



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 21, 2017

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

The City's receipts totaled \$4,348,640 for the year ended June 30, 2016, a 24% decrease from the prior year. The receipts included \$441,739 in property tax, \$412,046 from tax increment financing, \$2,859,839 from charges for service, \$482,684 from operating grants, contributions and restricted interest, \$140,466 from local option sales tax, \$8,391 from unrestricted interest on investments and \$3,475 from other general receipts.

Disbursements for the year ended June 30, 2016 totaled \$4,307,104, a 22% decrease from the prior year, and included \$488,731 for public safety, \$422,156 for debt service and \$299,520 for public works. Also, disbursements for business type activities totaled \$2,715,967.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1621-0743-B00F>.

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CITY OF BROOKLYN

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

JUNE 30, 2016

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City of Brooklyn

Officials

(Before January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Solem	Mayor	Jan 2016
Mark Davis	Council Member	Jan 2016
Chris Keller	Council Member	Jan 2016
Ron Vercande	Council Member	Jan 2016
Les Taylor	Council Member	Jan 2018
Nathan Taylor	Council Member	Jan 2018
Sheri Sharer	City Clerk	Indefinite
Louise VanErsvelde	City Treasurer	Indefinite
Tammy Kriegel	Deputy City Clerk	Indefinite
Fred Stiefel	Attorney	Indefinite

(After January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Solem	Mayor	Jan 2018
Les Taylor	Council Member	Jan 2018
Nathan Taylor	Council Member	Jan 2018
Stockton Harter	Council Member	Jan 2020
Brad Strasser	Council Member	Jan 2020
Carl Tubbs	Council Member	Jan 2020
Sheri Sharer	City Clerk	Indefinite
Louise VanErsvelde	City Treasurer	(Retired Mar 2016)
Tammy Kriegel (Appointed Mar 2016)	City Treasurer	Indefinite
Tammy Kriegel	Deputy City Clerk	(Resigned Mar 2016)
Fred Stiefel	Attorney	Indefinite

City of Brooklyn



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Brooklyn, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Brooklyn as of June 30, 2016, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

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 Brooklyn's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. We also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 (which are not presented herein) and expressed a qualified opinion on those financial statements which were prepared on the basis of cash receipts and disbursements due to being unable to verify the distribution by fund of the total fund balance at July 1, 2012. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. 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, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 7 through 12 and 30 through 36, 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 February 7, 2017 on our consideration of the City of Brooklyn'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 Brooklyn's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State

February 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2016 FINANCIAL HIGHLIGHTS

- The cash basis net position of the City's governmental activities increased approximately \$136,000 during the fiscal year, primarily due to receipts exceeding disbursements in the Governmental Funds.
- The cash basis net position of the City's business type activities decreased approximately \$95,000 during the fiscal year, primarily due to disbursements exceeding receipts in the Enterprise Funds.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

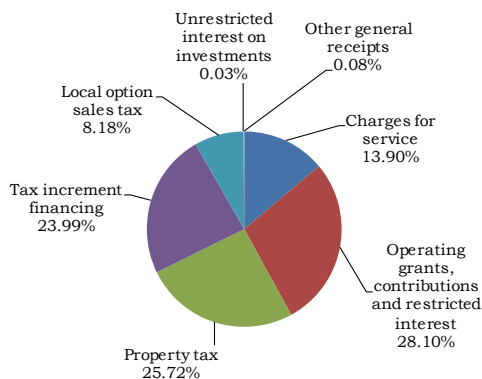
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$1,315,898 to \$1,452,161. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

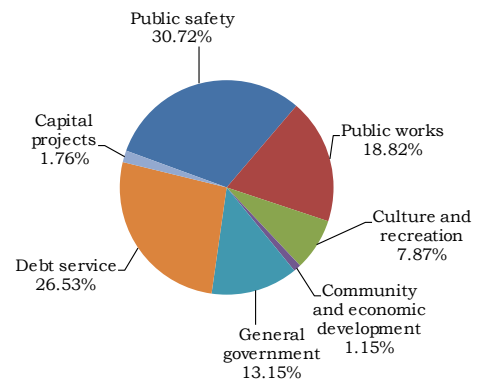
Changes in Cash Basis Net Position of Governmental Activities

	Year ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service	\$ 238,727	222,727
Operating grants, contributions and restricted interest	482,684	456,776
General receipts:		
Property tax	441,739	421,449
Tax increment financing	412,046	396,047
Local option sales tax	140,466	164,859
Unrestricted interest on investments	448	583
Note proceeds, net of discount	-	1,169,125
Other general receipts	1,290	3,538
Total receipts	1,717,400	2,835,104
Disbursements:		
Public safety	488,731	497,098
Public works	299,520	233,866
Culture and recreation	125,241	108,740
Community and economic development	18,267	95,000
General government	209,222	223,496
Debt service	422,156	1,673,677
Capital projects	28,000	122,162
Total disbursements	1,591,137	2,954,039
Change in cash basis net position before transfers	126,263	(118,935)
Transfers, net	10,000	8,986
Change in cash basis net position	136,263	(109,949)
Cash basis net position beginning of year	1,315,898	1,425,847
Cash basis net position end of year	\$ 1,452,161	\$ 1,315,898

