

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ October 26, 2015

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$210,234 for the year ended June 30, 2013. The receipts included \$37,879 in property tax, \$99,890 from charges for service, \$27,472 from operating grants, contributions and restricted interest, \$15,956 from local option sales tax, \$25,048 from note proceeds and \$3,989 from other general receipts.

Disbursements for the year ended June 30, 2013 totaled \$213,640, and included \$32,362 for general government, \$30,309 for public works, \$9,898 for public safety and \$5,165 for culture and recreation. Disbursements for business type activities totaled \$135,906.

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/1322-0676-B00F.pdf>.

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

JUNE 30, 2013

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City of College Springs

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Andrew Peterson	Mayor	Jan 2014
Tina Hartman	Council Member	Jan 2014
Leroy Davis	Council Member	Jan 2014
Kenneth Jackson	Council Member	Jan 2014
Phillip Greever	Council Member	Jan 2014
Robert Carroll	Council Member	Jan 2014
Gene Ripley	City Clerk	Indefinite
Mahlon Sorensen	City Attorney	Indefinite

City of College Springs



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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, each major fund and the aggregate remaining fund information of the City of College Springs, Iowa, as of and for the year ended June 30, 2013, 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, 2012.

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, 2012, 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, each major fund and the aggregate remaining fund information of the City of College Springs as of June 30, 2013, 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 the City of College Springs' basic financial statements. The supplementary information included in Schedules 1 and 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 budgetary comparison on pages 23 and 24, 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 September 4, 2015 on our consideration of the City of College Springs' 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 College Springs' internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN C. JENKINS, CPA
Chief Deputy Auditor of State

September 4, 2015

City of College Springs

Basic Financial Statements

City of College Springs

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 9,898	-	12,224
Public works	30,309	-	15,248
Culture and recreation	5,165	-	-
General government	32,362	-	-
Total governmental activities	77,734	-	27,472
Business type activities:			
Water	99,953	55,166	-
Sewer	23,314	29,152	-
Sanitation	12,639	15,572	-
Total business type activities	135,906	99,890	-
Total	\$ 213,640	99,890	27,472

General Receipts:

Property and other city tax levied for general purposes
 Local option sales tax
 Unrestricted interest on investments
 Note proceeds
 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:
 Fire department purposes
 Employee benefits
 Debt service
 Unrestricted

Total cash basis net position

See notes to financial statements.

Net (Disbursements) Receipts and and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
2,326	-	2,326
(15,061)	-	(15,061)
(5,165)	-	(5,165)
(32,362)	-	(32,362)
(50,262)	-	(50,262)
-	(44,787)	(44,787)
-	5,838	5,838
-	2,933	2,933
-	(36,016)	(36,016)
(50,262)	(36,016)	(86,278)
37,879	-	37,879
15,956	-	15,956
18	46	64
-	25,048	25,048
3,925	-	3,925
57,778	25,094	82,872
7,516	(10,922)	(3,406)
26,176	77,374	103,550
\$ 33,692	66,452	100,144
\$ 16,922	-	16,922
4,869	-	4,869
-	20,870	20,870
11,901	45,582	57,483
\$ 33,692	66,452	100,144

City of College Springs

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

As of and for the year ended June 30, 2013

	General	Special Revenue	
		Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 29,381	-	-
Other city tax	1,441	-	15,956
Use of money and property	18	-	-
Intergovernmental	-	15,248	-
Miscellaneous	3,925	-	-
Total receipts	34,765	15,248	15,956
Disbursements:			
Operating:			
Public safety	4,774	-	-
Public works	5,974	18,362	5,973
Culture and recreation	2,583	-	2,582
General government	18,554	-	10,660
Total disbursements	31,885	18,362	19,215
Change in cash balances	2,880	(3,114)	(3,259)
Cash balances beginning of year	9,021	3,114	3,259
Cash balances end of year	\$ 11,901	-	-
Cash Basis Fund Balances			
Restricted for:			
Fire department purposes	\$ -	-	-
Employee benefits	-	-	-
Unassigned	11,901	-	-
Total cash basis fund balances	\$ 11,901	-	-

See notes to financial statements.

