



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 28, 2018

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Auditor of State Mary Mosiman today released an audit report on the Hudson Municipal Electric Utility in Hudson, Iowa for the years ended June 30, 2017 and 2016.

The Utility's receipts totaled \$1,593,143 for the year ended June 30, 2017, a 3.1% decrease from prior year. The receipts included \$1,576,016 of charges for service, \$14,635 of miscellaneous receipts and \$2,492 of interest on investments. Disbursements for the year ended June 30, 2017 totaled \$1,578,253, a 1.1% increase over the prior year, and included \$1,469,169 for operations and improvements, \$23,175 for debt service and \$85,909 for capital outlay.

The Utility's receipts totaled \$1,644,145 for the year ended June 30, 2016, a 4.0% increase over the prior year. The receipts included \$1,529,030 of charges for service, \$112,798 of miscellaneous receipts and \$2,317 of interest on investments. Disbursements for the year ended June 30, 2016 totaled \$1,561,388, a 4.9% increase over the prior year, and included \$1,428,242 for operations and improvements, \$23,175 for debt service and \$109,971 for capital outlay.

A copy of the audit report is available for review in the Hudson Municipal Electric Utility's office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1723-0003-B00F>.

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HUDSON MUNICIPAL ELECTRIC UTILITY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2017 AND 2016

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-9
Basic Financial Statement:	<u>Exhibit</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balance	A	13
Notes to Financial Statement		15-20
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balance – Budget and Actual (Cash Basis) - 2017		24
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balance – Budget and Actual (Cash Basis) - 2016		25
Notes to Other Information – Budgetary Reporting		26
Schedule of the Utility’s Proportionate Share of the Net Pension Liability		27
Schedule of Utility Contributions		28-29
Notes to Other Information – Pension Liability		30
Supplementary Information:	<u>Schedule</u>	
Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balance – Enterprise Fund Accounts	1	32-33
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <u>Government Auditing Standards</u>		35-36
Schedule of Findings		37-43
Staff		44

Hudson Municipal Electric Utility

Officials

(Before January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jereme Trotter	Chairperson	Jan 2018
Kenton Zelle	Vice Chairperson	Jan 2020
Randy Hodgins	Trustee	Jan 2016
Doug Wyatt	Trustee	Jan 2016
Jeff Corey	Trustee	Jan 2017

(After January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jereme Trotter	Chairperson	Jan 2018
Kenton Zelle	Vice Chairperson	Jan 2020
Jeff Corey	Trustee	Jan 2017
Doug Wyatt	Trustee	Jan 2021
Dan Brobst	Trustee	Jan 2022

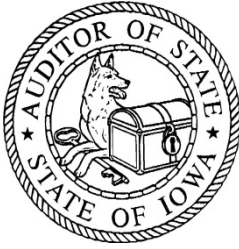
(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jereme Trotter	Chairperson	Jan 2018
Kenton Zelle	Vice Chairperson	Jan 2020
Doug Wyatt	Trustee	Jan 2021
Dan Brobst	Trustee	Jan 2022
Jeff Cory	Trustee	Jan 2023

(Other Officials July 2015 through June 30, 2017)

Sue Theisen	Office Manager	Indefinite
Barb Guenther	Billing Clerk	Indefinite

Hudson Municipal Electric Utility



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Independent Auditor's Report

To the Board of Trustees of the Hudson Municipal Electric Utility:

Report on the Financial Statement

We have audited the accompanying financial statement of the Hudson Municipal Electric Utility as of and for the years ended June 30, 2017 and 2016, and the related Notes to Financial Statement listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utility's preparation and fair presentation of the financial statement 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 Utility'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 statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Hudson Municipal Electric Utility as of June 30, 2017 and June 30, 2016, and the changes in its cash basis financial position for the years then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters


Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement. The supplementary information included in Schedule 1 is for purposes of additional analysis and is not a required part of the basic financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the Utility's Proportionate Share of the Net Pension Liability and the Schedule of Utility Contributions on pages 7 through 9 and 24 through 30, has not been subjected to the auditing procedures applied in the audit of the financial statement 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 June 19, 2018 on our consideration of the Hudson Municipal Electric Utility'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 Utility'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 Hudson Municipal Electric Utility's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

June 19, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Hudson Municipal Electric Utility provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2017 and 2016. We encourage readers to consider this information in conjunction with the Utility's financial statement, which follows.

