



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

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

March 11, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on the City of Van Meter, Iowa.

The City's receipts totaled \$2,409,165 for the year ended June 30, 2018, a 38.5% increase over the prior year. The receipts included \$431,766 in property tax, \$372,778 from tax increment financing, \$185,000 from note proceeds, \$1,098,687 from charges for service, \$310,461 from operating grants, contributions and restricted interest, \$5,585 from unrestricted interest on investments and \$4,888 from commercial/industrial tax replacement.

Disbursements for the year ended June 30, 2018 totaled \$2,217,966, a 35.6% increase over the prior year, and included \$361,715 for general government, \$313,677 for public safety and \$309,323 for public works. Also, disbursements for business type activities totaled \$604,076.

The significant increase in receipts is due primarily to an increase in water rates and the capital improvement utility fee, the receipt of note proceeds for the municipal water system, insurance proceeds received as a result of hail damage to City Hall, an increase in receipts for building permits and an increase in tax increment financing collections.

The significant increase in disbursements is due primarily to an increase in engineering costs associated with plans for the municipal water system and increased costs associated with the repair of City Hall.

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

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CITY OF VAN METER

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

JUNE 30, 2018

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		9-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	16-17
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	18-19
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	20
Notes to Financial Statements		21-30
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		32-33
Notes to Other Information – Budgetary Reporting		34
Schedule of the City’s Proportionate Share of the Net Pension Liability		35
Schedule of City Contributions		36-37
Notes to Other Information – Pension Liability		38
Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	40-41
Schedule of Indebtedness	2	42-43
Bond Maturities	3	44
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4	45
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		47-48
Schedule of Findings		49-54
Staff		55

City of Van Meter

Officials

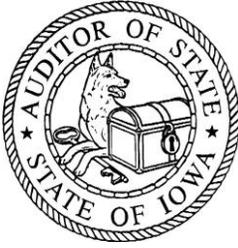
(Before January 2018)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Allan Adams	Mayor	Jan 2020
Kimberly Sacker	Mayor Pro tem	Jan 2020
Adam Lamoureux (Appointed Dec 2016)	Council Member	Nov 2017
Mike Peterson	Council Member	Jan 2018
Owen Stump	Council Member	Jan 2018
Elizabeth Tweed	Council Member	(Resigned Oct 2016)
Lyn Lyon	Council Member	Jan 2020
Jake Anderson	City Administrator/City Clerk	Indefinite
Liz Thompson	Deputy Clerk	Indefinite
Erik Fisk	Attorney	Indefinite

(After January 2018)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Allan Adams	Mayor	Jan 2020
Kimberly Sacker	Mayor Pro tem	Jan 2020
Lyn Lyon	Council Member	Jan 2020
Adam Coyle	Council Member	Jan 2022
Joe Herman	Council Member	Jan 2022
Steve Meyer	Council Member	Jan 2022
Jake Anderson	City Administrator/City Clerk	(Resigned May 2018)
Kyle Michel (Appointed Jun 2018)	City Administrator/City Clerk	Indefinite
Liz Thompson	Deputy Clerk	Indefinite
Erik Fisk	Attorney	Indefinite

City of Van Meter



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Van Meter, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Van Meter as of June 30, 2018, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Emphasis of a Matter

As discussed in Note 5 to the financial statements, the City of Van Meter adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Van Meter's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 9 through 14 and 32 through 38, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2019 on our consideration of the City of Van Meter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Van Meter's internal control over financial reporting and compliance.



ROB SAND
Auditor of State

March 6, 2019

City of Van Meter

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Van Meter provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 26.4%, or approximately \$338,000, from fiscal year 2017. Charges for services increased approximately \$224,000, operating grants, contributions and restricted interest increased approximately \$34,000 and tax increment financing increased approximately \$74,000 due to an increase in the tax increment financing debt certified for fiscal year 2018.
- Disbursements of the City's governmental activities increased 31.6%, or approximately \$387,000, in fiscal year 2018 from fiscal year 2017. General government and public works disbursements increased approximately \$177,000 and \$120,000, respectively. These increases were due to building repair/maintenance costs for hail damage to City Hall and completing more road repairs in the current fiscal year.
- The City's total cash basis net position increased 15.9%, or \$191,199 from June 30, 2017 to June 30, 2018. Of this amount, the cash basis net position of governmental activities increased \$4,789 and the cash basis net position of business type activities increased \$186,410.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

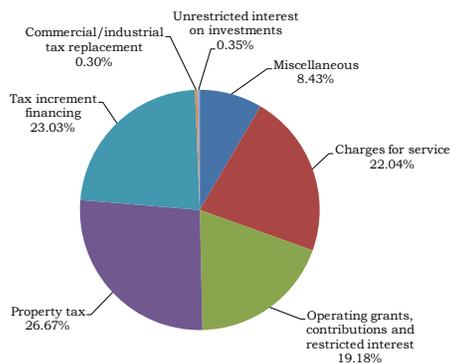
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

