**OFFICE OF AUDITOR OF STATE**

STATE OF IOWA

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Des Moines, Iowa 50319-0006

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE October 8, 2018

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Cedar County Economic Development Commission for the year ended June 30, 2017.

The Commission's receipts totaled $104,605 for the year ended June 30, 2017, a 229% increase over the prior year, and included $101,545 in membership dues, and $3,060 from other receipts. The significant increase in revenues is due to several entities remitting two years of membership dues during fiscal year 2017.

Disbursements for the year ended June 30, 2017 totaled $109,947, a 17.2% increase over the prior year, and included $98,967 for salaries and benefits, $4,075 for professional fees and $2,204 for marketing and promotion. The increase in disbursements is primarily due to an increase in salaries and benefits.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

# # #

# CEDAR COUNTY ECONOMIC DEVELOPMENT COMMISSION
## INDEPENDENT AUDITOR'S REPORT
## FINANCIAL STATEMENT AND
## SCHEDULE OF FINDINGS

**JUNE 30, 2017**

1714-2355-B00F

Table of Contents

**Cedar County Economic Development Commission**

**Officials**

**(Before January 2017)**

| Name | Title | Representing |
|---|---|---|
| Greg Wagner | Board Chair | City of Stanwood |
| Jon Bell | Vice Chair | Cedar County |
| Dawn Smith | Board Member | Cedar County |
| Jen VanOort | Board Member | City of Clarence |
| Adam Sandberg | Board Member | City of Mechanicsville |
| Leanne Boots | Board Member | City of Tipton |
| Roger Laughlin | Board Member | City of West Branch |
| Rod Ness | Executive Director | CCEDCO |

**(After January 2017)**

| | | |
|---|---|---|
| Greg Wagner | Board Chair | City of Stanwood |
| Jon Bell | Vice Chair | Cedar County |
| Jeff Kauffman | Board Member | Cedar County |
| Jen VanOort | Board Member | City of Clarence |
| Adam Sandberg | Board Member | City of Mechanicsville |
| Leanne Boots | Board Member | City of Tipton |
| Roger Laughlin | Board Member | City of West Branch |
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**Cedar County Economic Development Commission**

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## Independent Auditor's Report

To the Board of Directors of the Cedar County Economic Development Commission:

### Report on the Financial Statement

We have audited the accompanying financial statement of the Cedar County Economic Development Commission as of and for the year ended June 30, 2017, and the related Notes to Financial Statement.

### 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 Commission'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 Commission'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 Cedar County Economic Development Commission as of June 30, 2017, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2018 on our consideration of the Cedar County Economic Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.  The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.  That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cedar County Economic Development Commission's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

October 2, 2018

**Financial Statement**

**Cedar County Economic Development Commission**

Cedar County Economic Development Commission

Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

As of and for the year ended June 30, 2017

| | |
|---|---|
| Operating receipts: | |
| Membership dues | $ 101,545 |
| Miscellaneous | 706 |
| Total operating receipts | 102,251 |
| Operating disbursements: | |
| Salaries and benefits | 98,967 |
| Marketing and promotion | 2,204 |
| Communication | 2,731 |
| Professional fees | 4,075 |
| Miscellaneous | 1,970 |
| Total operating disbursements | 109,947 |
| Excess of operating receipts over operating disbursements | (7,696) |
| Non-operating receipts: | |
| Investor pledge contribution | 1,200 |
| Interest on investments | 1,154 |
| Total non-operating receipts | 2,354 |
| Change in cash balance | (5,342) |
| Cash balance beginning of year | 195,862 |
| Cash balance end of year | $ 190,520 |
| **Cash Basis Fund Balance** | |
| Restricted for marketing | $ 9,019 |
| Unrestricted | 181,501 |
| Total cash basis fund balance | $ 190,520 |

See notes to financial statements.

## (1) Summary of Significant Accounting Policies

The Cedar County Economic Development Commission was formed in 1989 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Commission is to coordinate resources to encourage and promote the establishment, development and retention of industrial manufacturing, commercial and retail interests in the Cedar County area. Current members include Cedar County and the cities of Bennett, Clarence, Durant, Lowden, Mechanicsville, Stanwood, West Branch and Tipton.

The Commission is comprised of two representatives from Cedar County and one representative from each participating city. Each representative has one vote and each representative may have an alternate who can vote in the member's absence.

### (A) Reporting Entity

For financial reporting purposes, the Cedar County Economic Development Commission has included all funds. The Commission 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 Commission are such that exclusion would cause the Commission's financial statement 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 Commission 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 Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

### (B) Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

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 Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission 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 the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

(D) Cash Basis Fund Balance

Funds set aside for marketing are classified as restricted.

