,662	-	35,662
Public works	-	23,517	23,517
Culture and recreation	17,781	-	17,781
Community and economic development	1,278	-	1,278
General government	18,832	-	18,832
Total disbursements	73,553	23,517	97,070
Change in cash balances	37,476	26,769	64,245
Cash balances beginning of year	423,778	421,325	845,103
Cash balances end of year	\$ 461,254	448,094	909,348
<b>Cash Basis Fund Balances</b>			
Restricted for streets	\$ -	448,094	448,094
Unassigned	461,254	-	461,254
Total cash basis fund balances	\$ 461,254	448,094	909,348

See notes to financial statements.

City of University Park

Notes to Financial Statements

June 30, 2014

**(1) Summary of Significant Accounting Policies**

The City of University Park is a political subdivision of the State of Iowa located in Mahaska County. It was first incorporated in 1909 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.

A. Reporting Entity

For financial reporting purposes, City of University Park 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: Mahaska County Assessor's Conference Board, Mahaska County Emergency Management Commission, and Mahaska County Joint E911 Service 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 are supported by tax and intergovernmental revenues.

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:

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 category. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 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, 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.

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.

D. Governmental Cash Basis Fund Balances

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

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 classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the public safety function.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2014 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.

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

**(3) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2014 was \$818, equal to the required contribution for the year.



**(4) 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.

**(5) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and other information.

**City of University Park**

**Other Information**

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

Other Information

Year ended June 30, 2014

	Governmental Funds Actual	Budgeted Amounts Original/Final	Final to Total Variance
<b>Receipts:</b>			
Property tax	\$ 60,611	59,553	1,058
Other city tax	42,443	46,197	(3,754)
Licenses and permits	2,394	-	2,394
Use of money and property	1,536	-	1,536
Intergovernmental	49,411	545,400	(495,989)
Charges for service	4,680	3,900	780
Miscellaneous	240	3,000	(2,760)
<b>Total receipts</b>	<b>161,315</b>	<b>658,050</b>	<b>(496,735)</b>
<b>Disbursements:</b>			
Public safety	35,662	29,500	(6,162)
Public works	23,517	714,000	690,483
Culture and recreation	17,781	44,085	26,304
Community and economic development	1,278	3,000	1,722
General government	18,832	22,031	3,199
<b>Total disbursements</b>	<b>97,070</b>	<b>812,616</b>	<b>715,546</b>
Change in cash balances	64,245	(154,566)	(218,811)
Balances beginning of year	845,103	750,904	(94,199)
Balances end of year	<b>\$ 909,348</b>	<b>596,338</b>	<b>(313,010)</b>

See accompanying independent auditor's report.

City of University Park

Notes to Other Information – Budgetary Reporting

June 30, 2014

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. 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 and the Special Revenue Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. There were no budget amendments during the year.

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the public safety function.



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STATE OF IOWA

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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 and each major fund of the City of University Park, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 6, 2015. Our report expressed qualified 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, since we were unable to satisfy ourselves as to the distribution by fund of the total fund balances at July 1, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of University Park'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 University Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of University Park's internal control.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of University Park'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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 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 University Park's Responses to the Findings

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

January 6, 2015

**City of University Park**



City Of University Park

Schedule of Findings

Year ended June 30, 2014

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:
- (1) Cash – reconciling bank accounts, initiating cash receipt and disbursement transactions, handling petty cash, reconciling and recording.
  - (2) Receipts – opening mail, collecting, depositing, posting and reconciling.
  - (3) Disbursements – purchasing, check signing, recording and reconciling.
  - (4) Payroll – recordkeeping, preparing and distributing.
  - (5) Financial reporting – preparing and reconciling.
  - (6) Computer system – performing all general accounting functions and controlling all data input and output.

In addition, an initial listing of mail receipts is not prepared by the mail opener.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews should be documented by the signature or initials of the reviewer and the date of the review. Additionally, a listing of receipts received in the mail should be prepared, at least on a test basis. The listing should be compared to the receipt records by an independent person.

Response – We will begin reconciling the budget monthly. It has been decided by the City Council that after every meeting one Council Member will sit with the Clerk and reconcile the checking account and review the budget. We will also be adding signature authority to the bank account for the Mayor and the Mayor Pro-tem. We will review other areas and provide independent review and segregation to our ability with the limited number of staff available.

Conclusion – Response accepted.

- (B) Bank Reconciliations – Although monthly bank reconciliations were prepared, the reconciliations were not reviewed by an independent person.

Recommendation – Bank reconciliations should be reviewed by an independent person and the reviews should be documented by the signature or initials of the reviewer and the date of the review.