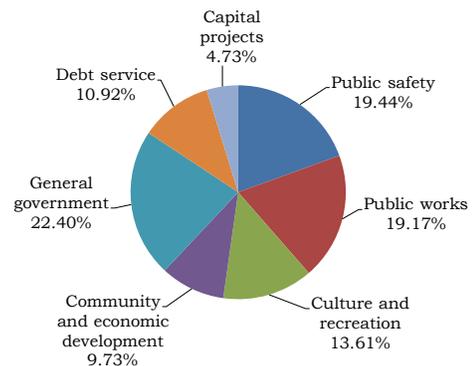
Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$1,049,000 to approximately \$1,054,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

	Changes in Cash Basis Net Position of Governmental Activities	
	Year ended June 30,	
	2018	2017
Receipts:		
Program receipts:		
Charges for service	\$ 356,740	268,901
Operating grants, contributions and restricted interest	310,461	276,818
General receipts:		
Property tax	431,766	425,493
Tax increment financing	372,778	298,926
Commercial/industrial tax replacement	4,888	4,800
Unrestricted interest on investments	5,585	5,446
Miscellaneous	136,461	-
Total receipts	<u>1,618,679</u>	<u>1,280,384</u>
Disbursements:		
Public safety	313,677	278,862
Public works	309,323	189,502
Culture and recreation	219,653	242,514
Community and economic development	157,000	149,065
General government	361,715	184,676
Debt service	176,177	148,777
Capital projects	76,345	33,326
Total disbursements	<u>1,613,890</u>	<u>1,226,722</u>
Change in cash basis net position before transfers	4,789	53,662
Transfers, net	-	37,207
Change in cash basis net position	4,789	90,869
Cash basis net position beginning of year	1,048,853	957,984
Cash basis net position end of year	<u>\$ 1,053,642</u>	<u>1,048,853</u>

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities increased 26.4%, or approximately \$338,000, over the prior year. The total cost of all programs and services increased approximately \$387,000, or 31.6%, over the prior year.

The cost of all governmental activities this year was approximately \$1,614,000 compared to approximately \$1,227,000 last year. However, as shown in the Statement of Activities and Net Position on pages 16-17, the amount taxpayers ultimately financed for these activities was approximately \$947,000 because some of the cost was paid by those who directly benefited from the programs (approximately \$357,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$310,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest and commercial/industrial tax replacement. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2018 from approximately \$546,000 to approximately \$667,000, principally due to an increase in building permit fee collections and fees collected for services provided by the Parks and Recreation Department.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2018	2017
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 370,838	247,026
Sewer	186,652	161,863
General receipts:		
Note proceeds	185,000	-
Water tower rent	47,996	50,540
Total receipts	<u>790,486</u>	<u>459,429</u>
Disbursements:		
Water	410,179	251,322
Sewer	193,897	158,177
Total disbursements	<u>604,076</u>	<u>409,499</u>
Change in cash basis net position before transfers	186,410	49,930
Transfers, net	-	(37,207)
Change in cash basis net position	186,410	12,723
Cash basis net position beginning of year	<u>154,441</u>	<u>141,718</u>
Cash basis net position end of year	<u>\$ 340,851</u>	<u>154,441</u>

Total business type activities receipts for the fiscal year were approximately \$790,000 compared to approximately \$459,000 last year. This significant increase was due primarily to the receipt of \$185,000 of water revenue note proceeds and increased capital improvement utility fees. The cash balance increased approximately \$186,000 over the prior year because most of the capital improvement utility fees received will not be spent for the approved water system improvement project until the subsequent fiscal year. Total disbursements for the fiscal year increased 47.5% to \$604,076 due primarily to engineering costs associated with planning the water system project.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Van Meter completed the year, its governmental funds reported a combined fund balance of \$1,053,642, an increase of \$4,789 over last year's total of \$1,048,853. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$73,357 over the prior year to \$272,386. Receipts increased approximately \$239,000 or 37.1%, primarily due to an increase in insurance reimbursements, additional building permits and sporting fees. Disbursements increased approximately \$181,000, or 29.5%, primarily due to repairs to City Hall for hail damage.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$76,180 to \$25,330. This decrease was due to more street maintenance work in fiscal year 2018 than in the prior fiscal year.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased \$163,951 to \$654,092. These resources will be used to pay certified TIF indebtedness.
- The Debt Service Fund cash balance decreased \$29,068 to \$(38,186). The decrease is primarily due to the timing of transfers to the Debt Service Fund.
- The Capital Projects Fund cash balance decreased \$76,345 to \$23,888. The decrease is primarily due to the purchase of land for the water project.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$193,655 to \$332,626 primarily due to an increase in water rates and capital improvement utility fees. \$253,291 of the cash balance is restricted for capital projects.
- The Enterprise, Sewer Fund cash balance decreased \$7,245 to \$8,225.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 14, 2018 and resulted in an increase in budgeted operating disbursements of \$451,000, primarily related to costs associated with the water treatment plant and building repair/maintenance due to hail damage.

