

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 2, 2018

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$6,080,049 for the year ended June 30, 2017, a 45.5% increase over the prior year. The receipts included \$979,895 of property tax, \$507,973 of tax increment financing, \$609,966 of local option sales tax, \$1,171,498 of charges for service, \$835,809 of operating grants, contributions and restricted interest, \$1,728,769 of capital grants, contributions and restricted interest, \$18,589 of unrestricted interest on investments, \$161,018 of other general receipts and \$66,532 of component unit transfers.

Disbursements for the year ended June 30, 2017 totaled \$7,192,305, a 62.3% increase over the prior year, and included \$2,777,114 for capital projects, \$1,229,513 for public safety and \$821,050 for public works. Also, disbursements for business type activities totaled \$872,445.

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/1720-0049-B00F>.

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CITY OF EVANSDALE

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

JUNE 30, 2017

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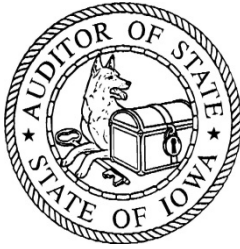
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City of Evansdale

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Faas	Mayor	Jan 2018
Gene Walker	Mayor Pro Tem	Jan 2018
Dick Dewater	Council Member	Jan 2018
Ronald Nichols	Council Member	Jan 2018
Kenny Loftus	Council Member	Jan 2020
Steven Seible	Council Member	Jan 2020
DeAnne Kobliska	City Clerk	Jan 2018
Julie Eastman	Deputy Clerk	Indefinite
Laura Folkerts	Attorney	Jan 2018

City of Evansdale



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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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Evansdale, Iowa, as of and for the year ended June 30, 2017, 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

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

The financial statements do not include financial data for one of the City's legally separate component units, the City of Evansdale Volunteer Fire Department Association. The amounts by which this omission would affect the receipts, disbursements and cash balances of the blended component units have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, the financial position of the aggregate remaining fund information of the City of Evansdale as of June 30, 2017, and the changes in its cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified 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, the discretely presented component unit and each major fund of the City of Evansdale as of June 30, 2017, 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 Evansdale'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 years ended June 30, 2016 and June 30, 2015 (which are not presented herein) and expressed a modified opinion on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the seven years ended June 30, 2014 (which are not presented herein) were audited by another auditor who expressed modified opinions on those financial statements for the years ended June 30, 2014 and June 30, 2013. Unmodified opinions were issued for the five years ended June 30, 2013. The financial statements during those seven years were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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, except for the effects of not including the financial data of the City of Evansdale Volunteer Fire Department Association as described in the “Basis for Qualified Opinion on the Aggregate Remaining Fund Information” paragraph on the preceding page, 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 9 through 15 and 42 through 49, 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 March 22, 2018 on our consideration of the City of Evansdale’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 solely 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 effectiveness of the City’s 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 Evansdale’s internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 22, 2018

City of Evansdale

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Evansdale 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, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 70.6%, or approximately \$2,172,000, from fiscal year 2016 to fiscal year 2017. Operating grants, contributions and restricted interest increased approximately \$127,000, capital grants, contributions and restricted interest increased approximately \$1,606,000 and property tax increased approximately \$304,000.
- Disbursements of the City's governmental activities increased 63.9%, or approximately \$2,464,000, from fiscal year 2016 to fiscal year 2017. Capital projects increased approximately \$1,901,000, while general government increased approximately \$201,000. In addition, debt service disbursements increased approximately \$158,000.
- The City's total cash basis net position at June 30, 2017 decreased 27.5%, or approximately \$1,112,000, from the June 30, 2016 balance. Of this amount, the cash basis net position of the governmental activities decreased approximately \$882,000 and the cash basis net position of the business type activities decreased approximately \$230,000.

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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

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, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the sanitary sewer system, sanitation and recycling and 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 Employee Benefits, 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 three Enterprise Funds to provide separate information for the Sewer, Sanitation/Recycling and Storm Water Funds, considered to be major funds of the City.

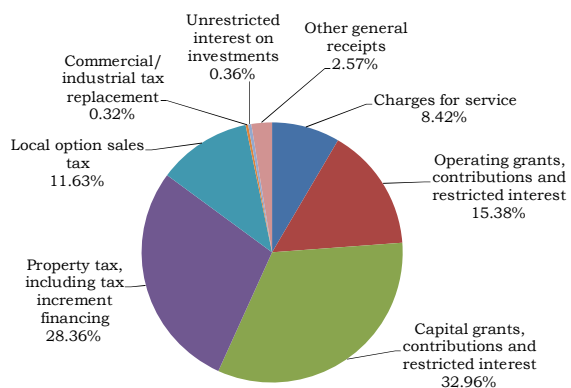
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

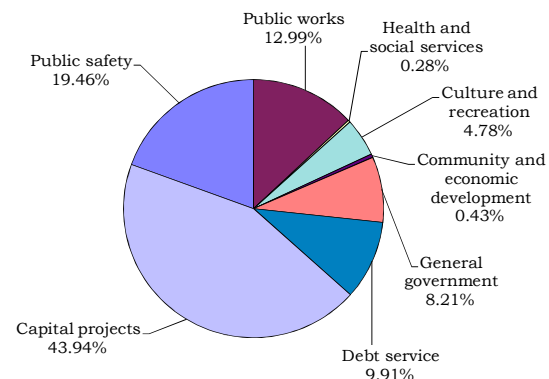
Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$3.229 million to approximately \$2.347 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service	442	357
Operating grants, contributions and restricted interest	807	680
Capital grants, contributions and restricted interest	1,729	123
General receipts:		
Property tax, including tax increment financing	1,488	1,184
Local option sales tax	610	547
Commercial/industrial tax replacement	17	23
Unrestricted interest on investments	19	23
Bond proceeds	-	110
Other general receipts	135	28
Total receipts	5,247	3,075
Disbursements:		
Public safety	1,230	1,108
Public works	821	815
Health and social services	18	17
Culture and recreation	302	228
Community and economic development	27	26
General government	519	318
Debt service	626	468
Capital projects	2,777	876
Total disbursements	6,320	3,856
Change in cash basis net position before transfers	(1,073)	(781)
Transfers, net	191	188
Change in cash basis net position	(882)	(593)
Cash basis net position beginning of year	3,229	3,822
Cash basis net position end of year	2,347	3,229

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities increased 70.6%, or approximately \$2,172,000. The total cost of all programs and services increased approximately \$2,464,000, or 63.9%. The significant increase in disbursements was primarily the result of an increase in capital projects disbursements.