Receipts by Source



Disbursements by Function



Total business type activities cash basis net position decreased \$94,727 from a year ago, from \$2,234,804 to \$2,140,077.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 415,592	422,923
Sewer	339,628	305,478
Electric	1,337,925	1,415,881
Gas	512,069	734,590
Storm water	15,898	16,390
General receipts:		
Unrestricted interest on investments	7,943	7,298
Miscellaneous	2,185	2,550
Total receipts	<u>2,631,240</u>	<u>2,905,110</u>
Disbursements:		
Water	391,009	368,626
Sewer	477,462	258,204
Electric	1,308,086	1,279,525
Gas	512,960	663,811
Storm water	26,450	108
Total disbursements	<u>2,715,967</u>	<u>2,570,274</u>
Change in cash basis net position before transfers	(84,727)	334,836
Transfers, net	(10,000)	(8,986)
Change in cash basis net position	(94,727)	325,850
Cash basis net position beginning of year	<u>2,234,804</u>	<u>1,908,954</u>
Cash basis net position end of year	<u>\$ 2,140,077</u>	<u>2,234,804</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Brooklyn completed the year, its governmental funds reported a combined fund balance of \$1,452,161, an increase of \$136,263 over last year's total of \$1,315,898. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased slightly by \$3,220 to a year-end balance of \$8,007.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance was \$427,559 at the end of the fiscal year, an increase of \$114,489 over the previous year-end. The increase was the result of a decrease in disbursements due to the end of a rebate agreement.
- The Special Revenue, Brooklyn, East Poweshiek County Volunteer Ambulance Service Fund cash balance decreased modestly from \$217,599 to \$194,879 by the end of the year.
- The Debt Service Fund cash balance decreased \$20,791 from the prior year-end to \$42,020.
- The Capital Projects Fund cash balance increased slightly from \$231,812 to \$231,830 by the end of the year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$20,405 to a year-end balance of \$318,709, primarily due to receipts exceeding disbursements for operating activities.
- The Enterprise, Sewer Fund cash balance decreased \$141,695 to a year-end balance of \$492,260, primarily due to an increase in disbursements for planning and engineering of the new waste water treatment plant.
- The Enterprise, Electric Fund cash balance increased \$34,025 to a year-end balance of \$656,339, primarily due to receipts exceeding disbursements for operating activities.
- The Enterprise, Gas Fund cash balance increased \$3,090 to a year-end balance of \$662,403, primarily due to receipts exceeding disbursements for operating activities.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 16, 2016 and resulted in an increase in budgeted receipts and disbursements.

The City’s receipts were \$212,151 less than budgeted. This was primarily due to the city budgeting for grant reimbursements not received since related disbursements had not been made yet.

Total disbursements were \$631,156 less than budgeted. Actual disbursements for the business type activities, debt service and culture and recreation functions were \$674,027, \$37,927 and \$7,533, respectively, less than the budget. This was primarily due to the City budgeting for a sewer project which did not get started until fiscal year 2017.

The City exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and capital projects functions for the year ended June 30, 2016 due to costs which were not budgeted.

DEBT ADMINISTRATION

At June 30, 2016, the City had \$2,770,393 of notes and other long-term debt outstanding, compared to \$3,320,825 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2016	2015
General obligation capital loan notes	\$ 1,874,000	2,192,000
Revenue bonds/notes	276,000	417,000
Lease purchase agreement	44,000	86,000
Loan agreements	576,393	625,825
Total	\$ 2,770,393	3,320,825

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt is \$1,818,227 adjusted for the annually appropriated debt payments on the \$620,000 of notes issued in March 2011, which is below its constitutional debt limit of approximately \$3,131,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Brooklyn's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various City activities.

The fiscal year 2017 budget contains total receipts of \$4,934,158 and disbursements of \$8,257,164, which is an increase in budgeted receipts and budgeted disbursements from the fiscal year 2016 budget which contained total amended budgeted receipts of \$4,411,674 and amended budgeted disbursements of \$4,764,179.

The fiscal year 2017 property tax levy is \$15.35043 per \$1,000 of taxable valuation, an increase from \$15.00987 per \$1,000 of taxable valuation for fiscal year 2016. The debt service levy increased from \$1.43299 per \$1,000 of taxable valuation for fiscal year 2016 to \$1.47818 per \$1,000 of taxable valuation for fiscal year 2017.

These parameters were taken into account when adopting the budget for fiscal year 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sheri Sharer, City Clerk, 138 Jackson, Brooklyn, Iowa 52211.