City of University Park

Schedule of Findings

Year ended June 30, 2014

Response – It has been decided by the City Council that after every meeting one Council Member will sit with the Clerk and reconcile the City checking account. This independent review will be documented by the City Council Member's signature and date on the bank statement.

Conclusion – Response accepted.

- (C) Prenumbered Receipts – Prenumbered receipts were not issued by the City for all collections.

Recommendation – Prenumbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money received.

Response – A dual carbon copy receipt book has been purchased for the Community Center rentals. An additional receipt book will be purchased for City transactions no later than November 10, 2014.

Conclusion – Response accepted.

- (D) Restrictive Endorsement – A restrictive endorsement was not placed on checks upon receipt.

Recommendation – A restrictive endorsement should be placed on all checks when received to help provide protection in case of theft or loss.

Response – We will ensure the City Clerk will restrictively endorse checks through the use of a stamp.

Conclusion – Response accepted.

- (E) Community Center Records – Community Center reservations and billings were not reconciled throughout the year with amounts collected. Additionally, no receipts were issued for rentals and rental collections were not deposited timely.

Recommendation – Procedures should be established to reconcile the Community Center reservations and collections. An independent review should be completed of this reconciliation. Evidence of review of the reconciliations should be documented by the signature or initials of the independent reviewer and the date of the review. In addition, the City Council should review and monitor unpaid usage of the Community Center to ensure rental collections are received in a timely manner. Also, prenumbered receipts should be issued for all rentals and deposits should be made timely.

Response – This will be remedied by the reconciliation that is going to happen monthly and the receipt book that has been purchased.

Conclusion – Response acknowledged. In addition to performing the reconciliation and utilizing a receipt book, an independent review of the monthly reconciliation should be performed and documented.

City Of University Park

Schedule of Findings

Year ended June 30, 2014

- (F) Accounting Policies and Procedures Manual – The City does not have a written accounting policies and procedures manual addressing major operations of the City.

Recommendation – Accounting policies and procedures manuals should be developed to provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (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.
- (4) Ensure City accounts are appropriately utilized.

Response – With the change in City Clerk, we will be reviewing our policies and procedures and working on developing procedures manuals.

Conclusion – Response accepted.

- (G) Computer System – The City does not have written policies over general computer usage and security or a written disaster recovery plan.

Recommendation – The City should develop a computer usage and security policy in order to improve the City's control over its computer system and a written disaster recovery plan.

Response – We will work on establishing policies over computer usage and security. In addition, we will work on drafting a disaster recovery plan. We currently have a plan for off-site storage.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of University Park

Schedule of Findings

Year ended June 30, 2014

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amount budgeted in the public safety function. 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – These issues have been discussed with the City Council and City Clerk. The budget will be monitored more closely in the future and amendment will be made when necessary.

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
Joe Albright, City Clerk, spouse is independent contractor for operations of the Community Building	Labor	\$ 900

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

- (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 – No transactions were found that we believe should have been approved in the City Council minutes but were not.

However, certain minutes of the City Council meetings were not signed as required by Chapter 380.7 of the Code of Iowa and the minutes record did not always contain sufficient information to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.

City Of University Park

Schedule of Findings

Year ended June 30, 2014

Recommendation – The minutes should be signed to authenticate the record as required by Chapter 380.7 of the Code of Iowa and the City should comply with Chapter 21 of the Code of Iowa.

Response – The Mayor and Clerk will immediately begin signing the minutes after approval.

Conclusion – Response accepted.

- (7) Deposits and Investments – Except as noted below, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

The City has not approved a written investment policy as required by Chapter 12B.10B if the Code of Iowa.

Also, interest on investments made from the Special Revenue, Road Use Tax Fund has been credited to the Road Use Tax Fund. In accordance with Chapter 12C.7(2) of the Code of Iowa, the interest should be recorded in the General Fund.

Recommendation – The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa. In addition, the City should attempt to determine the amount of interest credited to the Road Use Tax Fund in error and make a corrective transfer to the General Fund. In the future, interest received from invested road use tax receipts should be recorded in the General Fund.

Response – The City will implement this immediately and review annually during the January meeting. Also, interest is no longer being recorded in the Road Use Tax Fund.

Conclusion – Response accepted.

- (8) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The City Clerk will have this rectified with the bank no later than November 10, 2014.

Conclusion – Response accepted.

City of University Park

Staff

This audit was performed by:

Timothy D. Houlette, CPA, Manager  
Katherine L. Rupp, CPA, Senior Auditor II  
Stormi S. Peterson, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State