The cost of all governmental activities this year was approximately \$6.320 million compared to approximately \$3.856 million last year. However, as shown in the Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was approximately \$3.342 million because some of the cost was paid by those directly benefited from the programs (approximately \$442,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$2,536,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2017 from approximately \$1,160,000 to approximately \$2,978,000.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 450	419
Sanitation/recycling	261	264
Storm water	18	18
Operating grants, contributions and restricted interest	28	19
General receipts:		
Bond proceeds	-	307
Other general receipts	9	4
Total receipts	766	1,031
Disbursements:		
Sewer	591	291
Sanitation/recycling	263	271
Storm water	18	12
Total disbursements	872	574
Change in cash basis net position before transfers	(106)	457
Transfers, net	(124)	(115)
Change in cash basis net position	(230)	342
Cash basis net position beginning of year	811	469
Cash basis net position end of year	\$ 581	811

Total business type activities receipts for the fiscal year were approximately \$766,000 compared to approximately \$1,031,000 last year. The significant decrease in receipts was due to the receipt of bond proceeds in fiscal year 2016. Total disbursements for the fiscal year increased 51.9% to approximately \$872,000. The significant increase in disbursements was due to sewer related capital outlay expenses of approximately \$301,000. The cash balance decreased approximately \$230,000 from the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Evansdale completed the year, its governmental funds reported a combined fund balance of \$2,346,847, a decrease of more than \$882,000 from last year's total of \$3,229,245. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$85,974 from the prior year to \$594,385. Receipts increased approximately \$170,000 over the previous fiscal year, while disbursements increased from \$1,299,655 to \$1,693,331 in fiscal year 2017. Public safety disbursements increased approximately \$125,000 due to increased police operation expenses for salaries and equipment and general government disbursements increased approximately \$195,000 due to the purchase of land and property.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$45,557 to \$373,067. Disbursements increased from \$461,560 to \$635,363 due to multiple road and trail projects let near the end of fiscal year 2016.
- The Special Revenue, Employee Benefits Fund cash balance increased \$36,196 to \$182,371. Receipts decreased \$30,659, primarily due to the employee benefits tax levy being reduced from the prior year and disbursements decreased \$3,869 from the prior year.
- The Special Revenue, Local Option Sales Tax Fund cash balance remained at zero. Local option sales tax receipts increased \$62,502, or 11.4% over the prior year.
- The Debt Service Fund cash balance decreased \$133 to \$71,878. Property tax and transfers in totaled \$625,739 while bond principal and interest payments totaled \$625,872 in fiscal year 2017.
- The Capital Projects Fund cash balance decreased \$851,825 to \$665,314 during the fiscal year. The cash balance decreased from the prior year due to ongoing projects, including reconstruction of River Forest Road.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance decreased \$262,644 to \$338,475. Operating receipts increased \$29,344 over the prior year while operating disbursements decreased \$1,046. Capital outlay expenditures increased \$301,311 due to ongoing sewer projects.
- The Enterprise, Sanitation/Recycling Fund cash balance increased \$24,440 to \$192,025. Operating receipts increased \$3,975 over the prior year while operating disbursements decreased \$8,254.
- The Enterprise, Storm Water Fund cash balance increased \$8,346 to \$50,653.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on June 6, 2017 and resulted in an increase in receipts and other financing sources of \$352,451 and an increase in operating disbursements of \$1,234,695. Receipts and other financing sources increased due to anticipated intergovernmental receipts related to flood expense reimbursements and the sale of capital assets of \$50,000, while disbursements primarily increased due to ongoing capital projects.

The City's receipts were \$430,425 less than budgeted due to state grant reimbursements for various projects coming in later than anticipated.

With the budget amendment, total disbursements were \$123,421 less than the amended budget. Actual disbursements for the capital projects, culture and recreation and public works were \$151,408, \$54,740 and \$47,462, respectively, less than the amended budget.

The City exceeded the amounts budgeted in the health and social services, community and economic development, general government and capital projects functions prior to the budget amendment for the year ended June 30, 2017. The City also exceeded the amounts budgeted after the budget amendment in the health and social services and business type activities functions.

DEBT ADMINISTRATION

At June 30, 2017, the City had \$3,850,000 of bonds and other long-term debt outstanding, compared to approximately \$4,414,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2017	2016
General obligation bonds	\$ 3,850	4,385
Capital leases	-	29
Total	\$ 3,850	4,414

Debt decreased as a result of making normally scheduled debt payments during fiscal year 2017.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,850,000 is significantly below its constitutional debt limit of approximately \$11.6 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Evansdale's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the County now stands at 4.0% versus 5.1% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.3%.

These indicators were taken into account when adopting the budget for fiscal year 2018. Amounts available for appropriation in the operating budget are approximately \$4.9 million, a decrease of 29.6% from the final fiscal year 2017 budget. A decrease in proceeds from road construction grants is expected to lead this decrease. Budgeted disbursements are expected to decrease approximately \$2,225,000 from the final fiscal year 2017 budget.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$909,000 by the close of fiscal year 2018.

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 DeAnne Kobliska, City Clerk, 123 N. Evans Road, Evansdale, Iowa 50707.