Basic Financial Statements

City of Brooklyn

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2016

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 488,731	131,721	248,829	-
Public works	299,520	79,922	188,404	-
Culture and recreation	125,241	25,680	43,891	-
Community and economic development	18,267	-	1,560	-
General government	209,222	1,404	-	-
Debt service	422,156	-	-	-
Capital projects	28,000	-	-	-
Total governmental activities	1,591,137	238,727	482,684	-
Business type activities:				
Water	391,009	415,592	-	-
Sewer	477,462	339,628	-	-
Electric	1,308,086	1,337,925	-	-
Gas	512,960	512,069	-	-
Storm water	26,450	15,898	-	-
Total business type activities	2,715,967	2,621,112	-	-
Total	\$ 4,307,104	2,859,839	482,684	-
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Urban renewal purposes				
Ambulance service				
Debt service				
Local option sales tax				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(108,181)	-	(108,181)
(31,194)	-	(31,194)
(55,670)	-	(55,670)
(16,707)	-	(16,707)
(207,818)	-	(207,818)
(422,156)	-	(422,156)
(28,000)	-	(28,000)
(869,726)	-	(869,726)
-	24,583	24,583
-	(137,834)	(137,834)
-	29,839	29,839
-	(891)	(891)
-	(10,552)	(10,552)
-	(94,855)	(94,855)
(869,726)	(94,855)	(964,581)
382,077	-	382,077
59,662	-	59,662
412,046	-	412,046
140,466	-	140,466
448	7,943	8,391
1,290	2,185	3,475
10,000	(10,000)	-
1,005,989	128	1,006,117
136,263	(94,727)	41,536
1,315,898	2,234,804	3,550,702
\$ 1,452,161	2,140,077	3,592,238
\$ 427,559	-	427,559
194,879	-	194,879
42,020	4,506	46,526
164,573	-	164,573
231,830	-	231,830
383,293	-	383,293
8,007	2,135,571	2,143,578
\$ 1,452,161	2,140,077	3,592,238

City of Brooklyn

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

As of and for the year ended June 30, 2016

	Special Revenue			
	General	Brooklyn, East Poweshiek County		
		Urban Renewal Tax Increment	Volunteer Ambulance Service	
Receipts:				
Property tax	\$ 276,467	-	-	
Tax increment financing	-	412,046	-	
Other city tax	8,743	-	-	
Licenses and permits	1,599	-	-	
Use of money and property	23,168	1,056	1,168	
Intergovernmental	63,433	-	-	
Charges for service	105,602	-	130,818	
Miscellaneous	123,256	-	16,171	
Total receipts	602,268	413,102	148,157	
Disbursements:				
Operating:				
Public safety	233,601	-	170,877	
Public works	82,117	-	-	
Culture and recreation	114,984	-	-	
Community and economic development	8,267	-	-	
General government	185,619	-	-	
Debt service	-	-	-	
Capital projects	-	-	-	
Total disbursements	624,588	-	170,877	
Excess (deficiency) of receipts over (under) disbursements	(22,320)	413,102	(22,720)	
Other financing sources (uses):				
Transfers in	25,540	-	-	
Transfers out	-	(298,613)	-	
Total other financing sources (uses)	25,540	(298,613)	-	
Change in cash balances	3,220	114,489	(22,720)	
Cash balances beginning of year	4,787	313,070	217,599	
Cash balances end of year	\$ 8,007	427,559	194,879	
Cash Basis Fund Balances				
Restricted for:				
Urban renewal purposes	\$ -	427,559	-	
Ambulance service	-	-	194,879	
Debt service	-	-	-	
Local option sales tax	-	-	-	
Capital projects	-	-	-	
Other purposes	-	-	-	
Unassigned	8,007	-	-	
Total cash basis fund balances	\$ 8,007	427,559	194,879	

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
59,298	-	95,978	431,743
-	-	-	412,046
364	-	141,355	150,462
-	-	-	1,599
-	502	1,045	26,939
-	-	181,414	244,847
-	-	-	236,420
-	2,516	71,401	213,344
59,662	3,018	491,193	1,717,400
-	-	84,253	488,731
-	-	217,403	299,520
-	-	10,257	125,241
-	-	10,000	18,267
-	-	23,603	209,222
422,156	-	-	422,156
-	28,000	-	28,000
422,156	28,000	345,516	1,591,137
(362,494)	(24,982)	145,677	126,263
341,703	25,000	58,878	451,121
-	-	(142,508)	(441,121)
341,703	25,000	(83,630)	10,000
(20,791)	18	62,047	136,263
62,811	231,812	485,819	1,315,898
42,020	231,830	547,866	1,452,161
-	-	-	427,559
-	-	-	194,879
42,020	-	-	42,020
-	-	164,573	164,573
-	231,830	-	231,830
-	-	383,293	383,293
-	-	-	8,007
42,020	231,830	547,866	1,452,161