Volunteer Firefighters	Nonmajor Employee Benefits	Total
-	6,719	36,100
-	338	17,735
7	-	25
7,862	-	23,110
4,355	-	8,280
12,224	7,057	85,250
5,124	-	9,898
-	-	30,309
-	-	5,165
-	3,148	32,362
5,124	3,148	77,734
7,100	3,909	7,516
9,822	960	26,176
16,922	4,869	33,692
16,922	-	16,922
-	4,869	4,869
-	-	11,901
16,922	4,869	33,692

Exhibit C

City of College Springs

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

As of and for the year ended June 30, 2013

	Enterprise			Total
	Water	Sewer	Sanitation	
Operating receipts:				
Charges for service	\$ 55,166	29,152	15,572	99,890
Operating disbursements:				
Business type activities	65,513	12,860	12,639	91,012
Excess (deficiency) of operating receipts over (under) operating disbursements	(10,347)	16,292	2,933	8,878
Non-operating receipts (disbursements):				
Note proceeds	25,048	-	-	25,048
Interest on investments	3	28	15	46
Capital outlay	(8,267)	-	-	(8,267)
Debt service	(26,173)	(10,454)	-	(36,627)
Net non-operating receipts (disbursements)	(9,389)	(10,426)	15	(19,800)
Excess (deficiency) of receipts over (under) disbursements	(19,736)	5,866	2,948	(10,922)
Transfers in (out)	15,500	(8,500)	(7,000)	-
Change in cash balances	(4,236)	(2,634)	(4,052)	(10,922)
Cash balances beginning of year	5,508	53,596	18,270	77,374
Cash balances end of year	\$ 1,272	50,962	14,218	66,452
Cash Basis Fund Balances				
Restricted for debt service	\$ -	20,870	-	20,870
Unrestricted	1,272	30,092	14,218	45,582
Total cash basis fund balances	\$ 1,272	50,962	14,218	66,452

See notes to financial statements.

City of College Springs

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

The City of College Springs is a political subdivision of the State of Iowa located in Page County. It was first incorporated in 1875 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 and general government services. The City also provides water, sewer and sanitation utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of College Springs 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: Page County Assessor's Conference Board, Page County Emergency Management Commission and Page County Landfill Association.

B. Basis of Presentation

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

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

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 often has constraints on cash balances imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general 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.

Special Revenue:

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

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

The Volunteer Firefighters Fund is used to account for township contributions and donations used to support the City's volunteer fire department.

The City reports the following major proprietary funds:

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

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

The Enterprise, Sanitation Fund accounts for the operation and maintenance of the City's solid waste collection and recycling 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 is 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 disbursement 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:

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, 2013, disbursements exceeded the amounts budgeted in the general government and the business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013 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 ensure there will be no loss of public funds.

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

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

Year Ending June 30,	Sewer Revenue Capital Loan Notes		Water Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2014	\$ 2,646	7,789	2,000	1,140	4,646
2015	2,759	7,676	2,000	1,080	4,759	8,756
2016	2,876	7,559	2,000	1,020	4,876	8,579
2017	2,998	7,437	2,000	960	4,998	8,397
2018	3,126	7,309	2,000	900	5,126	8,209
2019-2023	17,738	34,437	10,000	3,600	27,738	38,037
2024-2028	21,841	30,334	10,000	2,100	31,841	32,434
2029-2033	26,895	25,280	8,000	510	34,895	25,790
2034-2038	33,117	19,058	-	-	33,117	19,058
2039-2043	40,776	11,399	-	-	40,776	11,399
2044-2046	28,492	2,440	-	-	28,492	2,440
Total	\$ 183,264	160,718	38,000	11,310	221,264	172,028

Sewer Revenue Capital Loan Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$195,000 of sewer revenue capital loan notes issued in December 2005. Proceeds from the notes provided financing for the construction of improvements to the sewer system. The notes mature annually on July 1 and bear interest at 4.25% per annum. The notes are payable solely from sewer customer net receipts and are payable through 2046. Annual principal and interest payments on the notes are expected to require approximately 64% of net receipts. Total principal and interest remaining on the notes is \$343,982. For the current year, principal and interest paid and total customer net receipts were \$10,435 and \$16,292, respectively.

The resolution providing for the issuance of the sewer revenue capital loan notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (b) User rates shall be established at a level which produces and maintains net receipts at a level not less than 120% of the amount of principal and interest on the notes falling due in the same year.