City of Evansdale

Basic Financial Statements

City of Evansdale

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2017

		Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements			
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 1,229,513	263,705	63,496	-
Public works	821,050	1,546	710,600	-
Health and social services	18,049	-	-	-
Culture and recreation	301,618	153,272	26,986	-
Community and economic development	27,653	-	-	-
General government	518,991	23,371	6,401	-
Debt service	625,872	-	-	-
Capital projects	2,777,114	-	-	1,728,769
Total governmental activities	6,319,860	441,894	807,483	1,728,769
Business type activities:				
Sewer	591,202	450,378	770	-
Sanitation/recycling	262,917	260,852	19,258	-
Storm water	18,326	18,374	8,298	-
Total business type activities	872,445	729,604	28,326	-
Total primary government	\$ 7,192,305	1,171,498	835,809	1,728,769
Component unit:				
Evansdale Water Works	\$ 677,525	465,396	-	-
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Miscellaneous				
Sale of capital assets				
Primary government transfers				
Component unit 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:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Customer deposits				
Unrestricted				
Total cash basis net position				
See notes to financial statements.				

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Evansdale Water Works
(902,312)	-	(902,312)	
(108,904)	-	(108,904)	
(18,049)	-	(18,049)	
(121,360)	-	(121,360)	
(27,653)	-	(27,653)	
(489,219)	-	(489,219)	
(625,872)	-	(625,872)	
(1,048,345)	-	(1,048,345)	
(3,341,714)	-	(3,341,714)	
-	(140,054)	(140,054)	
-	17,193	17,193	
-	8,346	8,346	
-	(114,515)	(114,515)	
(3,341,714)	(114,515)	(3,456,229)	
			(212,129)
968,831	-	968,831	-
11,064	-	11,064	-
507,973	-	507,973	-
609,966	-	609,966	-
17,083	-	17,083	-
18,589	-	18,589	3,695
85,020	8,915	93,935	40,911
50,000	-	50,000	-
124,258	(124,258)	-	-
66,532	-	66,532	(66,532)
2,459,316	(115,343)	2,343,973	(21,926)
(882,398)	(229,858)	(1,112,256)	(234,055)
3,229,245	811,011	4,040,256	650,394
\$ 2,346,847	581,153	2,928,000	416,339
\$ 373,067	-	373,067	-
101,595	-	101,595	-
71,878	-	71,878	-
665,314	-	665,314	-
542,130	-	542,130	-
-	-	-	96,501
592,863	581,153	1,174,016	319,838
\$ 2,346,847	581,153	2,928,000	416,339

City of Evansdale

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

As of and for the year ended June 30, 2017

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts:				
Property tax	\$ 675,405	-	220,474	-
Tax increment financing	-	-	-	-
Other city tax	72,952	-	-	609,966
Licenses and permits	62,357	-	-	-
Use of money and property	32,894	-	-	-
Intergovernmental	159,912	589,806	-	-
Charges for service	341,178	-	-	-
Special assessments	53	-	-	-
Miscellaneous	66,688	-	6,820	-
Total receipts	1,411,439	589,806	227,294	609,966
Disbursements:				
Operating:				
Public safety	966,870	-	262,643	-
Public works	-	635,363	-	-
Health and social services	18,049	-	-	-
Culture and recreation	290,728	-	10,890	-
Community and economic development	4,885	-	-	-
General government	412,799	-	60,555	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,693,331	635,363	334,088	-
Excess (deficiency) of receipts over (under) disbursements	(281,892)	(45,557)	(106,794)	609,966
Other financing sources (uses):				
Sale of capital assets	50,000	-	-	-
Transfers in	225,918	-	142,990	-
Transfers out	(80,000)	-	-	(609,966)
Component unit transfers in	-	-	-	-
Total other financing sources (uses)	195,918	-	142,990	(609,966)
Change in cash balances	(85,974)	(45,557)	36,196	-
Cash balances beginning of year	680,359	418,624	146,175	-
Cash balances end of year	\$ 594,385	373,067	182,371	-
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ -	373,067	-	-
Urban renewal purposes	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	182,371	-
Assigned for various purposes	238,895	-	-	-
Unassigned	355,490	-	-	-
Total cash basis fund balances	\$ 594,385	373,067	182,371	-

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
11,064	-	-	906,943
-	-	507,973	507,973
-	-	-	682,918
-	-	-	62,357
-	-	-	32,894
-	1,774,037	-	2,523,755
-	-	-	341,178
-	192	-	245
-	62,848	2,053	138,409
11,064	1,837,077	510,026	5,196,672
-	-	-	1,229,513
-	185,687	-	821,050
-	-	-	18,049
-	-	-	301,618
-	-	22,768	27,653
-	-	45,637	518,991
625,872	-	-	625,872
-	2,777,114	-	2,777,114
625,872	2,962,801	68,405	6,319,860
(614,808)	(1,125,724)	441,621	(1,123,188)
-	-	-	50,000
548,143	290,059	40,000	1,247,110
-	(16,160)	(416,726)	(1,122,852)
66,532	-	-	66,532
614,675	273,899	(376,726)	240,790
(133)	(851,825)	64,895	(882,398)
72,011	1,517,139	394,937	3,229,245
71,878	665,314	459,832	2,346,847
-	-	-	373,067
-	-	101,595	101,595
71,878	-	-	71,878
-	665,314	-	665,314
-	-	359,759	542,130
-	-	-	238,895
-	-	(1,522)	353,968
71,878	665,314	459,832	2,346,847

City of Evansdale

City of Evansdale

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

As of and for the year ended June 30, 2017

	Enterprise			
	Sewer	Sanitation/ Recycling	Storm Water	Total
Operating receipts:				
Charges for service	\$ 450,378	260,852	18,374	729,604
Miscellaneous	1,668	7,247	-	8,915
Total operating receipts	452,046	268,099	18,374	738,519
Operating disbursements:				
Business type activities	289,891	262,917	18,326	571,134
Excess of operating receipts over operating disbursements	162,155	5,182	48	167,385
Non-operating receipts (disbursements):				
Intergovernmental	770	19,258	8,298	28,326
Capital outlay	(301,311)	-	-	(301,311)
Total non-operating receipts (disbursements)	(300,541)	19,258	8,298	(272,985)
Excess (deficiency) of receipts over (under) disbursements	(138,386)	24,440	8,346	(105,600)
Transfers out	(124,258)	-	-	(124,258)
Change in cash balances	(262,644)	24,440	8,346	(229,858)
Cash balances beginning of year	601,119	167,585	42,307	811,011
Cash balances end of year	\$ 338,475	192,025	50,653	581,153
Cash Basis Fund Balances				
Unrestricted	\$ 338,475	192,025	50,653	581,153

See notes to financial statements.