The City's receipts were \$320,145 more than budgeted. This was primarily due to the City receiving more tax increment financing and charges for service receipts than anticipated.

The City's disbursements were \$188,347 less than the amended budget. This was primarily due to delays with the water treatment plant project and the delay of a trail project at the recreation complex.

Even with the budget amendment, disbursements exceeded the amounts budgeted in the debt service and capital projects functions. In addition, disbursements in the general government and business type activities functions exceeded the budget prior to amendment.

DEBT ADMINISTRATION

At June 30, 2018, the City had \$1,080,000 of bonds, revenue anticipation project note and other long-term debt outstanding, compared to \$1,035,000 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2018	2017
General obligation bonds	\$ 895,000	1,030,000
Lease-purchase agreement	-	5,000
Water revenue anticipation project note	185,000	-
Total	<u>\$ 1,080,000</u>	<u>1,035,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation and TIF debt of \$990,039 (including \$95,039 of annually appropriated developer agreements) is significantly below its constitutional debt limit of approximately \$3.4 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Van Meter's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment as of June 2018 for Dallas County stands at 1.8%, which compares with the State's unemployment rate of 2.7% and the national unemployment rate of 4.0%.

These indicators were taken into account when adopting the budget for fiscal year 2019. Amounts available for appropriation in the operating budget are approximately \$2,800,000, an increase of 1.94% from the final fiscal year 2018 budget. Budgeted disbursements are expected to decrease approximately \$451,000 from the final fiscal year 2018 budget. The City has added no major new programs or initiatives to the fiscal year 2019 budget.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$70,000 by the close of fiscal year 2019.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kyle Michel, City Administrator, 310 Mill Street, PO Box 160, Van Meter, Iowa 50261.

Basic Financial Statements

City of Van Meter

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2018

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 313,677	-	123,072
Public works	309,323	183,862	129,632
Culture and recreation	219,653	73,973	51,313
Community and economic development	157,000	98,037	6,444
General government	361,715	868	-
Debt service	176,177	-	-
Capital projects	76,345	-	-
Total governmental activities	1,613,890	356,740	310,461
Business type activities:			
Water	410,179	418,834	-
Sewer	193,897	186,652	-
Total business type activities	604,076	605,486	-
Total	\$ 2,217,966	962,226	310,461
General Receipts:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Commercial/industrial tax replacement			
Unrestricted interest on investments			
Miscellaneous			
Note proceeds			
Total general receipts			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Streets			
Debt service			
Capital projects			
Other purposes			
Unrestricted			
Total cash basis net position			

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(190,605)	-	(190,605)
4,171	-	4,171
(94,367)	-	(94,367)
(52,519)	-	(52,519)
(360,847)	-	(360,847)
(176,177)	-	(176,177)
(76,345)	-	(76,345)
(946,689)	-	(946,689)
-	8,655	8,655
-	(7,245)	(7,245)
-	1,410	1,410
(946,689)	1,410	(945,279)
344,207	-	344,207
87,559	-	87,559
372,778	-	372,778
4,888	-	4,888
5,585	-	5,585
136,461	-	136,461
-	185,000	185,000
951,478	185,000	1,136,478
4,789	186,410	191,199
1,048,853	154,441	1,203,294
\$ 1,053,642	340,851	1,394,493
\$ 27,000	-	27,000
25,330	-	25,330
654,092	37,710	691,802
23,888	-	23,888
89,132	-	89,132
234,200	303,141	537,341
\$ 1,053,642	340,851	1,394,493