Exhibit C

City of Brooklyn

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Proprietary Funds

As of and for the year ended June 30, 2016

	Enterprise					Total
	Water	Sewer	Electric	Gas	Nonmajor Storm Water	
Operating receipts:						
Charges for service	\$ 415,592	339,628	1,337,925	512,069	15,898	2,621,112
Operating disbursements:						
Governmental activities:						
Business type activities	256,650	169,826	1,102,415	489,935	360	2,019,186
Excess of operating receipts over operating disbursements	158,942	169,802	235,510	22,134	15,538	601,926
Non-operating receipts (disbursements):						
Interest on investments	821	1,140	2,961	3,021	-	7,943
Miscellaneous	-	-	1,225	960	(66)	2,119
Debt service	(63,879)	(26,916)	(152,328)	-	-	(243,123)
Capital projects	(70,479)	(280,721)	(53,343)	(23,025)	(26,024)	(453,592)
Net non-operating receipts (disbursements)	(133,537)	(306,497)	(201,485)	(19,044)	(26,090)	(686,653)
Excess (deficiency) of receipts over (under) disbursements	25,405	(136,695)	34,025	3,090	(10,552)	(84,727)
Transfers out	(5,000)	(5,000)	-	-	-	(10,000)
Change in cash balances	20,405	(141,695)	34,025	3,090	(10,552)	(94,727)
Cash balances beginning of year	298,304	633,955	622,314	659,313	20,918	2,234,804
Cash balances end of year	\$ 318,709	492,260	656,339	662,403	10,366	2,140,077
Cash Basis Fund Balances						
Restricted for debt service	\$ -	4,506	-	-	-	4,506
Unrestricted	318,709	487,754	656,339	662,403	10,366	2,135,571
Total cash basis fund balances	\$ 318,709	492,260	656,339	662,403	10,366	2,140,077

See notes to financial statements.

City of Brooklyn

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

The City of Brooklyn is a political subdivision of the State of Iowa located in Poweshiek County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer, electric, gas and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Brooklyn 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.

These financial statements present the City of Brooklyn (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Brooklyn Municipal Utilities (Utilities) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, part of the City. The Utilities are reported as part of the City and blended as Enterprise Funds. Its mission is to provide electric and gas service to the citizens of the City. The Utilities are governed by a three-member board appointed by the City Council and the Utilities' operating budget is subject to approval of the City Council and is combined with the City's budget.

The Brooklyn, East Poweshiek County Volunteer Ambulance Service, Inc. was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The Brooklyn, East Poweshiek County Volunteer Ambulance Service, Inc. is legally separate from the City, but its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Brooklyn Library Building Fund, Inc. was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The Brooklyn Library Building Fund, Inc. is legally separate from the City, but its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The financial transactions of the Brooklyn, East Poweshiek County Volunteer Ambulance Service, Inc. and the Brooklyn Library Building Fund, Inc. are reported as Special Revenue Funds.

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: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Commission and Poweshiek 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, 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 is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental 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 and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Brooklyn, East Poweshiek County Volunteer Ambulance Service Fund is used to account for the charges for service and operation of the ambulance service.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

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, 2016, disbursements exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and capital projects functions.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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. 72.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation		Revenue		Total	
	Capital Loan Notes		Bonds/Notes			
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 320,000	36,100	37,000	6,555	357,000	42,655
2018	327,000	31,060	38,000	5,758	365,000	36,818
2019	330,000	25,385	41,000	4,943	371,000	30,328
2020	202,000	18,715	42,000	4,063	244,000	22,778
2021	195,000	13,545	44,000	3,165	239,000	16,710
2022-2026	500,000	20,003	74,000	6,810	574,000	26,813
Total	\$ 1,874,000	144,808	276,000	31,294	2,150,000	176,102

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$425,000 of sewer revenue bonds issued in May 2001 with interest at 1.75% per annum. The agreement also requires the City to annually pay a .05% servicing fee on the outstanding principal balance. Proceeds from the bonds provided financing for the construction of sewer main extensions. The bonds are payable solely from sewer customer net receipts and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 16% of net receipts. The total principal and interest remaining to be paid on the bonds is \$145,473. For the current year, principal and interest paid and total customer net receipts were \$26,835 and \$169,802, respectively.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$245,000 of water revenue bonds issued in April 2006 with interest at 3% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. Proceeds from the bonds provided financing for the construction of water main extensions. The bonds are payable solely from water customer net receipts and are payable through 2026. Annual principal and interest payments on the bonds are expected to require less than 11% of net receipts. The total principal and interest remaining to be paid on the bonds is \$161,820. For the current year, principal and interest paid and total customer net receipts were \$16,500 and \$158,942, respectively.

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

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- (b) Water and sewer user rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the annual installments of principal and interest on the bonds falling due in the same year.

Poweshiek Water Association Agreement

On October 5, 1998, the City entered into a loan agreement with the Poweshiek Water Association for \$617,992, with interest at 5.50% per annum, to purchase and provide water. The agreement is payable through 2035 and requires monthly payments of \$3,917, which includes \$652 for reserve and replacement, to the Poweshiek Water Association.

During the year ended June 30, 2016, the City paid \$47,004 of principal and interest under the agreement.

Poweshiek County Loan Agreement

On July 1, 2014, the City entered into a loan agreement with Poweshiek County for \$182,045, with interest at 1.60% per annum, for work performed on Highway F29/Old Road 6. The agreement is payable through 2019 and requires annual payments of \$38,175.

During the year ended June 30, 2016, the City paid \$38,175 of principal and interest under the agreement.