City of Evansdale

City of Evansdale

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

The City of Evansdale is a political subdivision of the State of Iowa located in Black Hawk County. It was first incorporated in 1947 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 sewer, sanitation/recycling and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Evansdale has included all funds, organizations, agencies, boards, commissions and authorities, except for the City of Evansdale Volunteer Fire Department Association. 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 Evansdale (the primary government) and the Evansdale Water Works (a component unit).

Discretely Presented Component Unit

The Evansdale Water Works was established pursuant to Chapter 388 of the Code of Iowa for the operation of the City's Water Works facilities. The Water Works is governed by a three member Board of Trustees appointed by the City Council. A financial benefit/burden exists between the City and the Water Works in that the City is authorized by statute to issue general obligation debt for a city utility and may certify taxes for the payment of the debt. Complete financial statements can be obtained from the Evansdale Water Works, 123 N Evans Road, Evansdale, Iowa 50707.

Excluded Blended Component Unit

The Evansdale Volunteer Fire Department Association is incorporated under Chapter 504 of the Code of Iowa. Its mission is to diligently prevent and control fires, to provide emergency services and to perform such duties in connection therewith as may be required of it under the control of the Evansdale City Council and such officers that may be elected by the Fire Department from year to year. Contributions are used for training and to purchase items which are not included in the City's budget. The Evansdale Volunteer Fire Department Association is not presented in these financial statements because the information was not made available.

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: Black Hawk County Assessor's Conference Board, Black Hawk County E-911 Joint Service Board, Black Hawk County Emergency Management Agency, Iowa Northland Regional Council of Governments, Criminal Justice Information Systems, Black Hawk Consolidated Public Safety Communications Board and the Black Hawk County Solid Waste Management Commission.

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 categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental 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 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 Employee Benefits Fund is used to account for the collection and use of property tax for pension, retirement and insurance benefits.

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

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through enterprise funds.

The City reports the following major proprietary funds:

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

The Enterprise, Sanitation/Recycling Fund accounts for the operation and maintenance of the City's garbage system.

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

During the year ended June 20, 2017, disbursements in the health and social services, community and economic development, general government and capital projects functions exceeded the budget prior to the budget amendment. The City also exceeded the amounts budgeted after the budget amendment in the health and social services and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2017 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 Payable

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2018	\$ 580,000	80,375
2019	610,000	70,998
2020	635,000	59,968
2021	545,000	47,815
2022	445,000	37,600
2023-2027	1,000,000	74,050
2028	35,000	1,050
Total	\$ 3,850,000	371,855

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

On September 16, 2010, the City issued \$710,000 of general obligation corporate purpose bonds to provide funds for an economic development grant, constructing street improvements and acquiring vehicles for the municipal streets and public works departments. The bonds bear interest ranging from 1.00% to 2.90% per annum and mature on June 1, 2020. During fiscal year 2017, the City paid principal of \$85,000 and interest of \$8,943 on the bonds. The outstanding principal balance at June 30, 2017 was \$260,000.

On January 3, 2012 the City issued \$310,000 of general obligation corporate purpose bonds to provide funds for constructing water system improvements, acquiring water meter reading equipment, acquiring a utility vehicle and acquiring an ambulance and equipment for the fire department. The bonds bear interest ranging from 1.00% to 2.20% per annum and mature on June 1, 2021. During fiscal year 2017, the City paid principal of \$35,000 and interest of \$3,650 on the bonds. The outstanding principal balance at June 30, 2017 was \$150,000.

On July 2, 2013, the City issued \$1,730,000 of general obligation refunding bonds to currently refund the outstanding balance of the City's 2002 general obligation sewer improvement notes. The bonds bear interest at 1.00% to 2.15% per annum and mature on June 1, 2022. During fiscal year 2017, the City paid principal of \$205,000 and interest of \$17,893 on the bonds. The outstanding principal balance at June 30, 2017 was \$940,000.

On May 5, 2015, the City issued \$2,200,000 of general obligation corporate purpose and refunding bonds to provide funds for constructing street, water system, water tower, sanitary sewer system, sidewalk and storm water drainage extensions and improvements, to provide funds for constructing bike trail improvements and to currently refund the outstanding balance of the City's 2007 general obligation economic development bonds. The bonds bear interest at 2.00% to 3.00% per annum and mature on June 1, 2028. During fiscal year 2017, the City paid principal of \$210,000 and interest of \$51,463 on the bonds. The outstanding principal balance at June 30, 2017 was \$1,925,000.

On June 28, 2016, the City issued \$575,000 of general obligation corporate purpose bonds to provide funds for the purchase of a jet truck and a street sweeper for use by the public works department and for constructing improvements and extensions to the Water Works' utility system. The bonds bear interest at 0.90% to 1.55% per annum and mature on June 1, 2023. During fiscal year 2017, the City paid interest of \$6,574 on the bonds. The outstanding principal balance at June 30, 2017 was \$575,000.

Capital Lease Purchase Agreements

The City has entered into capital lease purchase agreements for equipment. The final payments under the capital lease purchase agreements were made during fiscal year 2017 and totaled \$29,893.