- (c) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the principal and interest payments when due.
- (d) Additional monthly transfers shall be made to a sewer revenue note reserve account until \$10,435 has been accumulated. This account is restricted for paying the cost of repairing or replacing any damage to the utility, making extensions or improvements to the utility or making the annual principal and interest payments whenever there is insufficient money in the sewer revenue note sinking account.
- (e) The books and accounts of the system will be audited annually.

The City has not caused the books and accounts of the sewer system to be audited annually, as required.

Water Revenue Capital Loan Notes

On April 25, 2012, the City entered into an agreement with the Iowa Finance Authority (IFA) and the Department of Natural Resources (DNR) for the issuance of \$110,000 of water revenue capital loan notes with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provision of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of improvements to the water system. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2013, the City had drawn \$82,307 of the authorized amount, representing the total amount the City intends to draw on the notes. An initiation fee of 1% of the authorized borrowing for the water revenue capital loan notes was charged by IFA. The total initiation fee was withheld from the first proceeds of the notes drawn by the City during the year ended June 30, 2012.

Pursuant to the note agreement, 50% of the note shall be forgiven upon completion of the project and upon written notification from IFA. On August 10, 2012, IFA forgave \$41,153 of the note. During fiscal year 2013, the City paid principal of \$1,154 and interest of \$1,411 on the note. The principal balance on the note at June 30, 2013 was \$38,000.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue capital loan notes. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require more than 100% of net receipts. The total principal and interest remaining on the notes is \$49,310. For the current year, principal and interest paid and total customer net receipts were \$2,565 and \$(10,347), respectively.

The resolution providing for the issuance of the water revenue capital loan notes issued under a loan agreement between the City, the Iowa Finance Authority and the Department of Natural Resources includes the following provisions.

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (2) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

The City's net receipts for the year ended June 30, 2013 were less than the required 110% of principal and interest on the notes falling due during the year.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Enterprise:	Enterprise:	
Water	Sewer	\$ 8,500
	Sanitation	7,000
Total		<u>\$ 15,500</u>

(5) 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 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2013 was \$520, equal to the required contribution for the year.

(6) Southwest Regional Water District

The City entered into a contract with Southwest Regional Water District (SWRWD) for the purchase of water. The contract requires monthly payments of \$585 plus \$3.90 per 1,000 gallons of water used each month. During the year ended June 30, 2013, the SWRWD was paid \$28,913 under the contract.

(7) Related Party Transactions

The City had business transactions between the City and the former Mayor totaling \$3,365 during the year ended June 30, 2013.

City of College Springs

Other Information

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

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total	Original and Final Budget	Final to Total Variance
Receipts:					
Property tax	\$ 36,100	-	36,100	35,799	301
Other city tax	17,735	-	17,735	1,772	15,963
Use of money and property	25	46	71	-	71
Charge for service	-	99,890	99,890	116,000	(16,110)
Intergovernmental	23,110	-	23,110	-	23,110
Miscellaneous	8,280	-	8,280	-	8,280
Total receipts	<u>85,250</u>	<u>99,936</u>	<u>185,186</u>	<u>153,571</u>	<u>31,615</u>
Disbursements:					
Public safety	9,898	-	9,898	17,500	7,602
Public works	30,309	-	30,309	33,500	3,191
Culture and recreation	5,165	-	5,165	8,200	3,035
Community and economic development	-	-	-	2,500	2,500
General government	32,362	-	32,362	30,500	(1,862)
Business type activities	-	135,906	135,906	110,000	(25,906)
Total disbursements	<u>77,734</u>	<u>135,906</u>	<u>213,640</u>	<u>202,200</u>	<u>(11,440)</u>
Excess (deficiency) of receipts over (under) disbursements	7,516	(35,970)	(28,454)	(48,629)	20,175
Other financing sources, net	-	25,048	25,048	-	25,048
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	7,516	(10,922)	(3,406)	(48,629)	45,223
Balances beginning of year	26,176	77,374	103,550	103,552	(2)
Balances end of year	<u>\$ 33,692</u>	<u>66,452</u>	<u>100,144</u>	<u>54,923</u>	<u>45,221</u>

See accompanying independent auditor's report.