2017 FINANCIAL HIGHLIGHTS

- The Utility's total receipts decreased 3.1%, or approximately \$51,000, from fiscal year 2016 to fiscal year 2017. The purchased power adjustment rate increased approximately 75%, resulting in an increase of in charges for services of approximately \$52,000. However, development rebate payments decreased approximately \$86,000 over the prior fiscal year.
- The Utility's total disbursements increased 1.1%, or approximately \$17,000, from fiscal year 2016 to fiscal year 2017.
- The Utility's total cash balance increased 1.6%, or approximately \$15,000, from June 30, 2016 to June 30, 2017.

2016 FINANCIAL HIGHLIGHTS

- The Utility's total receipts increased 4%, or approximately \$63,000, from fiscal year 2015 to fiscal year 2016. Development rebate payments increased approximately \$86,000 over the prior fiscal year.
- The Utility's total disbursements increased 4.9%, or approximately \$73,000, from fiscal year 2015 to fiscal year 2016. Disbursements for infrastructure upgrades increased approximately \$35,000 over the prior fiscal year.
- The Utility's total cash balance increased 9.5%, or approximately \$83,000, from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Utility's financial activities.

The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Utility's receipts and disbursements, non-operating receipts and disbursements and whether the Utility's cash basis financial position has improved or deteriorated as a result of the year's activities.

The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

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

Supplementary Information provides detailed information about the individual Enterprise Fund Accounts.

BASIS OF ACCOUNTING

The Hudson Municipal Electric Utility maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Hudson Municipal Electric Utility is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does 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.

FINANCIAL ANALYSIS OF THE HUDSON MUNICIPAL ELECTRIC UTILITY

Statement of Cash Receipts, Disbursements and Changes in Cash Balance

The purpose of the statement is to present the receipts received by the Utility and the disbursements paid by the Utility, both operating and non-operating. The statement also presents a fiscal snapshot of the Utility's cash balance at year-end. Over time, readers of the financial statement are able to determine the Utility's financial position by analyzing the increase or decrease in cash balance.

Receipts include metered electric sales, fees for upkeep and/or upgrade of individual service lines, electric turn on/off fees, rent for space on the poles and miscellaneous fees. A summary of cash receipts, disbursements and changes in the cash balance for the years ended June 30, 2015, June 30, 2016 and June 30, 2017 is presented below:

	Changes in Cash Balance		
	Year ended June 30,		
	2017	2016	2015
Receipts:			
Interest on investments	\$ 2,492	2,317	1,999
Charges for service	1,576,016	1,529,030	1,573,988
Miscellaneous	14,635	112,798	5,337
Total receipts	1,593,143	1,644,145	1,581,324
Disbursements:			
Business type	1,469,169	1,428,242	1,488,695
Debt service	23,175	23,175	-
Capital outlay	85,909	109,971	-
Total disbursements	1,578,253	1,561,388	1,488,695
Change in cash balance	14,890	82,757	92,629
Cash balance beginning of year	954,154	871,397	778,768
Cash balance end of year	\$ 969,044	954,154	871,397

The Utility's unrestricted cash balance is available for use in the routine operations and administrative areas of the electric utility and for the capital improvements to the infrastructure areas.

BUDGETARY HIGHLIGHTS

Over the course of the fiscal years ended June 30, 2017 and June 30, 2016, the Utility did not amend its budget.