(4) Lease Purchase Agreement

The Brooklyn Municipal Utilities entered into a lease purchase agreement with the South Iowa Municipal Electric Cooperative Association for an electric project. The original lease term was for fifteen years, with interest at rates ranging from 2.70% to 5.30% per annum. In February 2012, the South Iowa Municipal Electric Cooperative Association refunded its Series 2002 Bonds. The new remaining lease term is for four years, with interest at rates ranging from 0.85% to 1.85% per annum. Because the City's installments partially funded a reserve, the reserve was used by the South Iowa Municipal Electric Cooperative Association to lower the outstanding principal. The present value of net minimum lease payments under the agreement in effect at June 30, 2016 is as follows:

Year Ending June 30,	Amount
2017	\$ 44,814
Total minimum lease payments	44,814
Less amount representing interest	(814)
Present value of net minimum lease payments	\$ 44,000

Payments under the lease purchase agreement totaled \$44,820 during the year ended June 30, 2016.

(5) Pension Plan

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

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

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

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

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

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

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

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

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%.

The City's contributions to IPERS for the year ended June 30, 2016 totaled \$24,275.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$183,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.003722%, which was a decrease of 0.000137% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense deferred outflows of resources and deferred inflows of resources totaled \$15,509, \$35,358 and \$42,821, respectively.

There were no non-employer contributing entities to IPERS.

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

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 321,983	183,904	67,356

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

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 9,000
Sick leave	19,000
Compensatory time	4,000
Total	<u>\$ 32,000</u>

These liabilities have been computed based on rates of pay in effect at June 30, 2016.

(7) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	\$ 15,540
	Enterprise:	
	Water	5,000
	Sewer	5,000
		<u>25,540</u>
Special Revenue:	Special Revenue:	
Road Use Tax	Local Option Sales Tax	48,878
Redevelopment Incentive	Urban Renewal Tax Increment	10,000
		<u>58,878</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	288,613
	Local Option Sales Tax	53,090
		<u>341,703</u>
Capital Projects	Special Revenue:	
	Local Option Sales Tax	25,000
Total		<u>\$ 451,121</u>

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

(8) Risk Management

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

(9) Subsequent Events

On August 15, 2016, the City approved a loan agreement with the Iowa Finance Authority for \$2,125,000 of general obligation annual appropriation urban renewal capital loan notes, series 2016. The notes are payable through 2030 with interest at 1.75% per annum.

On September 12, 2016, the City approved a loan agreement with the Iowa Finance Authority for \$2,632,000 of sewer revenue capital loan notes, series 2016. The notes are payable through 2037 with interest at 1.75% per annum.

The notes were issued for the purpose of the new waste water treatment plant.

(10) New Accounting Pronouncement

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

Other Information

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

Other Information

Year ended June 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 431,743	-	-
Tax increment financing	412,046	-	-
Other city tax	150,462	-	-
Licenses and permits	1,599	-	-
Use of money and property	26,939	7,943	1,170
Intergovernmental	244,847	-	-
Charges for service	236,420	2,621,112	130,818
Special assessments	-	-	-
Miscellaneous	213,344	2,119	17,063
Total receipts	1,717,400	2,631,174	149,051
Disbursements:			
Public safety	488,731	-	170,877
Public works	299,520	-	-
Culture and recreation	125,241	-	3,138
Community and economic development	18,267	-	-
General government	209,222	-	-
Debt service	422,156	-	-
Capital projects	28,000	-	-
Business type activities	-	2,715,901	-
Total disbursements	1,591,137	2,715,901	174,015
Excess (deficiency) of receipts over (under) disbursements	126,263	(84,727)	(24,964)
Other financing sources (uses), net	10,000	(10,000)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	136,263	(94,727)	(24,964)
Balances beginning of year	1,315,898	2,234,804	221,103
Balances end of year	\$ 1,452,161	2,140,077	196,139

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to
	Original	Final	Total Variance
431,743	414,685	414,685	17,058
412,046	394,934	394,934	17,112
150,462	145,451	145,451	5,011
1,599	1,425	1,425	174
33,712	2,600	2,600	31,112
244,847	376,979	396,979	(152,132)
2,726,714	3,048,800	3,048,800	(322,086)
-	2,000	2,000	(2,000)
198,400	4,800	4,800	193,600
4,199,523	4,391,674	4,411,674	(212,151)
317,854	293,117	293,117	(24,737)
299,520	255,190	298,690	(830)
122,103	129,636	129,636	7,533
18,267	13,000	13,000	(5,267)
209,222	172,225	179,725	(29,497)
422,156	460,083	460,083	37,927
28,000	-	-	(28,000)
2,715,901	3,169,928	3,389,928	674,027
4,133,023	4,493,179	4,764,179	631,156
66,500	(101,505)	(352,505)	419,005
-	245,000	245,000	(245,000)
66,500	143,495	(107,505)	174,005
3,329,599	3,148,351	3,148,351	181,248
3,396,099	3,291,846	3,040,846	355,253

City of Brooklyn

Notes to Other Information – Budgetary Reporting

June 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the certain blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$271,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and capital projects functions.