(4) Pension Plans

Iowa Public Employees Retirement System

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.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% 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 2017, 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%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 totaled \$50,873.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$478,030 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.007596%, which was an increase of 0.000922% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$38,108, \$89,503 and \$112,930, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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, 2016 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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	\$ 807,877	478,030	199,685

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

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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 – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4 or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service or the member's service retirement benefit calculation amount plus 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to

40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2017.

Employer contribution rates are based upon an actuarially determined normal contribution rate and are set by State statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, with the total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and State appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 totaled \$88,443.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI for the year ended June 30, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$768,996 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2016, the City's proportion was 0.122988%, which was an increase of 0.017053% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$105,235, \$293,076 and \$116,032, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation	3.00%.
Salary increases	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging markets debt	6.5
Private non-core real estate	9.3
Master limited partnerships	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protected securities	2.8
Tactical asset allocation	6.0

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 contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 1,206,896	768,996	404,314

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

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 20 active and no retired members in the plan, which includes employees of the Evansdale Water Works. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$487 for single coverage, \$922 for employee plus child coverage, \$997 for employee plus spouse coverage and \$1,494 for family coverage. For the year ended June 30, 2017, the City contributed \$159,114 and plan members eligible for benefits contributed \$15,800 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave 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, compensatory time and sick leave payable to employees at June 30, 2017, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 41,000
Compensatory time	21,000
Sick leave	81,000
Total	<u>\$ 143,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2017.

(7) Interfund Loan

During the year ended June 30, 2016, the Special Revenue Fund, Home Acres Tax Increment Financing District advanced/loaned \$30,676 to the Special Revenue Fund, New Housing Tax Increment Financing District for the purpose of making interest payments on District debt during fiscal years 2016 through 2019. As of June 30, 2017, no repayments had been made.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax	\$ 225,918
Special Revenue: Employee Benefits	Special Revenue: Local Option Sales Tax	142,990
Tort Liability	Local Option Sales Tax	40,000
		182,990
Capital Projects	General	\$ 80,000
	Special Revenue: Tax Increment Financing	9,001
	Local Option Sales Tax	201,058
		290,059
Debt Service	Special Revenue: Tax Increment Financing	407,725
	Capital Projects	16,160
	Enterprise: Sewer	124,258
		548,143
Total		\$ 1,247,110

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

(9) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2017 were \$62,591.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000 respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Deficit Balance

The Special Revenue, CDBG Rehab Program Fund had a deficit balance of \$1,522 at June 30, 2017. The deficit balance was a result of project costs incurred prior to the availability of funds. The deficit will be eliminated upon receipt of state grants.

(11) Industrial Development Revenue Bonds

The City has issued a total of \$14,550,051 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$9,776,197 is outstanding at June 30, 2017. The bonds and related interest are payable solely from the revenues generated by these entities, and the bond principal and interest do not constitute liabilities of the City.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$22,768 of property tax under the urban renewal and economic development projects.

(13) Subsequent Event

In August 2017, the City issued \$1,500,000 in general obligation corporate purpose bonds and \$510,000 in taxable general obligation corporate purpose bonds to be used for the purpose of paying the costs of constructing street, sanitary sewer system improvements, water system improvements and storm water draining improvements and undertaking the acquisition, demolition and restoration of abandoned, dilapidated and dangerous building and properties.

(14) New Accounting Pronouncement

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements.

(15) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

City of Evansdale

Other Information

City of Evansdale
 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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Component Unit Actual	Total
Receipts:				
Property tax	\$ 906,943	-	-	906,943
Tax increment financing	507,973	-	-	507,973
Other city tax	682,918	-	-	682,918
Licenses and permits	62,357	-	-	62,357
Use of money and property	32,894	-	3,695	36,589
Intergovernmental	2,523,755	28,326	-	2,552,081
Charges for service	341,178	729,604	465,396	1,536,178
Special assessments	245	-	-	245
Miscellaneous	138,409	8,915	40,911	188,235
Total receipts	5,196,672	766,845	510,002	6,473,519
Disbursements:				
Public safety	1,229,513	-	-	1,229,513
Public works	821,050	-	-	821,050
Health and social services	18,049	-	-	18,049
Culture and recreation	301,618	-	-	301,618
Community and economic development	27,653	-	-	27,653
General government	518,991	-	-	518,991
Debt service	625,872	-	-	625,872
Capital projects	2,777,114	-	-	2,777,114
Business type activities	-	872,445	677,525	1,549,970
Total disbursements	6,319,860	872,445	677,525	7,869,830
(Deficiency) of receipts (under) disbursements	(1,123,188)	(105,600)	(167,523)	(1,396,311)
Other financing sources, net	240,790	(124,258)	(66,532)	50,000
(Deficiency) of receipts and other financing sources (under) disbursements and other financing uses	(882,398)	(229,858)	(234,055)	(1,346,311)
Balances beginning of year	3,229,245	811,011	650,394	4,690,650
Balances end of year	\$ 2,346,847	581,153	416,339	3,344,339

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
886,739	886,739	20,204
508,236	508,236	(263)
634,085	634,085	48,833
53,520	53,520	8,837
27,305	27,305	9,284
2,919,995	3,148,986	(596,905)
1,570,081	1,571,816	(35,638)
1,532	1,532	(1,287)
-	71,725	116,510
6,601,493	6,903,944	(430,425)
1,229,067	1,269,198	39,685
836,100	868,512	47,462
-	17,949	(100)
295,148	356,358	54,740
5,103	27,871	218
354,288	532,805	13,814
618,948	625,875	3
2,367,138	2,928,522	151,408
1,052,764	1,366,161	(183,809)
6,758,556	7,993,251	123,421
(157,063)	(1,089,307)	(307,004)
-	50,000	-
(157,063)	(1,039,307)	(307,004)
4,723,573	4,723,573	(32,923)
4,566,510	3,684,266	(339,927)

City of Evansdale

Notes to Other Information – Budgetary Reporting

June 30, 2017

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 component unit. 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 \$1,234,695. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements in the health and social services, community and economic development, general government and capital projects functions exceeded the budget prior to the budget amendment. The City also exceeded the amounts budgeted for health and social services and business type activities after the budget amendment.