For the fiscal year ended June 30, 2017, the Utility's charges for service receipts were \$242,450 less than budgeted and miscellaneous receipts were \$13,135 more than budgeted. Charges for service receipts were significantly less than budgeted due to optimistic projections for development in the Upper Ridge subdivision.

For the fiscal year ended June 30, 2017, the Utility's disbursements were \$244,213 less than budgeted for the year. Business type disbursements were less than budgeted due to optimistic projections for development in the Upper Ridge subdivision.

For the fiscal year ended June 30, 2016, the Utility's charges for service receipts were \$294,095 less than budgeted and miscellaneous receipts were \$106,629 more than budgeted. Charges for service receipts were significantly less than budgeted due to optimistic projections for development in the Upper Ridge subdivision. The increase in miscellaneous receipts was due to development rebate payments received which were not budgeted.

For the fiscal year ended June 30, 2016, the Utility's disbursements were \$269,622 less than budgeted for the year. Business type disbursements were less than budgeted due to optimistic projections for development in the Upper Ridge subdivision.

DEBT ADMINISTRATION

At June 30, 2017, the Utility had \$93,199 in other long-term debt outstanding, compared to \$113,251 at June 30, 2016 and \$132,718 at June 30, 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Current economic conditions beyond the Utility Trustees' control play a significant role in the daily operations of the distribution services. These conditions include, but are not limited to:

- The need to constantly maintain facilities, vehicles and machinery.
- The need to comply with federal and state regulations for the distribution of electricity.
- The need to maintain up-to-date technology at a reasonable cost.

CONTACTING THE UTILITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers and creditors with a general overview of the Hudson Municipal Electric Utility's finances and to show the Utility's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hudson Municipal Electric Utility, 615 Washington, PO Box 416, Hudson, Iowa 50643.

Hudson Municipal Electric Utility

Basic Financial Statements

Hudson Municipal Electric Utility

Hudson Municipal Electric Utility
Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

As of and for the year ended June 30, 2017

	2017	2016
Operating receipts:		
Charges for service	\$ 1,576,016	1,529,030
Miscellaneous	14,635	111,514
Total operating receipts	1,590,651	1,640,544
Operating disbursements:		
Business type activities	1,469,169	1,428,242
Excess of operating receipts over operating disbursements	121,482	212,302
Non-operating receipts (disbursements):		
Interest on investments	2,492	2,317
Rental income	-	1,284
Debt service	(23,175)	(23,175)
Capital outlay	(85,909)	(109,971)
Net non-operating receipts (disbursements)	(106,592)	(129,545)
Change in cash balance	14,890	82,757
Cash balance beginning of year	954,154	871,397
Cash balance end of year	\$ 969,044	954,154
Cash Basis Fund Balance		
Restricted for customer deposits	\$ 18,911	20,511
Restricted for capital improvements	128,466	90,773
Unrestricted	821,667	842,870
Total cash basis fund balance	\$ 969,044	954,154

See notes to financial statement.

Hudson Municipal Electric Utility

Hudson Municipal Electric Utility

Notes to Financial Statement

June 30, 2017

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The Hudson Municipal Electric Utility is a component unit of the City of Hudson, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Utility is governed by a five-member Board of Trustees appointed by the Mayor of the City of Hudson, and then approved by the Board of Trustees, which exercises oversight responsibility under this criteria.

B. Basis of Presentation

The accounts of the Utility are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise 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 an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

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

D. Restricted Cash Basis Fund Balance

Funds set aside for customer deposits and system upgrades are classified as restricted.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The Utility's deposits in banks at June 30, 2017 and 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Utility 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 Board of Trustees; 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 Utility had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Pension Plan

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

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

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

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

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

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

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

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

In fiscal years 2017 and 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Utility contributed 8.93% of covered payroll, for a total rate of 14.88%.