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

Iowa Public Employees' Retirement System
For the Last Two Years*
(In Thousands)

Other Information

	2016	2015
City's proportion of the net pension liability	0.003722%	0.003859%
City's proportionate share of the net pension liability	\$ 184	156
City's covered-employee payroll	\$ 255	258
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.16%	60.47%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

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

See accompanying independent auditor's report.

City of Brooklyn
Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	2016	2015	2014
Statutorily required contribution	\$ 24	23	23
Contributions in relation to the statutorily required contribution	\$ (24)	(23)	(23)
Contribution deficiency (excess)	\$ -	-	-
City's covered-employee payroll	\$ 272	255	258
Contributions as a percentage of covered-employee payroll *	8.93%	8.93%	8.93%

- Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

Note: GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

2013	2012	2011
22	26	25
(22)	(26)	(25)
-	-	-
256	304	359
8.67%	8.07%	6.95%

City of Brooklyn

Notes to Other Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

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

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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

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

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

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

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

Supplementary Information

City of Brooklyn

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

As of and for the year ended June 30, 2016

	Local			Special
	Option	Road	Employee	Re devel-
	Sales	Use	Benefits	opment
	Tax	Tax		Incentive
Receipts:				
Property tax	\$ -	-	95,978	-
Other city tax	140,466	-	889	-
Use of money and property	504	-	-	-
Intergovernmental	-	181,414	-	-
Miscellaneous	-	-	3,450	-
Total receipts	140,970	181,414	100,317	-
Disbursements:				
Operating:				
Public safety	-	-	40,209	-
Public works	297	192,256	24,850	-
Culture and recreation	-	-	3,780	-
Community and economic development	-	-	-	10,000
General government	-	-	23,603	-
Total disbursements	297	192,256	92,442	10,000
Excess (deficiency) of receipts over (under) disbursements	140,673	(10,842)	7,875	(10,000)
Other financing sources (uses):				
Transfers in	-	48,878	-	10,000
Transfers out	(142,508)	-	-	-
Total other financing sources (uses)	(142,508)	48,878	-	10,000
Change in cash balances	(1,835)	38,036	7,875	-
Cash balances beginning of year	166,408	104,281	59,207	-
Cash balances end of year	\$ 164,573	142,317	67,082	-
Cash Basis Fund Balances				
Restricted for:				
Local option sales tax purposes	\$ 164,573	-	-	-
Other purposes	-	142,317	67,082	-
Total cash basis fund balances	\$ 164,573	142,317	67,082	-

See accompanying independent auditor's report.

Revenue			
Brooklyn Volunteer Fire Department	Brooklyn Library Building Fund, Inc.	Friends of the Brooklyn Library	Total
-	-	-	95,978
-	-	-	141,355
343	196	2	1,045
-	-	-	181,414
66,389	670	892	71,401
66,732	866	894	491,193
44,044	-	-	84,253
-	-	-	217,403
-	3,339	3,138	10,257
-	-	-	10,000
-	-	-	23,603
44,044	3,339	3,138	345,516
22,688	(2,473)	(2,244)	145,677
-	-	-	58,878
-	-	-	(142,508)
-	-	-	(83,630)
22,688	(2,473)	(2,244)	62,047
92,592	59,827	3,504	485,819
115,280	57,354	1,260	547,866
-	-	-	164,573
115,280	57,354	1,260	383,293
115,280	57,354	1,260	547,866

City of Brooklyn
Schedule of Indebtedness
Year ended June 30, 2016

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation capital loan notes:			
Series 2001	May 16, 2001	1.75%	\$ 900,000
Series 2011A	Mar 15, 2011	1.25-3.75	620,000
Series 2013A	Apr 1, 2013	0.45-2.15	585,000
Series 2015	Apr 1, 2015	0.50-2.10	1,175,000
Total			
Revenue bonds/notes:			
Sewer bonds	May 16, 2001	1.75% ^	\$ 425,000
Electric notes	Jun 1, 2002	3.25-5.60	575,000
Water bonds	Apr 28, 2006	3.00 *	245,000
Total			
Lease purchase agreement:			
Electric generation units	Apr 1, 2013	0.85-1.85%	\$ 208,983
Loan agreements:			
Water	Oct 5, 1998	5.50%	\$ 617,992
Road	Jul 1, 2014	1.60	182,045
Total			

^ - The City is required to annually pay a .05% service fee on the outstanding principal balance.