City of Van Meter

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

As of and for the year ended June 30, 2018

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property Tax	\$ 250,656	-	-
Tax increment financing	-	-	372,778
Other city tax	13,083	-	-
Licenses and permits	152,731	-	-
Use of money and property	5,585	-	-
Intergovernmental	122,896	129,631	-
Charges for service	186,967	-	-
Miscellaneous	152,378	-	-
Total receipts	<u>884,296</u>	<u>129,631</u>	<u>372,778</u>
Disbursements:			
Operating:			
Public safety	235,498	-	-
Public works	111,789	196,154	-
Culture and recreation	104,647	-	-
Community and economic development	7,000	-	150,000
General government	334,980	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>793,914</u>	<u>196,154</u>	<u>150,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>90,382</u>	<u>(66,523)</u>	<u>222,778</u>
Other financing sources (uses):			
Transfers in	10,500	-	-
Transfers out	(27,525)	(9,657)	(58,827)
Total other financing sources (uses)	<u>(17,025)</u>	<u>(9,657)</u>	<u>(58,827)</u>
Change in cash balances	73,357	(76,180)	163,951
Cash balances beginning of year, as restated	199,029	101,510	490,141
Cash balances end of year	<u>\$ 272,386</u>	<u>25,330</u>	<u>654,092</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	25,330	-
Debt service	-	-	654,092
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	<u>272,386</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 272,386</u>	<u>25,330</u>	<u>654,092</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
84,624	-	76,447	411,727
-	-	-	372,778
2,935	-	4,021	20,039
-	-	-	152,731
-	-	9	5,594
723	-	8,766	262,016
-	-	8,352	195,319
-	-	46,097	198,475
88,282	-	143,692	1,618,679
-	-	78,179	313,677
-	-	1,380	309,323
-	-	115,006	219,653
-	-	-	157,000
-	-	26,735	361,715
176,177	-	-	176,177
-	76,345	-	76,345
176,177	76,345	221,300	1,613,890
(87,895)	(76,345)	(77,608)	4,789
58,827	-	37,182	106,509
-	-	(10,500)	(106,509)
58,827	-	26,682	-
(29,068)	(76,345)	(50,926)	4,789
(9,118)	100,233	167,058	1,048,853
(38,186)	23,888	116,132	1,053,642
-	-	27,000	27,000
-	-	-	25,330
-	-	-	654,092
-	23,888	-	23,888
-	-	89,132	89,132
(38,186)	-	-	234,200
(38,186)	23,888	116,132	1,053,642

Exhibit C

City of Van Meter

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

As of and for the year ended June 30, 2018

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 370,838	186,652	557,490
Operating disbursements:			
Business type activities	386,423	184,248	570,671
Excess of operating receipts over operating disbursements	(15,585)	2,404	(13,181)
Non-operating receipts (disbursements):			
Note proceeds	185,000	-	185,000
Water tower rent	47,996	-	47,996
Capital outlay	(15,526)	(1,419)	(16,945)
Miscellaneous	(8,230)	(8,230)	(16,460)
Net non-operating receipts (disbursements)	209,240	(9,649)	199,591
Change in cash balances	193,655	(7,245)	186,410
Cash balances beginning of year	138,971	15,470	154,441
Cash balances end of year	\$ 332,626	8,225	340,851
Cash Basis Fund Balances			
Restricted for capital projects	243,084	-	243,084
Unrestricted	89,542	8,225	97,767
Total cash basis fund balances	\$ 332,626	8,225	340,851

City of Van Meter

Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

The City of Van Meter is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1877 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Van Meter has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Van Meter (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational financial relationship with the City.

Blended Component Unit

The Van Meter Firefighters Association (Association) was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Association is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Association is legally separate from the City, its purpose is to benefit the City of Van Meter (the primary government) by soliciting contributions and managing those funds.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and Dallas County Joint 911 Service Board.

B. Basis of Presentation

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling Legislation consists of \$205,373 for water improvements.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

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

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

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2018, disbursements exceeded the amounts budgeted in the debt service and capital projects functions. In addition, disbursements in the general government and business type activities functions exceeded the budget prior to amendment.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

(3) Indebtedness

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 90,000	35,807	125,807
2020	55,000	33,037	88,037
2021	55,000	31,287	86,287
2022	60,000	29,538	89,538
2023	65,000	27,588	92,588
2024-2028	310,000	99,262	409,262
2029-2033	260,000	34,863	294,863
Total	\$ 895,000	291,382	1,186,382

Water Revenue Loan and Disbursement Agreement Anticipation Project Note

On March 27, 2015, the City approved an interest free water revenue loan and disbursement agreement interim project anticipation note to the Iowa Finance Authority for up to \$185,000 to pay the costs of planning, designing and constructing improvements and extensions to the municipal water system. The note proceeds were drawn by the City during fiscal year 2018. The note was issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of, and is payable from, the proceeds of an authorized loan and disbursement agreement and a corresponding issuance of water revenue bonds in an amount sufficient to repay the note. The note is payable on March 27, 2021. At June 30, 2018, the City had drawn \$185,000 against the anticipation project note.