City of Evansdale

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

For the Last Three Years*

(In Thousands)

Other Information

Iowa Public Employees' Retirement System

	2017	2016**	2015
City's proportion of the net pension liability	0.007596%	0.006674%	0.008365%
City's proportionate share of the net pension liability	\$ 478	330	332
City's covered-employee payroll	\$ 544	658	652
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.87%	50.15%	50.92%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

Municipal Fire and Police Retirement System of Iowa

	2017	2016	2015
City's proportion of the net pension liability	0.122988%	0.105935%	0.103266%
City's proportionate share of the net pension liability	\$ 769	498	374
City's covered-employee payroll	\$ 333	278	263
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.93%	179.14%	142.21%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	83.04%	86.27%

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.

** Effective July 1, 2015, the Evansdale Water Works was reclassified from a blended to a discretely presented component unit and, accordingly, is excluded from this Schedule.

See accompanying independent auditor's report.

City of Evansdale
Schedule of City Contributions
For the Last Ten Years
(In Thousands)
Other Information

Iowa Public Employees' Retirement System

	2017	2016**	2015	2014
Statutorily required contribution	\$ 50,873	49,105	59,761	59,199
Contributions in relation to the statutorily required contribution	(50,873)	(49,105)	(59,761)	(59,199)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 561,708	544,231	658,484	652,292
Contributions as a percentage of covered-employee payroll	9.06%	9.02%	9.08%	9.08%

Municipal Fire and Police Retirement System of Iowa

	2017	2016	2015	2014
Statutorily required contribution	\$ 88,443	92,554	84,482	79,430
Contributions in relation to the statutorily required contribution	(88,443)	(92,554)	(84,482)	(79,430)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 341,213	333,288	277,810	263,713
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%

** Effective July 1, 2015, the Evansdale Water Works was reclassified from a blended to a discretely presented component unit and, accordingly, is excluded from this Schedule.

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
56,199	52,992	41,863	40,461	36,271	30,632
(56,199)	(52,992)	(41,863)	(40,461)	(36,271)	(30,632)
-	-	-	-	-	-
634,630	639,837	577,939	585,773	552,120	486,874
8.86%	8.28%	7.24%	6.91%	6.57%	6.29%

2013	2012	2011	2010	2009	2008
66,964	69,862	60,077	56,340	53,260	68,098
(66,964)	(69,862)	(60,077)	(56,340)	(53,260)	(68,098)
-	-	-	-	-	-
256,371	282,157	301,894	331,412	284,053	267,261
26.12%	24.76%	19.90%	17.00%	18.75%	25.48%

City of Evansdale

Notes to Other Information – Pension Liability

Year ended June 30, 2017

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation enacted 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 (unfunded actuarial liability) 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.

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year and disableds set-forward one year (male only rates), with no projection of future mortality improvement.

City of Evansdale

Supplementary Information

City of Evansdale

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

As of and for the year ended June 30, 2017

				Special
				Property
				Tax
	Tax Increment	Dental	Tort	Relief
	Financing	Insurance	Liability	Surplus
Receipts:				
Tax increment financing	\$ 507,973	-	-	-
Miscellaneous	-		2,053	-
Total receipts	507,973	-	2,053	-
Disbursements:				
Operating:				
Community and economic development	22,768	-	-	-
General government	-	-	45,637	-
Total disbursements	22,768	-	45,637	-
Excess (deficiency) of receipts over (under) disbursements	485,205	-	(43,584)	-
Other financing sources (uses):				
Transfers in	-	-	40,000	-
Transfers out	(416,726)	-	-	-
Total transfers in (out)	(416,726)	-	40,000	-
Change in cash balances	68,479	-	(3,584)	-
Cash balances beginning of year	33,116	81	7,148	56,114
Cash balances end of year	\$ 101,595	81	3,564	56,114
Cash Basis Fund Balances				
Restricted for:				
Urban renewal purposes	\$ 101,595	-	-	-
Other purposes	-	81	3,564	56,114
Unassigned	-	-	-	-
Total cash basis fund balances	\$ 101,595	81	3,564	56,114

See accompanying independent auditor's report.

Revenue

Police Retirement	CDBG Rehab Program	Total
-	-	507,973
-	-	2,053
-	-	510,026
-	-	22,768
-	-	45,637
-	-	68,405
-	-	441,621
-	-	40,000
-	-	(416,726)
-	-	(376,726)
-	-	64,895
300,000	(1,522)	394,937
300,000	(1,522)	459,832
-	-	101,595
300,000	-	359,759
-	(1,522)	(1,522)
300,000	(1,522)	459,832

City of Evansdale
Schedule of Indebtedness
Year ended June 30, 2017

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Sep 16, 2010	1.00-2.90%	\$ 710,000
Essential corporate purpose	Jan 3, 2012	1.00-2.20	310,000
Essential corporate purpose	Jul 2, 2013	1.00-2.15	1,730,000
Essential corporate purpose	May 5, 2015	2.00-3.00	2,200,000
Essential corporate purpose	Jun 28, 2016	0.90-1.55	575,000
Total			
Capital leases:			
John Deere Loader	Jun 5, 2010	3.25%	\$ 103,900
John Deere Loader	Aug 26, 2011	3.55	60,871
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
345,000	-	85,000	260,000	8,943
185,000	-	35,000	150,000	3,650
1,145,000	-	205,000	940,000	17,893
2,135,000	-	210,000	1,925,000	51,463
575,000	-	-	575,000	6,574
<u>\$ 4,385,000</u>	<u>-</u>	<u>535,000</u>	<u>3,850,000</u>	<u>88,522</u>
15,848	-	15,848	-	522
13,053	-	13,053	-	470
<u>\$ 28,901</u>	<u>-</u>	<u>28,901</u>	<u>-</u>	<u>992</u>