* - The City is required to annually pay a .25% service 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
232,000	-	53,000	179,000	4,060
325,000	-	80,000	245,000	10,868
460,000	-	45,000	415,000	7,490
1,175,000	-	140,000	1,035,000	18,570
\$ 2,192,000	-	318,000	1,874,000	40,988
162,000	-	24,000	138,000	2,835
105,000	-	105,000	-	2,008
150,000	-	12,000	138,000	4,500
\$ 417,000	-	141,000	276,000	9,343
86,000	-	42,000	44,000	2,820
480,189	-	13,023	467,166	33,981
145,636	-	36,409	109,227	1,766
\$ 625,825	-	49,432	576,393	35,747

City of Brooklyn
Bond and Note Maturities
June 30, 2016

Year Ending June 30,	General Obligation Capital Loan Notes									
	Series 2001		Series 2011A		Series 2013A		Series 2015		Total	
	Issued May 16, 2001	Issued Mar 15, 2011	Issued April 1, 2013	Issued April 1, 2015						
Interest	Interest	Interest	Interest							
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount			
2017	1.75%	\$ 55,000	3.25%	\$ 80,000	0.95%	\$ 45,000	0.75%	\$ 140,000	320,000	
2018	1.75	57,000	3.50	80,000	0.95	45,000	1.00	145,000	327,000	
2019	1.75	60,000	3.75	85,000	1.55	40,000	1.25	145,000	330,000	
2020	1.75	7,000	-	-	1.55	45,000	1.50	150,000	202,000	
2021	-	-	-	-	1.55	45,000	1.70	150,000	195,000	
2022	-	-	-	-	2.15	45,000	1.90	150,000	195,000	
2023	-	-	-	-	2.15	50,000	2.10	155,000	205,000	
2024	-	-	-	-	2.15	50,000	-	-	50,000	
2025	-	-	-	-	2.15	50,000	-	-	50,000	
2026	-	-	-	-	-	-	-	-	-	
Total		<u>\$ 179,000</u>		<u>\$ 245,000</u>		<u>\$ 415,000</u>		<u>\$ 1,035,000</u>	<u>1,874,000</u>	

See accompanying independent auditor's report.

Revenue Bonds/Notes					
Sewer Series 2001			Water Series 2006		
Issued May 16, 2001			Issued April 28, 2006		
Interest		Interest			
Rates	Amount	Rates	Amount	Total	
1.75%	\$ 25,000	3.00%	\$ 12,000	37,000	
1.75	26,000	3.00	12,000	38,000	
1.75	28,000	3.00	13,000	41,000	
1.75	29,000	3.00	13,000	42,000	
1.75	30,000	3.00	14,000	44,000	
	-	3.00	14,000	14,000	
	-	3.00	14,000	14,000	
	-	3.00	15,000	15,000	
	-	3.00	15,000	15,000	
	-	3.00	16,000	16,000	
	<u>\$ 138,000</u>		<u>\$ 138,000</u>	<u>276,000</u>	

City of Brooklyn

City of Brooklyn

Schedule of Receipts by Source and Disbursements by Function –
All Governmental Funds

For the Last Four Years

	2016	2015	2014	2013
Receipts:				
Property tax	\$ 431,743	411,851	475,619	430,147
Tax increment financing	412,046	396,047	388,700	424,115
Other city tax	150,462	174,457	148,400	140,311
Licenses and permits	1,599	1,214	1,489	1,414
Use of money and property	26,939	21,919	24,330	41,165
Intergovernmental	244,847	218,712	208,505	226,112
Charges for service	236,420	220,444	232,421	278,965
Miscellaneous	213,344	221,335	176,558	199,499
Total	\$ 1,717,400	1,665,979	1,656,022	1,741,728
Disbursements:				
Operating:				
Public safety	\$ 488,731	497,098	485,898	426,902
Public works	299,520	233,866	228,020	196,737
Culture and recreation	125,241	108,740	120,121	125,193
Community and economic development	18,267	95,000	17,119	2,713
General government	209,222	223,496	199,230	182,646
Debt service	422,156	1,673,677	365,961	379,965
Capital projects	28,000	122,162	16,326	2,027
Total	\$ 1,591,137	2,954,039	1,432,675	1,316,183

See accompanying independent auditor's report.

City of Brooklyn



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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Brooklyn, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 7, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Brooklyn'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 Brooklyn's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Brooklyn'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 a material weakness and a significant deficiency.

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 Brooklyn's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brooklyn'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, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


The City of Brooklyn's Responses to the Findings

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

February 7, 2017

City of Brooklyn

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one or two individuals may have control over the following areas for which no compensating controls exist:

For the City:

- (1) Petty cash – custody of the change funds, depositing, reconciling and recording.
- (2) Investments – recordkeeping, custody of investments, reconciling and recording.
- (3) Receipts – opening mail, collecting, recording, depositing, reconciling and posting.
- (4) Journal entries – preparing and journalizing with no independent review.
- (5) Long-term debt – recordkeeping and debt payment processing.
- (6) Payroll – recordkeeping, preparing and distributing.

In addition, an initial listing of mail receipts is not prepared and bank reconciliations are not reviewed by an independent person.

For the Brooklyn Municipal Utilities:

- (1) Receipts – opening mail, collecting, depositing, posting, reconciling and maintaining accounts receivable.

In addition, the initial listing of mail receipts is not compared to receipt records by an independent person. No evidence of supervisory approval exists on timesheets.

For the Brooklyn Volunteer Fire Department, the Brooklyn, East Poweshiek County Volunteer Ambulance Service, the Brooklyn Library Building Fund, Inc. and the Friends of the Brooklyn Library:

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording and reconciling.