(4) Pension Plan

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

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

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

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

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

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

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

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

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

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

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protective occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City’s contributions to IPERS for the year ended June 30, 2018 were \$36,163.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$275,011 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the City’s proportion was 0.004129%, which was a decrease of .000193% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$46,485, \$128,966 and \$73,782, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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 Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 506,199	275,011	80,824

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.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$499 for single coverage to \$1,497 for family coverage. For the year ended June 30, 2018, the City contributed \$98,462 and plan members eligible for benefits contributed \$5,508 to the plan. At June 30, 2018, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Van Meter and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>6</u>
Total	<u><u>6</u></u>

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation and sick leave payable to employees at June 30, 2018, primarily relating to the General Fund, is \$9,000 for vacation. This liability has been computed based on rates of pay in effect at June 30, 2018.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Library Trust	<u>\$ 10,500</u>
Special Revenue: VM Community Betterment Library Trust	General General	<u>3,000</u> <u>24,525</u>
Employee Benefits	Special Revenue: Road Use Tax	<u>9,657</u>
Debt Service	Special Revenue: Urban Renewal Tax Increment	<u>58,827</u>
Total		<u><u>\$ 106,509</u></u>

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

(8) Development Agreements

The City entered into a development agreement to assist in urban renewal projects for the development of improvements to the sanitary sewer, water utility and street systems to support a new residential subdivision. The developer proposed to pay the initial costs of constructing the project improvements provided the City agreed to provide tax increment financing assistance to the developer to repay the costs over time. The City agreed to make annual payments to the developer under Chapters 15A and 403 of the Code of Iowa. The total to be paid by the City is not to exceed the developer's improvement costs or \$1,178,530. The agreement consists of three phases and the duration of the agreements is ten years for each of the three phases. Each payment represents the incremental property tax received by the City with respect to the incremental value of the property, reduced by the minimum amount required by Section 403.22 of the Code of Iowa. The low and moderate income set aside amount shall be retained by the City for the purpose of providing assistance to low and moderate income families. During the year ended June 30, 2018, \$147,020 was rebated to the developer. The outstanding balance on this agreement at June 30, 2018 is \$368,513, which is subject to annual appropriation.

(9) Risk Management

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

(10) Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2018, the City abated \$66,293 of property tax under the urban renewal and economic development agreements.

(11) Deficit Balance

The Debt Service Fund has a deficit balance of \$38,186 at June 30, 2018. The deficit balance was a result of the timing of transfers to the Debt Service Fund for the payment of principal and interest on the general obligation bonds.

(12) Reclassification

The Special Revenue, Emergency Fund has been reclassified to the General Fund to properly report the activity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

The Reclassified cash basis net position/fund balances are as follows:

	<u>General Fund</u>	<u>Special Revenue, Emergency Fund</u>
Fund balances June 30, 2017, as previously reported	\$ 198,655	374
Fund reclassification per GASB Statement No. 54	<u>374</u>	<u>(374)</u>
Fund balances July 1, 2017, as restated	<u>\$ 199,029</u>	<u>-</u>

Other Information

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

Other Information

Year ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 411,727	-	-
Tax increment financing	372,778	-	-
Other city tax	20,039	-	-
Licenses and permits	152,731	-	-
Use of money and property	5,594	-	9
Intergovernmental	262,016	-	-
Charges for service	195,319	605,486	-
Miscellaneous	198,475	-	22,793
Total receipts	1,618,679	605,486	22,802
Disbursements:			
Public safety	313,677	-	24,114
Public works	309,323	-	-
Culture and recreation	219,653	-	-
Community and economic development	157,000	-	-
General government	361,715	-	-
Debt service	176,177	-	-
Capital projects	76,345	-	-
Business type activities	-	604,076	-
Total disbursements	1,613,890	604,076	24,114
Excess (deficiency) of receipts over (under) disbursements	4,789	1,410	(1,312)
Other financing sources, net	-	185,000	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,789	186,410	(1,312)
Balances beginning of year	1,048,853	154,441	17,534
Balances end of year	\$ 1,053,642	340,851	16,222

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
411,727	411,935	411,935	(208)
372,778	280,978	280,978	91,800
20,039	19,649	19,649	390
152,731	71,150	71,150	81,581
5,585	4,500	4,500	1,085
262,016	188,348	263,348	(1,332)
800,805	557,745	623,745	177,060
175,682	71,913	205,913	(30,231)
<u>2,201,363</u>	<u>1,606,218</u>	<u>1,881,218</u>	<u>320,145</u>
289,563	296,785	296,785	7,222
309,323	331,850	336,850	27,527
219,653	218,276	303,276	83,623
157,000	204,900	204,900	47,900
361,715	220,000	396,000	34,285
176,177	155,785	155,785	(20,392)
76,345	-	-	(76,345)
<u>604,076</u>	<u>503,603</u>	<u>688,603</u>	<u>84,527</u>
<u>2,193,852</u>	<u>1,931,199</u>	<u>2,382,199</u>	<u>188,347</u>
7,511	(324,981)	(500,981)	508,492
<u>185,000</u>	<u>-</u>	<u>185,000</u>	<u>-</u>
192,511	(324,981)	(315,981)	508,492
<u>1,185,760</u>	<u>700,866</u>	<u>700,866</u>	<u>484,894</u>
<u>1,378,271</u>	<u>375,885</u>	<u>384,885</u>	<u>993,386</u>