The Utility’s contributions to IPERS for the years ended June 30, 2017 and 2016 were \$10,944 and \$10,836, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the Utility had a liability of \$106,417 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 Utility’s proportion of the net pension liability was based on the Utility’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the Utility’s proportion was 0.001691%, which was an increase of 0.000052% from its proportion measured as of June 30, 2015.

At June 30, 2016, the Utility had a liability of \$86,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility’s proportion of the net pension liability was based on the Utility’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Utility’s proportion was 0.001743%, which was an increase of 0.000031% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2017, the Utility’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$12,622, \$30,895 and \$14,439, respectively.

For the year ended June 30, 2016, the Utility’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$7,262, \$16,556 and \$20,051, 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:

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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

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

Sensitivity of the Utility's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Utility's proportionate share of the net pension liability for fiscal year 2017 calculated using the discount rate of 7.50%, as well as what the Utility'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%)
Utility's proportionate share of the net pension liability	\$ 172,168	106,417	50,922

The following presents the Utility's proportionate share of the net pension liability for fiscal year 2016 calculated using the discount rate of 7.50%, as well as what the Utility'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%)
Utility's proportionate share of the net pension liability	\$ 150,769	86,114	31,539

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.

(4) Promissory Notes

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Promissory notes	\$ 113,251	-	20,052	93,199	20,661

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Promissory notes	\$ 132,718	-	19,467	113,251	20,051

On July 22, 2011, the Hudson Municipal Electric Utility issued a promissory note to Butler County Rural Electric Cooperative for \$100,000 to assist in completing construction on a warehouse and office facility. The note bears interest at 3.0% for a term of 10 years.

On December 15, 2011, the Hudson Municipal Electric Utility issued a second promissory note to Butler County Rural Electric Cooperative for \$100,000 to assist in completing construction on a warehouse and office facility. The note bears interest at 3.0% for a term of 10 years.

A summary of the annual principal and interest requirements to maturity on the promissory notes at June 30, 2017 is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 20,661	2,514	23,175
2019	21,290	1,885	23,175
2020	21,937	1,238	23,175
2021	22,604	571	23,175
2022	6,707	52	6,759
Total	\$ 93,199	6,260	99,459

A summary of the annual principal and interest requirements to maturity on the promissory notes at June 30, 2016 is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 20,051	3124	23,175
2018	20,661	2,514	23,175
2019	21,290	1,885	23,175
2020	21,937	1,238	23,175
2021	22,604	571	23,175
2022	6,708	52	6,760
Total	\$ 113,251	9,384	122,635

(5) Compensated Absences

Utility employees accumulate a limited amount of earned but unused vacation, sick, and compensatory time leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Utility until used or paid. The Utility's approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2017 is as follows:

Type of Benefit	Amount
Vacation	\$ 8,000
Sick leave	2,500
Compensatory time	4,600
Total	\$ 15,100

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

The Utility's approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2016 is as follows:

Type of Benefit	Amount
Vacation	\$ 5,000
Sick leave	2,500
Compensatory time	4,600
Total	\$ 12,100

This liability has been computed based on rates of pay in effect at June 30, 2016.

(6) Risk Management

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

Hudson Municipal Electric Utility

Other Information

Hudson Municipal Electric Utility

Budgetary Comparison Schedule
of Receipts, Disbursements and Changes in Balance -
Budget and Actual (Cash Basis)
Other Information

Year ended June 30, 2017

	Actual	Original/Final Budgeted Amounts	Final to Net Variance
Receipts:			
Use of money and property	\$ 2,492	2,500	(8)
Charges for service	1,576,016	1,818,466	(242,450)
Miscellaneous	14,635	1,500	13,135
Total receipts	1,593,143	1,822,466	(229,323)
Disbursements:			
Business type activities	1,578,253	1,822,466	244,213
Excess of receipts over disbursements	14,890	-	14,890
Other financing uses, net	-	-	-
Change in cash balance	14,890	-	14,890
Cash balance beginning of year	954,154	871,397	82,757
Cash balance end of year	\$ 969,044	871,397	97,647

See accompanying independent auditor's report.