City of College Springs

Notes to Other Information – Budgetary Reporting

June 30, 2013

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 Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The City did not amend its budget during the year ended June 30, 2013.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the general government and the business type activities functions.

Supplementary Information

City of College Springs
 Schedule of Indebtedness
 Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Revenue capital loan notes:			
Sewer	Dec 6, 2005	4.25 %	\$ 195,000
Water	Apr 25, 2012	* 3.00	82,307
Total			:
Bank loan	Sep 2, 2011	6.45	\$ 100,000

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

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
185,802	-	2,538	183,264	7,897
14,106	25,048	1,154	38,000	1,411
\$ 199,908	25,048	3,692	221,264	9,308
23,215	-	23,215	-	295

Schedule 2

City of College Springs

Note Maturities

Year ended June 30, 2013

Year Ending June 30,	Revenue Notes		Revenue Notes	
	Sewer 2005		Water 2012	
	Issued Dec 6, 2005		Issued Apr 25, 2012	
	Interest Rates	Amount	Interest Rates	Amount
2014	4.25 %	\$ 2,646	3.00 %	\$ 2,000
2015	4.25	2,759	3.00	2,000
2016	4.25	2,876	3.00	2,000
2017	4.25	2,998	3.00	2,000
2018	4.25	3,126	3.00	2,000
2019	4.25	3,259	3.00	2,000
2020	4.25	3,397	3.00	2,000
2021	4.25	3,541	3.00	2,000
2022	4.25	3,692	3.00	2,000
2023	4.25	3,849	3.00	2,000
2024	4.25	4,012	3.00	2,000
2025	4.25	4,183	3.00	2,000
2026	4.25	4,361	3.00	2,000
2027	4.25	4,546	3.00	2,000
2028	4.25	4,739	3.00	2,000
2029	4.25	4,941	3.00	2,000
2030	4.25	5,151	3.00	3,000
2031	4.25	5,369	3.00	3,000
2032	4.25	5,598		-
2033	4.25	5,836		-
2034	4.25	6,084		-
2035	4.25	6,342		-
2036	4.25	6,612		-
2037	4.25	6,893		-
2038	4.25	7,186		-
2039	4.25	7,491		-
2040	4.25	7,809		-
2041	4.25	8,141		-
2042	4.25	8,487		-
2043	4.25	8,848		-
2044	4.25	9,224		-
2045	4.25	9,616		-
2046	4.25	9,652		-
Total		<u>\$ 183,264</u>		<u>\$ 38,000</u>

See accompanying independent auditor's report.



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Mary Mosiman, CPA
Auditor of State

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, each major fund and the aggregate remaining fund information of the City of College Springs, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 4, 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 balance at July 1, 2012.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of College Springs' 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 College Spring's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of College Spring'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 College Springs' 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 (D) 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 (E) through (L) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of College Springs' 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, 2013 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 College Springs' Responses to the Findings


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

September 4, 2015

City of College Springs

Schedule of Findings

Year ended June 30, 2013

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 and officials to prevent an individual employee from handling duties which are incompatible. For the City, one individual has control over each of the following areas.
- (1) Cash – handling, reconciling and recording.
 - (2) Investments – investing, recording and reconciling earnings.
 - (3) Receipts – collecting, recording, depositing, journalizing and reconciling.
 - (4) Utilities – billing, collecting, depositing, posting and recordkeeping for accounts receivable and write offs.
 - (5) Disbursements – purchasing, invoice processing, preparing checks, signing checks, mailing and recording.
 - (6) Payroll – recordkeeping, preparing, posting and distributing.
 - (7) Financial reporting – preparing and reconciling.
 - (8) Long term debt – recording, debt payment processing and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will segregate duties where possible. The Mayor and Council will perform reviews of reconciliations and document the review.

Conclusion – Response accepted.

- (B) City Financial Management Information – The City does not maintain its accounting system in a format to facilitate fund accounting required for governmental accounting and financial reporting. Fund accounting is required as a means for the City to demonstrate compliance with legal requirements pertaining to the various funding sources of the City, including, but not limited to, property tax levied for specific purposes, road use tax and local option sales tax.