City of Van Meter

Notes to Other Information – Budgetary Reporting

June 30, 2018

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$451,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2018, disbursements exceeded the amounts budgeted in the debt service and capital projects functions. In addition, disbursements in the general government and business type activities functions exceeded the budget prior to amendment.

City of Van Meter

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

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

Other Information

	2018	2017	2016	2015
City's proportion of the net pension liability	0.004129%	0.004322%	0.003513%	0.003513%
City's proportionate share of the net pension liability	\$ 275,011	272,007	173,559	139,339
City's covered payroll	\$ 395,855	380,453	306,666	298,437
City's proportionate share of the net pension liability as a percentage of its covered payroll	69.47%	71.50%	56.60%	46.69%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

City of Van Meter

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Other Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contribution	\$ 36,163	36,592	34,665	28,059
Contributions in relation to the statutorily required contribution	<u>(36,163)</u>	<u>(36,592)</u>	<u>(34,665)</u>	<u>(28,059)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 394,204	395,855	380,453	306,666
Contributions as a percentage of covered payroll	9.17%	9.24%	9.11%	9.15%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
27,249	20,750	19,829	17,566	16,731	14,255
(27,249)	(20,750)	(19,829)	(17,566)	(16,731)	(14,255)
-	-	-	-	-	-
298,437	233,794	235,409	238,949	236,488	210,440
9.13%	8.88%	8.42%	7.35%	7.07%	6.77%

City of Van Meter

Notes to Other Information – Pension Liability

Year ended June 30, 2018

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

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

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

Supplementary Information

City of Van Meter

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

As of and for the year ended June 30, 2018

	Parks and Recreation Trust	Employee Benefits	Van Meter Firefighters Association
Receipts:			
Property tax	\$ -	76,447	-
Other city tax	-	4,021	-
Use of money and property	-	-	9
Intergovernmental	-	979	-
Charges for service	8,202	-	-
Miscellaneous	45	-	22,793
Total receipts	8,247	81,447	22,802
Disbursements:			
Public safety	-	54,065	24,114
Public works	-	1,380	-
Culture and recreation	7,186	16,657	-
General government	-	26,735	-
Total disbursements	7,186	98,837	24,114
Excess (deficiency) of receipts over (under) disbursements	1,061	(17,390)	(1,312)
Other financing sources (uses):			
Transfers in	-	9,657	-
Transfers out	-	-	-
Total other financing sources (uses)	-	9,657	-
Change in cash balances	1,061	(7,733)	(1,312)
Cash balances beginning of year	39,324	12,871	17,534
Cash balances end of year	\$ 40,385	5,138	16,222
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for other purposes	40,385	5,138	16,222
Total cash basis fund balances	\$ 40,385	5,138	16,222

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>		
VM Community Betterment	Library Trust	Cemetery Perpetual Care		Total
-	-	-		76,447
-	-	-		4,021
-	-	-		9
-	7,787	-		8,766
-	-	150		8,352
17,270	3,489	2,500		46,097
17,270	11,276	2,650		143,692
-	-	-		78,179
-	-	-		1,380
19,690	71,473	-		115,006
-	-	-		26,735
19,690	71,473	-		221,300
(2,420)	(60,197)	2,650		(77,608)
3,000	24,525	-		37,182
-	(10,500)	-		(10,500)
3,000	14,025	-		26,682
580	(46,172)	2,650		(50,926)
6,759	66,220	24,350		167,058
7,339	20,048	27,000		116,132
-	-	27,000		27,000
7,339	20,048	-		89,132
7,339	20,048	27,000		116,132

City of Van Meter
 Schedule of Indebtedness
 Year ended June 30, 2018

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Street improvement	Aug 27, 2008	3.20-4.20%	\$ 300,000
Water improvement	Aug 15, 2011	4.00-4.75	265,000
Corporate purpose and refunding	Sep 9, 2013	1.00-4.75	995,000
Total			
Lease-purchase agreement:			
Bob Feller Museum	Jul 14, 2014	0.00-0.00%	\$ 39,000
Water revenue anticipation project note	Mar 27, 2015	0.00-0.00	\$ 185,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
70,000	-	35,000	35,000	2,940
215,000	-	10,000	205,000	9,800
745,000	-	90,000	655,000	26,737
\$ 1,030,000	-	135,000	895,000	39,477
\$ 5,000	-	5,000	-	-
\$ -	185,000	-	185,000	-