Hudson Municipal Electric Utility
 Budgetary Comparison Schedule
 of Receipts, Disbursements and Changes in Balance -
 Budget and Actual (Cash Basis)
 Other Information

Year ended June 30, 2016

	Actual	Original/Final Budgeted Amounts	Final to Actual Variance
Receipts:			
Use of money and property	\$ 3,601	3,000	601
Charges for service	1,529,030	1,823,125	(294,095)
Miscellaneous	111,514	4,885	106,629
Total receipts	1,644,145	1,831,010	(186,865)
Disbursements:			
Business type activities	1,561,388	1,831,010	269,622
Excess of receipts over disbursements	82,757	-	82,757
Other financing uses, net	-	-	-
Change in cash balance	82,757	-	82,757
Cash balance beginning of year	871,397	766,139	105,258
Cash balance end of year	\$ 954,154	766,139	188,015

See accompanying independent auditor's report.

Hudson Municipal Electric Utility

Notes to Other Information – Budgetary Reporting

June 30, 2017 and 2016

The Hudson Municipal Electric Utility prepares a budget on the cash basis of accounting for all funds and submits it to the City Council. In accordance with the Code of Iowa, the City Council annually adopts a budget, which includes the Utility, on the cash basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements known as functions, not by fund. The Utility's disbursements are budgeted in the business type activities function.

During the years ended June 30, 2017 and 2016, disbursements did not exceed the amount budgeted.

Hudson Municipal Electric Utility

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

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

Other Information

	2017	2016	2015
Utility's proportion of the net pension liability	0.001691%	0.001743%	0.001712%
Utility's proportionate share of the net pension liability	\$ 106	86	69
Utility's covered-employee payroll	\$ 121	121	114
Utility's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.60%	71.07%	60.53%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Hudson Municipal Electric Utility

Schedule of Utility Contributions

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

Other Information

	2017	2016	2015	2014
Statutorily required contribution	\$ 11	11	11	10
Contributions in relation to the statutorily required contribution	(11)	(11)	(11)	(10)
Contribution deficiency (excess)	\$ -	-	-	-
Water Department's covered-employee payroll	\$ 123	121	121	114
Contributions as a percentage of covered-employee payroll	8.94%	9.09%	9.09%	8.77%

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

See accompanying independent auditor's report.

2013	2012	2011	2010	2009
9	8	6	6	5
(9)	(8)	(6)	(6)	(5)
-	-	-	-	-
109	103	93	89	77
8.26%	7.77%	6.45%	6.74%	6.49%

Hudson Municipal Electric Utility

Notes to Other Information – Pension Liability

Year ended June 30, 2017

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.
- 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.

Supplementary Information

Hudson Municipal Electric Utility

Combining Schedule of Cash Receipts, Disbursements
and Changes in Cash Balance

Enterprise Fund Accounts

As of and for the year ended June 30, 2017

	2017			Total
	Electric Operating	Meter Deposit	System Upgrades	
Operating receipts:				
Charges for service	1,482,658	-	93,358	1,576,016
Miscellaneous	8,177	6,458	-	14,635
Total operating receipts	1,490,835	6,458	93,358	1,590,651
Operating disbursements:				
Business type activities	1,461,111	8,058	-	1,469,169
Excess (deficiency) of operating receipts over (under) operating disbursements	29,724	(1,600)	93,358	121,482
Non-operating receipts (disbursements):				
Interest on investments	2,492	-	-	2,492
Rental income	-	-	-	-
Debt service	(23,175)	-	-	(23,175)
Capital outlay	(30,244)	-	(55,665)	(85,909)
Total non-operating receipts (disbursements)	(50,927)	-	(55,665)	(106,592)
Change in cash balance	(21,203)	- (1,600)	- 37,693	14,890
Cash balance beginning of year	842,870	20,511	90,773	954,154
Cash balance end of year	821,667	18,911	128,466	969,044

See accompanying independent auditor's report.