In addition, bank reconciliations are not reviewed by an independent person.

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City, the Brooklyn Municipal Utilities, the Brooklyn Volunteer Fire Department, the Brooklyn, East Poweshiek County Volunteer Ambulance Service, the Brooklyn Library Building Fund, Inc. and the Friends of the Brooklyn Library should review their control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and Board members, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

City – The City will review their internal controls to obtain the maximum internal control possible under the circumstances.

Brooklyn Municipal Utilities – Brooklyn Municipal Utilities will review internal controls to obtain the maximum internal control possible under the circumstances.

Brooklyn Volunteer Fire Department – The Fire Department will review their internal controls to obtain the maximum internal control possible.

Brooklyn, East Poweshiek County Volunteer Ambulance Service – The East Poweshiek County Volunteer Ambulance Service will review their internal controls to obtain the maximum internal control possible.

Brooklyn Library Building Fund, Inc. and the Friends of the Brooklyn Library – The Brooklyn Library Building Fund and the Friends of the Brooklyn Library will review their internal controls to obtain the maximum internal control possible.

Conclusions – Responses accepted.

(B) Disbursements

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Supporting documentation for one of the twenty-five transactions tested was not maintained.

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Cause – Supporting documentation was not always maintained for each disbursement paid by the City.

Effect – Lack of supporting documentation for all disbursements could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

Response – All receipts will be collected and attached to the bills before they are paid.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the public safety, public works, community and economic development, general government and capital projects functions. In addition, disbursements exceeded the amounts budgeted in the public works, community and economic development, general government and capital projects functions before the budget was amended. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will monitor monthly expenditures and percentage of budget balances in order to not exceed the budgeted amounts.

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 – No business transactions between the City and City officials or employees were noted.
- (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.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (8) Revenue Bonds/Notes – No instances of non-compliance with the revenue bond/note resolutions were noted.
- (9) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the amount reported as TIF debt outstanding was understated by \$291,499.

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

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Response – The amount reported for the TIF report was accidentally underreported due to a typing error. It was corrected the following year. The City Clerk will make sure all numbers are correct before submitting the report.

Conclusion – Response accepted.

- (10) Employee Benefits – The employee benefits levy funds benefits for City employees. The City levied more for the fiscal year than was necessary to pay allowable employee benefits.

Recommendation – The City should reevaluate the employee benefits levy to ensure only the amount necessary to pay allowable employee benefits is levied.

Response – The City Clerk will levy less employee benefits for the budget of fiscal year 2017-2018.

Conclusion – Response accepted.

- (11) Separately Maintained Records – The Brooklyn Volunteer Fire Department, the Brooklyn Library Building Fund, Inc. and the Friends of the Brooklyn Library maintain bank and investment accounts for activity separate from the City Clerk’s accounting records. The transactions and the resulting balances were not included in the City’s accounting records and were not included in the City’s annual budget, monthly financial reports or Annual Financial Reports. However, the transactions and resulting balances are included in these financial statements.

Recommendation – Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose.” For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be included in the City’s accounting records and annual budget and should be reported to the City Council on a monthly basis.

Response – All entities of the City will submit reports monthly to the City Council.

Conclusion – Response accepted.

- (12) 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 the back of each cancelled check. The City does not obtain an image of the front and back of each cancelled check as required for the Friends of the Brooklyn Library, the Brooklyn Volunteer Fire Department and the Brooklyn, East Poweshiek County Volunteer Ambulance Service separately maintained accounts.

Recommendation – The City should obtain and retain an image of both the front and back of each cancelled check for all accounts, including the Friends of the Brooklyn Library, the Brooklyn Volunteer Fire Department and the Brooklyn, East Poweshiek County Volunteer Ambulance Service separately maintained accounts, as required.

City of Brooklyn

Schedule of Findings

Year ended June 30, 2016

Responses –

Brooklyn Volunteer Fire Department – The Brooklyn Volunteer Fire Department will inform the bank that the Fire Department will need an image of both front and back of each cancelled check as required by Chapter 554D.114 of the Code of Iowa.

Brooklyn, East Poweshiek County Volunteer Ambulance Service – The East Poweshiek County Volunteer Ambulance will inform the bank that the Ambulance Service will need an image of both front and back of each cancelled check as required by Chapter 554D.114 of the Code of Iowa.

Friends of the Brooklyn Library – The Friends of the Brooklyn Library will inform the bank that the Friends of the Library will need an image of both front and back of each cancelled check as required by Chapter 554D.114 of the Code of Iowa.

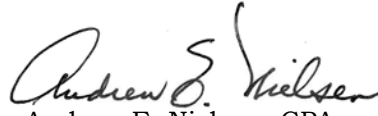
Conclusions – Responses accepted.

City of Brooklyn

Staff

This audit was performed by:

Jennifer L. Wall, CPA, Manager
Laura M. Wernimont, CPA, Senior Auditor
Premnarayan Gobin, Staff Auditor
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Deputy Auditor of State