## (2) Cash and Investments

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

## (3) Pension Plans

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

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

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

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

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

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

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

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

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

The Commission's contributions to IPERS for the year ended June 30, 2017 totaled $1,984.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the Commission's reported a liability of $20,407 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 Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the Commission's proportion was 0.000324%, which was a decrease of 0.000006% percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Commission's pension expense, deferred outflows of resources and deferred inflows of resources totaled $2,420, $5,924 and $2,769, 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:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Core plus fixed income | 28% | 2.04% |
| Domestic equity | 24 | 6.29 |
| International equity | 16 | 6.75 |
| Private equity/debt | 11 | 11.32 |
| Real estate | 8 | 3.48 |
| Credit opportunities | 5 | 3.63 |
| U.S. TIPS | 5 | 1.91 |
| Other real assets | 2 | 6.24 |
| Cash | 1 | (0.71) |
| Total | 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 Commission 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 Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Commission'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%) |
|---|---|---|---|
| Commission's proportionate share of the net pension liability | $ 33,016 | 20,407 | 9,765 |

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) Compensated Absences

Commission employees accumulate earned but unused vacation for subsequent use or for payment upon termination, retirement or death. The accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation payable to employees, based on rates of pay in effect at June 30, 2017, is $800.

## (5) Risk Management

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

**Other Information**

**Cedar County Economic Development Commission**

Cedar County Economic Development Commission

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

Iowa Public Employees' Retirement System
For the Last Three Years*

Other Information

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Commission's proportion of the net pension liability | 0.000324% | 0.000330% | 0.0000324% |
| Commission's proportionate share of the net pension liability | $ 20,407 | 16,322 | 12,860 |
| Commission's covered-employee payroll | $ 23,270 | 22,632 | 19,451 |
| Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 87.70% | 72.12% | 66.11% |
| Plan fiduciary 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.

Cedar County Economic Development Commission

Schedule of Commission Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Other Information

| | | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Statutorily required contribution | $ | 1,984 | 2,078 | 2,021 | 1,737 |
| Contributions in relation to the statutorily required contribution | | (1,984) | (2,078) | (2,021) | (1,737) |
| Contribution deficiency (excess) | $ | - | - | - | - |
| Commission's covered-employee payroll | $ | 22,217 | 23,270 | 22,632 | 19,451 |
| Contributions as a percentage of covered-employee payroll | | 8.93% | 8.93% | 8.93% | 8.93% |

See accompanying independent auditor's report.

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| 1,919 | 1,951 | 4,068 | 3,989 | 4,395 | 4,215 |
| (1,919) | (1,951) | (4,068) | (3,989) | (4,395) | (4,215) |
| - | - | - | - | - | - |
| 22,134 | 24,176 | 58,532 | 59,985 | 69,213 | 69,669 |
| 8.67% | 8.07% | 6.95% | 6.65% | 6.35% | 6.05% |

*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 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.

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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 Directors of the Cedar County Economic Development Commission:

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 Cedar County Economic Development Commission as of and for the year ended June 30, 2017, and the related Notes to Financial Statement, and have issued our report thereon dated October 2, 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 Cedar County Economic Development Commission'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 Cedar County Economic Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cedar County Economic Development Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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 Cedar County Economic Development Commission's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cedar County Economic Development Commission'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.

Comments involving statutory and other legal matters about the Commission'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 Commission. 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 Cedar County Economic Development Commission's Response to the Finding

The Cedar County Economic Development Commission's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The Cedar County Economic Development Commission's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 Commission'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 Commission'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 Cedar County Economic Development Commission 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

MARY MOSIMAN, CPA
Auditor of State

October 2, 2018

**Finding Related to the Financial Statement:**

(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 CCEDCO's financial statements.

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

(1) Receipts – opening mail, collecting, depositing, reconciling and posting.

(2) Disbursements – invoicing processing, check writing, mailing, reconciling and recording.

(3) Investing – recordkeeping, investing, custody of investments and reconciling earnings.

(4) Cash – handling, reconciling and recording.

Cause – CCEDCO 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 CCEDCO'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 – CCEDCO should review its control activities to obtain the maximum internal control possible under the circumstances and should utilize current personnel, including Board Members to provide additional control through review of financial transactions, reconciliations and reports.

Response – We will utilize Board Members review to establish and verify better internal controls for financials.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

(1) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.

Although minutes of Council proceedings were published, two commission proceedings were not published within twenty days and one proceeding was not published.

Recommendation – The Commission should comply with Chapter 28E.6(3)a of the Code of Iowa and should ensure minutes are published timely.

Response – The Commission will work to gain a better understanding of the Code of Iowa to help ensure we are in compliance.

Conclusion – Response accepted.

(2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

(3) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.

(4) 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.

## Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Sidot K. Shipley, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State