2016			
Electric Operating	Meter Deposit	System Upgrades	Total
\$ 1,435,790	-	93,240	1,529,030
104,475	7,039	-	111,514
1,540,265	7,039	93,240	1,640,544
1,420,252	7,990	-	1,428,242
120,013	(951)	93,240	212,302
2,317	-	-	2,317
1,284	-	-	1,284
(23,175)	-	-	(23,175)
(36,892)	-	(73,079)	(109,971)
(56,466)	-	(73,079)	(129,545)
63,547	(951)	20,161	82,757
779,323	21,462	70,612	871,397
\$ 842,870	20,511	90,773	954,154

Hudson Municipal Electric Utility



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 a Financial Statement Performed in Accordance with
Government Auditing Standards

To the Board of Trustees of the Hudson Municipal Electric Utility:

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 statement of the Hudson Municipal Electric Utility as of and for the year ended June 30, 2017, and the related Notes to Financial Statement, and have issued our report thereon dated June 19, 2018. Our report expressed an unmodified opinion on the financial statement which was 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 statement, we considered the Hudson Municipal Electric Utility's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Hudson Municipal Electric Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hudson Municipal Electric Utility'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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiencies in internal control we consider to be a 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 Hudson Municipal Electric Utility's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (D) through (F) to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Utility's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Utility. 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 Hudson Municipal Electric Utility's Responses to the Findings

The Hudson Municipal Electric Utility's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Hudson Municipal Electric Utility's responses were not subjected to the auditing procedures applied in the audit of the financial statement 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 Utility'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 Utility'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 Hudson Municipal Electric Utility 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

June 19, 2018

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Segregation of Duties

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

Condition – Generally, one or two individuals have control over each of the following areas for the Utility:

- (1) Accounting system – performing all general accounting functions, including journal entries and controlling all data input and output.
- (2) Cash – handling cash, reconciling bank accounts and initiating and recording cash receipt and disbursement transactions.
- (3) Investments – investing and recording
- (4) Bank reconciliation – preparing bank account reconciliations, handling cash receipt and disbursement functions and handling and recording cash. There is no independent review of the bank reconciliations.
- (5) Receipts – opening mail, collecting, depositing, posting and reconciling.
- (6) Disbursements and payroll – purchasing, preparing checks, recording, reconciling, distributing.
- (7) Long term debt – recordkeeping, compliance and debt payment processing.
- (8) Journal entries – preparing and journalizing. In addition, there is no independent review of journal entries.
- (9) Incoming mail is not opened by an employee who is not authorized to make entries to accounting records.

Cause – The Utility 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 Utility'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.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Utility should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including officials. Independent reviews of reconciliations, compensated absences records and utility rates entered into the computer system should be documented by the signature or initials of the independent reviewer and the date of the review.

Response – Due to the size of our utility office, segregation of duties is difficult. We will follow the recommendations and continue to look for additional ways to segregate duties.

Conclusion – Response accepted.

(B) Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reconciling bank and book balances and review by an independent person.

Condition – Monthly bank reconciliations were not reviewed by an independent person.

Cause – Procedures have not been designed and implemented to ensure bank reconciliations have been reviewed by an independent person.

Effect – Lack of independent review of may result in the potential for errors to not be detected.

Recommendation – To improve financial accountability and control, monthly bank reconciliations should be reviewed by an independent person and the review should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Utility Office is now requiring a board member to sign and date bank reconciliations after they have been reviewed.

Conclusion – Response accepted.

(C) Reconciliation of Utility Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling utility billings, collections and delinquent accounts and comparing utility collections to deposits to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – Monthly utility reconciliations were not reviewed by an independent person.

Cause – Procedures have not been designed and implemented to ensure utility reconciliations have been reviewed by an independent person.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

Effect – Lack of independent review of may result in the potential for errors to not be detected.