Monthly receipt and disbursement registers do not include all transactions for the year and procedures do not exist to ensure the accounting system includes all transactions applicable to the reporting period. Receipts are not verified to deposits, checks issued are not compared to checks clearing the bank and the receipts and checks issued are not compared to the receipt and disbursement registers. Adjustments were subsequently made by the City to properly report the City's funds and transactions in the City's financial statements.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

Monthly financial reports, including fund balances and comparisons of actual results to budget by function, were not compiled from accounting records and provided to the City Council for review and approval.

Recommendation – The City should review the current financial accounting system and establish procedures to require and ensure records are maintained to facilitate fund accounting required for governmental accounting and financial reporting.

Procedures should be established to ensure the accounting system includes all transactions applicable to the reporting period and receipts, disbursements and transfers are correctly coded.

To improve financial accountability and control, a monthly report should be submitted to the City Council showing beginning balance, receipts, disbursements, transfers and ending balance for each fund. To provide better control over budgeted disbursements and the opportunity for timely amendments to the budget, the City Clerk's monthly financial reports to the City Council should include comparisons to the budget by function.

Response – The City will review the financial accounting system and establish procedures to ensure records are maintained in a manner to facilitate fund accounting and to ensure all transactions are recorded and are correctly coded. Monthly reports provided to the City Council will include beginning balance, receipts, disbursements, transfers and ending balance for each fund and comparisons to budget by function.

Conclusion – Response accepted.

- (C) Bank Reconciliations – Book balances were not reconciled to bank account balances throughout the year and listings of outstanding checks are not maintained.

Recommendation – To improve financial accountability and control, book and bank balances should be reconciled monthly. Variances, if any, should be investigated and resolved timely. An independent person should renew the reconciliations and document the review by signing or initialing and dating the monthly reconciliations. A listing of outstanding checks should be prepared monthly and retained.

Response – The City will ensure bank reconciliations are prepared monthly, including listings of outstanding checks. An independent person will review the reconciliations as recommended.

Conclusion – Response accepted.

- (D) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year. Also, utility collections were not reconciled to deposits. A reconciliation is designed to ensure the proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – Procedures will be established to reconcile utility billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The City Council or Mayor will review the reconciliations and monitor delinquencies.

Conclusion – Response accepted.

- (E) Prenumbered Receipts – Prenumbered receipts were not issued 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 collections.

Response – Prenumbered receipts will be issued for all collections.

Conclusion – Response accepted.

- (F) Disbursements – The City Council meeting minutes indicate the City Council approved claims each month. However, there is no evidence the City Council was provided the individual claims or a listing of claims for review. Invoices and other supporting documentation were not always available to support disbursements.

Recommendation – Procedures should be established to ensure claims or listings of claims are provided to the City Council for review and approval. All disbursements should be supported by vendor invoices or other supporting documentation.

Response – Claims or listings of claims will be provided to the City Council for review and approval. All disbursements will be supported by vendor invoices.

Conclusion – Response accepted.

- (G) Payroll Allocation – The City has no formal policy for allocating payroll among the various funds and functions.

Recommendation – The City should review current methods of allocating payroll and establish a written policy providing guidelines for proper and consistent allocation of these costs.

Response – The City will review the current allocation of payroll and establish procedures and guidelines for proper and consistent allocation.

Conclusion – Response accepted.

- (H) Timesheets – Timesheets were not prepared by City employees and payroll was not reviewed.

Recommendation – Timesheets should be prepared and retained to support time worked by all employees. Timesheets and payroll should be reviewed and approved by a responsible official before the payroll checks are prepared.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

Response – Timesheets will be required for all employees. The timesheets will be reviewed and approved by a responsible official prior to the preparation of payroll.

Conclusion – Response accepted.

- (I) Water, Sewer and Sanitation Services – In July 2011, the City entered into agreements with a contractor to provide water, sewer and sanitation services. The agreements provide for total annual compensation of \$13,200, including \$6,000 for water service, \$6,000 for sewer service and \$1,200 for sanitation service. During the year ended June 30, 2013, the contractor was paid \$15,035, or \$1,835 more than the contracted amount. There is no evidence the City Council approved new contracts or an increase in contract amounts subsequent to July 2011.

Recommendation – The City should establish procedures to ensure contract payments do not exceed approved contract amounts.

Response – The City will ensure future contract payments do not exceed approved contract amounts.

Conclusion – Response accepted.