Schedule 3

City of Van Meter

Bond Maturities

June 30, 2018

General Obligation Bonds										
Year	Street Improvement			Water Improvement			Corporate Purpose and Refunding			
	Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total		
2019	4.20%	\$	35,000	4.00%	\$	10,000	2.00%	\$	45,000	90,000
2020			-	4.00		10,000	3.00		45,000	55,000
2021			-	4.00		10,000	3.00		45,000	55,000
2022			-	4.00		15,000	3.00		45,000	60,000
2023			-	4.75		15,000	3.50		50,000	65,000
2024			-	4.75		15,000	3.50		50,000	65,000
2025			-	4.75		15,000	4.00		55,000	70,000
2026			-	4.75		15,000	4.00		50,000	65,000
2027			-	4.75		20,000	4.00		35,000	55,000
2028			-	4.75		20,000	4.50		35,000	55,000
2029			-	4.75		20,000	4.50		35,000	55,000
2030			-	4.75		20,000	4.50		40,000	60,000
2031			-	4.75		20,000	4.75		40,000	60,000
2032			-			-	4.75		40,000	40,000
2033			-			-	4.75		45,000	45,000
Total		\$	<u>35,000</u>		\$	<u>205,000</u>		\$	<u>655,000</u>	<u>895,000</u>

See accompanying independent auditor's report.

City of Van Meter

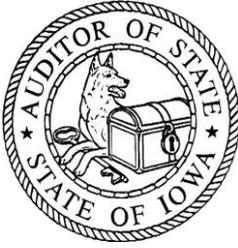
Schedule of Receipts By Source and Disbursements By Function –
All Governmental Funds

For the Last Five Years

	2018	2017	2016	2015	2014
Receipts:					
Property tax	\$ 411,727	405,253	385,576	385,631	420,233
Tax increment financing	372,778	298,926	290,991	238,401	197,761
Other city tax	20,039	20,240	21,982	22,196	90,412
Licences and permits	152,731	105,446	79,723	70,737	12,779
Use of money and property	5,594	5,447	4,379	5,386	5,384
Intergovernmental	262,016	223,093	240,782	160,719	294,230
Charges for service	195,319	139,797	128,295	108,760	104,735
Miscellaneous	198,475	82,182	70,445	77,343	153,557
Total receipts	<u>\$ 1,618,679</u>	<u>1,280,384</u>	<u>1,222,173</u>	<u>1,069,173</u>	<u>1,279,091</u>
Disbursements:					
Operating:					
Public safety	\$ 313,677	278,862	304,451	156,945	156,002
Public works	309,323	189,502	250,197	191,053	362,578
Health and social services	-	-	-	600	-
Culture and recreation	219,653	242,514	255,868	96,280	175,079
Community and economic development	157,000	149,065	122,717	143,159	190,105
General government	361,715	184,676	216,856	213,083	136,818
Debt service	176,177	148,777	151,453	153,483	590,200
Capital projects	76,345	33,326	36,825	13,681	407,558
Total disbursements	<u>\$ 1,613,890</u>	<u>1,226,722</u>	<u>1,338,367</u>	<u>968,284</u>	<u>2,018,340</u>

See accompanying independent auditor's report.

City of Van Meter



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

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Auditor of State

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Van Meter, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2019. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Van Meter's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Van Meter's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Van Meter'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 deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Van Meter's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) and (B) 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 deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Van Meter's Responses to the Findings

The City of Van Meter's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Van Meter's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Van Meter 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.


ROB SAND
Auditor of State

March 6, 2019

City of Van Meter
Schedule of Findings
Year ended June 30, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

Condition – Generally, a limited number of individuals in the City are responsible for the following areas:

- 1) Cash – bank reconciling, petty cash, change fund, handling and recording.
- 2) Receipts – collecting, depositing, recording and daily reconciling. Also, an independent reconciliation of recorded receipts to the initial mail listing is not performed.
- 3) Long-term debt – recording, reconciling and maintaining. Also, paid bonds and coupons are not reconciled by an independent person.
- 4) Journal entries – preparing and recording.

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

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

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The City will review internal control policies during the current fiscal year and adopt better internal control practices.

Conclusion – Response accepted.

City of Van Meter
Schedule of Findings
Year ended June 30, 2018

(B) Segregation of Duties (Van Meter Firefighters Association)

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 Association’s financial statements.