City of Evansdale

Bond Maturities

June 30, 2017

Year Ending June 30,	General Obligation						
	Essential Corporate Purpose			Essential Corporate Purpose		Essential Corporate Purpose	
	Issued Sept 16, 2010			Issued Jan 3, 2012		Issued Jul 2, 2013	
	Interest		Amount	Interest		Interest	
	Rates			Rates	Amount	Rates	Amount
2018	2.50%	\$	85,000	1.60%	\$ 35,000	1.25%	\$ 195,000
2019	2.75		85,000	2.20	35,000	1.50	195,000
2020	2.90		90,000	2.20	40,000	1.70	210,000
2021			-	2.20	40,000	1.95	200,000
2022			-		-	2.15	140,000
2023			-		-		-
2024			-		-		-
2025			-		-		-
2026			-		-		-
2027			-		-		-
2028			-		-		-
Total		\$	<u>260,000</u>		<u>\$ 150,000</u>		<u>\$ 940,000</u>

See accompanying independent auditor's report.

Bonds

Essential Corporate Purpose			Essential Corporate Purpose		
Issued May 5, 2015			Issued Jun 28, 2016		
Interest Rates	Amount		Interest Rates	Amount	
2.00%	\$	170,000	0.90%	\$	95,000
2.00		200,000	1.05		95,000
2.00		200,000	1.15		95,000
2.00		210,000	1.30		95,000
2.50		210,000	1.45		95,000
2.50		215,000	1.55		100,000
2.75		225,000		-	225,000
3.00		225,000		-	225,000
3.00		200,000		-	200,000
3.00		35,000		-	35,000
3.00		35,000		-	35,000
	\$	<u>1,925,000</u>		\$	<u>575,000</u>
				\$	<u>3,850,000</u>

City of Evansdale

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2017	2016	2015	2014
Receipts:				
Property tax	906,943	882,178	867,615	779,245
Tax increment financing	507,973	236,021	228,966	252,905
Other city tax	682,918	612,938	612,976	654,613
Licenses and permits	62,357	52,000	65,507	54,907
Use of money and property	32,894	37,789	29,015	27,648
Intergovernmental	2,523,755	745,551	574,125	676,683
Charges for service	341,178	267,039	280,943	265,205
Special assessments	245	261	2,602	2,673
Miscellaneous	138,409	131,091	101,484	85,383
Total	<u>\$ 5,196,672</u>	<u>2,964,868</u>	<u>2,763,233</u>	<u>2,799,262</u>
Disbursements:				
Operating:				
Public safety	1,229,513	1,107,970	1,046,834	1,047,850
Public works	821,050	814,385	652,722	898,838
Health and social services	18,049	17,183	17,133	16,787
Culture and recreation	301,618	228,203	239,664	229,918
Community and economic development	27,653	26,022	31,598	2,500
General government	518,991	317,752	337,484	347,148
Debt service	625,872	468,188	682,115	2,489,309
Capital projects	2,777,114	876,337	8,512	-
Total	<u>\$ 6,319,860</u>	<u>3,856,040</u>	<u>3,016,062</u>	<u>5,032,350</u>

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
832,750	707,966	658,967	722,822	654,598	606,490
316,678	432,122	527,155	357,693	330,353	299,649
593,966	648,463	596,158	574,534	604,838	589,386
55,603	45,854	50,114	53,730	42,231	53,233
31,604	32,988	26,345	43,373	30,414	68,169
599,223	923,676	1,470,318	1,203,268	912,046	496,354
283,424	283,594	261,967	236,937	239,148	226,418
9,111	1,922	-	-	-	-
96,225	241,253	405,803	284,497	291,731	278,595
2,818,584	3,317,838	3,996,827	3,476,854	3,105,359	2,618,294
1,006,111	1,008,844	1,162,243	974,691	927,839	974,757
655,573	594,387	1,602,296	605,309	478,549	584,970
15,705	-	20,256	19,519	19,053	21,314
272,425	318,416	235,863	185,530	432,144	264,105
4,632	217,338	773,567	555,335	103,335	475,785
304,788	325,253	430,371	453,568	909,356	366,144
844,973	608,018	539,111	537,626	1,355,659	618,420
-	-	-	-	-	-
3,104,207	3,072,256	4,763,707	3,331,578	4,225,935	3,305,495

City of Evansdale

City of Evansdale
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Housing & Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	15-HSG-006	\$ 86,107
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	STP-U-2432(613)--70-07	319,650
Highway Planning and Construction	20.205	TAP-U-2432(612)--8I-07	1,452,014
			<u>1,771,664</u>
U. S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4289 DR IA	130,552
Total			<u>\$ 1,988,323</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Evansdale under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Evansdale, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Evansdale.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The City of Evansdale has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

City of Evansdale



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

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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 Evansdale, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 22, 2018. Our report expressed a qualified opinion on the aggregate remaining fund information due to the omission of the Evansdale Volunteer Fire Department Association. Our report expressed unmodified opinions on the financial statements of the governmental activities, business type activities, the discretely presented component unit and each major fund of the City of Evansdale 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 Evansdale'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 Evansdale's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Evansdale'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 and Questioned Costs, 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 Evansdale's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-17 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-B-17 through II-D-17 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Evansdale'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 which 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 and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2017 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 Evansdale's Responses to the Findings

The City of Evansdale's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Evansdale'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.