- (J) Credit Cards – The City has a store credit card for use by City employees while on City business. The City has not adopted a formal policy to regulate the use of the credit card and to establish procedures for the proper accounting of credit card charges.

Recommendation – The City should adopt a formal written policy regulating the use of the City's credit card. The policy, at minimum, should address who controls the credit card, who is authorized to use the credit card and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – The City will adopt a written credit card policy as recommended.

Conclusion – Response accepted.

- (K) Computer Systems – During our review of internal control, the existing control activities in the City's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the City's computer systems, used primarily for utility billing, were noted:

The City does not have written policies for:

- Requiring the maintenance of password privacy and confidentiality.
- Requiring passwords be changed at least every 60-90 days.
- Requiring backups of system information.
- Installing software from a vendor and ensuring only software licensed to the City is installed on computers.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

- Running an anti-virus program on computers.
- Usage of the internet.
- Personal use of computer equipment and software.

Also, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over its computer systems. A written disaster recovery plan should be developed. At a minimum, the plan should identify computer equipment needed for temporary processing and paper supplies, such as checks, warrants, purchase orders, etc., which should be located off-site.

Response – The City will develop written policies addressing the above items.

Conclusion – Response accepted.

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

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

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

Response – The City will develop a written accounting policies and procedures manual.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the general government and business type activities functions. 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.” In addition, the fiscal year 2013, 2014 and 2015 budgets were not certified by March 15 as required.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget. The City Council should ensure the budget is submitted by March 15, as required.

Response – The City will amend future budgets before disbursements exceed the budget and will ensure budgets are submitted timely.

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:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Right Now Heating and Air Conditioning, Mayor Andrew Peterson, Owner	Air conditioning repairs and late charges	\$ 3,365

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, these transactions appear to represent a conflict of interest since the total transactions were more than \$2,500 during the fiscal year and were not competitively bid.

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

Response – We will consult legal counsel regarding this matter.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

- (6) City Council Meeting Minutes – As noted below, transactions were found that we believe should have been approved in the City Council meeting minutes but were not.

Chapter 21.3 of the Code of Iowa requires each governmental body “shall keep minutes of all its meetings...”. Minutes records for July 1, 2013 through December 31, 2013 were not available for audit.

Interfund transfers were not approved by the City Council.

The City Clerk’s salary was not approved by the City Council and recorded in the minutes record.

The annual gross salary of each employee was not posted in accordance with an Attorney General’s opinion dated April 12, 1978.

The posted minutes did not include a list of all claims, including the purpose of the claim, a listing of disbursements by fund or a summary of all receipts as required by Chapter 372.13(6) of the Code of Iowa.

Certain minutes of City Council meetings were not signed in accordance with Chapter 380.7 of the Code of Iowa.

Recommendation – Minutes should be maintained and retained, as required. Interfund transfers should be approved by the City Council. The City Clerk’s salary should be approved by the City Council and documented in the minutes record. The City should post annual gross salaries, as required. The minutes postings should include a listing of claims allowed, including the purpose of the claim, a summary of disbursements by fund and a summary of receipts, as required. The minutes should be signed to authenticate the action taken.

Response – The City will ensure the minutes record is maintained for all City Council meetings and will ensure all minutes are signed, as required. Interfund transfers and the City Clerk’s salary will be approved by the City Council. Gross salaries will be posted annually as required. The posted minutes will include a list of all claims, the purpose of each claim, a listing of disbursements by fund and a summary of receipts.

Conclusion – Response accepted.

- (7) Deposits and Investments – The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The City should adopt a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Response – The City will adopt a written investment policy.

Conclusion – Response accepted.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

- (8) Revenue Notes – The City’s water revenue capital loan note resolution requires the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers that produce net operating receipts equal to at least 110% of the principal and interest coming due in each fiscal year. The City’s net water operating receipts during the year were less than 110% of the \$2,565 of water revenue note principal and interest due during fiscal year 2013.

The City has not caused the books and accounts of the sewer system to be audited annually as required by Section 17(d) of the sewer revenue capital loan note resolution.

Recommendation – The City should establish water utility rates at a level sufficient for net receipts to comply with the water revenue capital loan note provisions. The City should also comply with the annual audit requirements of the sewer revenue capital loan note resolution.

Response – The City will review water rates and ensure they are sufficient to comply with the water note provisions and will comply with the annual audit requirements of the sewer note resolution.