Condition – One person has control over each of the following areas for the Association:

- 1) Cash – bank reconciling, handling and recording cash. Also, bank reconciliations are not reviewed by an independent person.
- 2) Receipts – collecting, depositing, recording and daily reconciling. Also, a listing of receipts is not prepared by the mail opener.
- 3) Disbursements – preparing and signing checks, approving, recording and posting.

Cause – The Van Meter Firefighters Association 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 Van Meter Firefighters Association’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Association should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including Board Members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The City Administrator and Public Safety Director will work with the Van Meter Firefighters Association over the current fiscal year to review its control activities and adopt recommendations from above. This will at least include participation in the financial oversight by the Public Safety Director.

Conclusion – Response accepted.

City of Van Meter
Schedule of Findings
Year ended June 30, 2018

(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 – The reconciliation of utility billings, collections and delinquent accounts is not reviewed by an independent person.

Cause – Policies and procedures have not been established to require the reconciliations of utility billings, collections and delinquent accounts be reviewed by an independent person.

Effect – This condition could result in unrecorded or misstated utility receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent account balances.

Recommendation – The reconciliation of utility billings, collections and delinquent accounts should be reviewed by an independent person.

Response – The City Clerk conducts all utility billing procedures currently. The City Administrator will review billing files going forward.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Van Meter
Schedule of Findings
Year ended June 30, 2018

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the debt service and capital projects functions. In addition, disbursements in the general government and business type activities functions exceeded the budget prior to amendment. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City Administrator will be requiring quarterly finance committee meetings going forward in order to review budgets and ensure amendments are scheduled ahead of disbursements exceeding adopted budget numbers.

Conclusion – Response accepted.

- (2) Questionable Disbursement – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No business transactions between the City and City officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not, except as follows:
- Certain transfers were not approved by the City Council and listed in the minutes record.

Recommendation – The City Council should ensure all transfers are approved and recorded in the minutes.

Response – The City Administrator will ensure all transfers occur in conjunction with the adopted budget or as reviewed and approved by the City Council.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Van Meter

Schedule of Findings

Year ended June 30, 2018

- (8) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.
- (9) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The City did not remit these obligations, as required.

Recommendation – 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 – The City Clerk will establish accounts with the Great Iowa Treasure Hunt and Iowa Offset in order to remit outstanding items as necessary.

Conclusion – Response accepted.

- (10) Financial Condition – The Debt Service Fund had a deficit balance of \$38,186 at June 30, 2018.

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

Response – The City Administrator will ensure all fund balance transfers occur in order to prevent negative debt service fund balances at the end of the fiscal year.

Conclusion – Response accepted.

- (11) Debt Service Fund – Debt payments for the Series 2013 corporate purpose and refunding general obligation bonds are to be funded from two sources, a debt service levy which the City deposits into the Debt Service Fund and tax increment financing receipts which the City deposits into the Special Revenue, Urban Renewal Tax Increment Fund. Per review of the City's budget document for fiscal year 2018, the City budgeted \$89,056 of the above debt payments from tax increment financing. However during fiscal year 2018, only \$58,827 was transferred from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund, \$30,229 short of the amount budgeted.

Recommendation – The City should transfer \$30,229 from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund. The City should also review past transfers compared to the City's budget document and transfer additional amounts, if any, falling short of the funding approved in the budget.

Response – The City is aware of the negative fund balance for the Debt Service Fund and acknowledges that insufficient TIF receipts were transferred into the Debt Service Fund in fiscal year 2018 and prior fiscal years. The City will review prior transfers to identify necessary TIF transfers. The City will consult the City's municipal advisor to assist with this project. The City will present a transfer resolution to Council for approval and will consult our accounting software support staff to assist with the necessary transfers.

Conclusion – Response accepted.

City of Van Meter

Schedule of Findings

Year ended June 30, 2018

- (12) Tax Increment Financing (TIF) Indebtedness Certification – The City has entered into a \$1,178,530 economic development agreement which, pursuant to the agreement, provides for annual appropriation tax increment payments to the developer in each fiscal year. Until appropriated, the payments do not represent debt and, accordingly, should not have been certified as debt. At the time of the November 2017 certification, \$536,523 was certified as TIF debt rather than the \$95,039 which had been appropriated, an over certification of \$441,484.

Recommendation – The City should decertify the \$441,484 over certified. Future TIF certifications should include only the amount the City Council has appropriated for the next fiscal year.

Response – The City will consult TIF legal counsel and the City’s municipal advisor to ensure the Crestview Developer Rebate is decertified and certified only in the amount of the annual appropriate debt for the corresponding fiscal year.

Conclusion – Response accepted.

City of Van Meter

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Tiffany M. Ainger, CPA, Senior II Auditor
Jon G. Hanson, Assistant Auditor


Marlys K. Gaston, CPA
Deputy Auditor of State