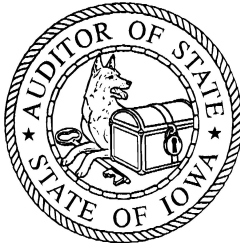
Purpose of this Report

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 Evansdale 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

March 22, 2018



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

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Evansdale, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Evansdale's major federal program for the year ended June 30, 2017. The City of Evansdale's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Evansdale's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Evansdale's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Evansdale's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Evansdale complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.


Report on Internal Control Over Compliance

The management of the City of Evansdale is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Evansdale's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Evansdale's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State

March 22, 2018

City of Evansdale
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements of the governmental activities, the business type activities, the discretely presented component unit and each major fund which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. A qualified opinion was issued on the financial statements of the aggregate remaining fund information due to the omission of the Evansdale Fire Department Association.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Evansdale did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-17 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 have control over each of the following areas for the City:

- (1) Cash – preparing bank account reconciliations, cash receipt and disbursement functions and handling and recording cash. While an independent person had initialed the bank reconciliation to indicate review, the initials were not dated allowing determination of timeliness of review.
- (2) Receipts – collecting, depositing, recording and posting. The initial listing is not reviewed by an independent person.
- (3) Disbursements – purchasing, check preparation, signing, recording and posting.
- (4) Payroll - recordkeeping, preparation and distribution.
- (5) Long-term debt – recordkeeping and reviewing compensated absences records. Compensated absences are not reviewed by an independent person.
- (6) Accounting system – performing all general accounting functions and having custody of assets.

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

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Response – Bank reconciliations will not only be signed but dated. Receipts are reviewed by the Mayor and recorded in an excel spreadsheet, the Deputy Clerk enters all of the receipts into the software, the Clerk reviews the deposit before it is approved via a printout and does not enter into the software system for the review. Disbursement invoices are approved and signed by the department head, recorded in the system by the Deputy Clerk, reviewed and signed by both the Mayor and Clerk. Payroll preliminary calculation register and payroll register are both reviewed and approved by the Mayor who doesn't have access to the software program. Long-term debt is calculated and reviewed by our financial advisor, Speer Financial.

Conclusion – Response accepted.

II-B-17 Computer System

Criteria – A disaster recovery plan for financial continuity should include the following elements:

- Identification of critical applications.
- Identification of staff responsibilities.
- Identification of steps for recovery of systems critical to City operations.
- Identification of computer equipment needed for temporary processing.
- Identification of business location(s) which could be used to process critical applications in the event of an emergency, including any applicable written agreements for the use of the location(s).
- Requirement to keep a copy of the disaster recovery plan off site.
- Requirement to keep system backups current and off site.
- An inventory of all hardware and components.
- An inventory of all software applications.
- A requirement that copies of all user documentation and policy and procedures manuals be located off site.
- A requirement for an extra stock of paper supplies, such as checks, warrants, purchase orders, etc., to be located off site.
- A requirement outlining the frequency of testing or review of the disaster recovery plan.

Condition – The City does not have a written disaster recovery plan for its computer system.

Cause – Management has not developed a written disaster recovery plan.

Effect – The failure to have a formal disaster recovery plan could result in the City's inability to function in the event of a disaster or continue City business without interruption.

Recommendation – The City should develop a written disaster recovery plan.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Response – We have received a quote from our IT company and are prepared to complete in fiscal year 2019.

Conclusion – Response accepted.

II-C-17 Evansdale Friends of the Library

Criteria – 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 individual. This segregation of duties helps prevent losses from error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – All accounting functions are handled by one or two individuals without adequate compensating controls.

Cause – The Friends of the Library has a limited number of individuals 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 Friends of the Library's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by individuals in the normal course of performing their assigned functions.

Recommendation - The Friends of the Library should segregate accounting duties to the extent possible.

Response – The Friends of the Library have been made aware of the requirements.

Conclusion – Response accepted.

II-D-17 Friends of the Evansdale Park/Recreation

Criteria – 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 individual. This segregation of duties helps prevent losses from error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – All accounting functions are handled by one or two individuals without adequate compensating controls.

Cause – The Friends of the Evansdale Parks/Recreation has a limited number of individuals and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Effect – Inadequate segregation of duties could adversely affect the Friends of Evansdale Parks/Recreation's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by individuals in the normal course of performing their assigned functions.

Recommendation - The Friends of the Evansdale Parks/Recreation should segregate accounting duties to the extent possible.

Response – The Friends of the Park/Recreation have been made aware of the requirements.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Evansdale
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over the major programs were noted.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the health and social services, community and economic development, general government and capital projects functions prior to the budget amendment. Disbursements at June 30, 2017 exceeded the amounts budgeted in the health and social services 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.”

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 – We are aware of the oversight and will ensure it doesn’t happen in the future.

Conclusion – Response accepted.

IV-B-17 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.

IV-C-17 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-17 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-17 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.

IV-F-17 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

IV-G-17 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.

IV-H-17 Separately Maintained Records – The Evansdale Friends of the Library and Friends of the Evansdale Parks/Recreation each maintain a bank account 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 Report. The transactions and resulting balances are included in these financial statements.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

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, annual budget and Annual Financial Report and should be reported to the City Council on a monthly basis.

Response – We will review procedures and make necessary changes to come into compliance.

Conclusion – Response accepted.

- IV-I-17 Financial Condition – The Special Revenue, CDBG Rehab Program Fund had a deficit balance of \$1,522 at June 30, 2017.

Recommendation – The City should investigate alternatives to eliminate the deficit in order to return this fund to a sound financial position.

Response – We will do this in the future.

Conclusion – Response accepted.

- IV-J-17 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

- IV-K-17 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.

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

Response – We have requested the electronic image of the back of cancelled checks from our bank.


Conclusion – Response accepted.

City of Evansdale

Staff

This audit was performed by:

Tammy A. Hollingsworth, CIA, Manager
Kelly L. Hilton, Senior Auditor
Anthony J.T. Mallie, CPA, Staff Auditor
Erin K. Howland, Assistant Auditor
Nicholas A. Kruse, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State