Conclusion – Response accepted.

- (9) Utility Rates and Late Fees – We noted the following:

- (a) Utility billings for water and sanitation are not in accordance with City ordinances. The City’s water rate ordinance sets water usage rates at \$16.00 for the first 2000 gallons and \$3.25 per 1,000 gallons for usage exceeding 2,000 gallons. For the water bills tested, the minimum charge was \$35 and usage above the 2,000 gallon minimum was billed at \$3.90 per 1,000 gallons.
- (b) The City’s solid waste rate ordinance sets the sanitation rate at \$14.50 per month for each single family residence and requires a \$14.50 recycling fee per month assessed to all addresses on City water. For the sanitation bills tested, the sanitation fee charged was \$14 and there was no fee billed for recycling.
- (c) The City’s water rate ordinance requires a late payment penalty of \$10 be assessed on all bills not paid by the 20th day of each month. Based on a review of the water billing records, a late payment penalty was not assessed when payments were received after the 20th day of the month.

Recommendation – The City should charge water and sanitation fees in accordance with City ordinances.

Response – The City will charge water and sanitation fees in accordance with City ordinances.

Conclusion – Response accepted.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

- (10) City Hall Rental Space – The City utilizes space in a building owned by the Amity Hall Foundation, a private, non-profit organization, to house City Hall. Pursuant to a verbal agreement, the City agreed to pay all utilities and insurance on the building in lieu of rent. In addition to City Hall, the Amity Hall Foundation offices are housed in the building and the College Springs Café operates out of the building. We were unable to determine the amount of insurance and utilities the City paid during the current or past years in lieu of rent and it is unclear how or if the City determined whether this was a fair exchange.

Recommendation – The City should determine a fair price for the building space utilized by the City and should enter into a written agreement with the Foundation specifying the terms and conditions of the rent arrangement, including ensuring the City is not paying in excess of a fair price for the space.

Response – The City will follow this recommendation.

Conclusion – Response accepted.

- (11) Sales Tax Remittances – The City collected approximately \$3,380 of sales tax on utility billings during the year. Based on a review of disbursements, it does not appear the City remitted the sales tax collections to the Iowa Department of Revenue (IDR). Based on guidelines provided by the IDR, the City should remit sales tax quarterly.

Recommendation – The City should determine the amount of unremitted sales tax collected and contact the Iowa Department of Revenue to determine the disposition of this matter.

Response – The City will comply with this recommendation.

Conclusion – Response accepted.

- (12) Quarterly Federal Tax Returns – The Employer’s Quarterly Federal Tax Returns, Form 941, were not retained or available for audit. Based on a review of disbursements, we were unable to determine if the appropriate FICA and Medicare amounts were remitted to the Internal Revenue Service (IRS).

Recommendation – The City should contact the IRS to ensure all appropriate taxes are remitted. In the future, the City should ensure all IRS Forms 941 are filed quarterly and retained as required and all federal withholdings are properly remitted.

Response – The City will contact the IRS to ensure all appropriate taxes have been remitted. Future IRS forms 941 will be filed timely and retained and all federal withholdings will be remitted.

Conclusion – Response accepted.

- (13) 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 does not retain electronic images of the back of cancelled checks.

City of College Springs

Schedule of Findings

Year ended June 30, 2013

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

Response – The City will retain an image of both the front and back of each cancelled check as required.

Conclusion – Response accepted.

- (14) Annual Financial Report – The City’s Annual Financial Report for the year ended June 30, 2013 was not submitted by December 1, 2013, as required by Chapter 384.22 of the Code of Iowa, and the amounts reported did not materially agree with the City’s records.

Recommendation – The City should establish procedures to ensure the Annual Financial Report is submitted by December 1, as required, and is accurate and supported by the City’s records.

Response – The City will ensure future Annual Financial Reports are submitted by December 1, as required.

Conclusion – Response accepted.

- (15) Petition for Audit – Except as noted, all items included in the petition for audit have been resolved.

City of College Springs

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Director
Karen J. Kibbe, Senior Auditor II
Keith C. Kistenmacher, Senior Auditor II
Megan E. Irvin, Staff Auditor
Ramona E. Daly, Staff Auditor
Kelsie K. Boyer, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State