Recommendation – The Utility board or a designated independent person should review the reconciliations and monitor delinquencies. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of review.

Response – The Utility Office is now requiring a board member to sign and date utility reconciliations after they have been reviewed.

Conclusion – Response accepted.

(D) Uniform Chart of Accounts

Criteria – The Hudson Municipal Electric Utility should follow the Uniform Chart of Accounts for Iowa City Governments was approved by the City Finance Committee on September 25, 2002.

Condition – The Utility has not fully implemented the recommended Uniform Chart of Accounts for Iowa City Governments.

Cause – The Utility did not understand that they needed to implement the recommended Uniform Chart of Accounts for Iowa City Governments.

Effect – Lack of implementation of the Uniform Chart of Accounts could lead to improper classification of receipts and disbursements.

Recommendation – For better financial information and control, the Utility should fully implement the Uniform Chart of Accounts for Iowa City Governments.

Response – We are currently using the chart of accounts provided by our software company. We will work with our software company to make changes to the chart of accounts so it more accurately reflects to Uniform Chart of Accounts as previously stated.

Conclusion – Response accepted.

(E) Disaster Recovery Plan

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

- Identification of critical applications
- Identification of steps for recovery of any operating system for Utility 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 locations.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

- 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 procedure manuals be located off site.
- A requirement for extra stock of paper supplies, such as checks, warrants, purchase orders, etc., be located off site.
- Requirement outlining the frequency of testing the disaster recovery plan to identify issues and document the results of testing.

Condition – The Utility does not have a written disaster recovery plan.

Cause – Management has not required written disaster recovery policies addressing financial continuity.

Effect – Lack of a disaster recovery plan could result in the Utility’s inability to function in the event of a disaster or continue business without interruption.

Recommendation – A written disaster recovery plan should be developed.

Response – The Board will consider implementing a formal Disaster Recovery Plan.

Conclusion – Response accepted.

(F) Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the Utility’s computer system and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The Utility does not have written policies for:

- Requiring password changes because software does not require the user to change log-ins/passwords periodically.

Cause – Management has not required written policies for the above computer based controls.

Effect – Lack of written policies for computer based systems could result in a loss of data or compromised data, resulting in unreliable financial information.

Recommendation – The Utility should develop written policies addressing the above items to improve the Utility’s control over its computer system.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

Response – The Board will consider revising the employee Computer Use Policy to include additional password protections.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – The budget certified by the City of Hudson includes an amount for the Hudson Municipal Electric Utility. Disbursements during the years ended June 30, 2017 and June 30, 2016 did not exceed the amount budgeted.
- (2) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Casey’s	Breakfast for Predecessor Auditors	\$ 13

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

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

Response – We will work to make sure disbursements that do not meet the test of public purpose are not approved.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of Utility money for travel expenses of spouses of Utility officials or employees were noted.
- (4) Business Transactions – No business transactions between the Utility and Utility officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of Hudson Municipal Electric Utility officials and employees is carried by the City of Hudson in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Utility’s investment policy were noted.
- (8) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Utility 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 Utility does not retain electronic images of the back of cancelled checks.

Hudson Municipal Electric Utility

Schedule of Findings

Year ended June 30, 2017

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

Response – We will work with our bank to obtain front and back of check images.

Conclusion – Response accepted.

- (9) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each Utility to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The Utility did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Office of Treasurer of State as required.

Response – We will work with the City to identify payees and remit unclaimed property to the Treasurer of State.

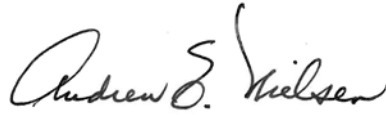
Conclusion – Response accepted.

Hudson Municipal Electric Utility

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Anthony M. Heibult, Senior Auditor
Brett S. Gillen, Staff Auditor

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA
Deputy Auditor of State