

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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

May 8, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on the Cedar County Economic Development Commission for the year ended June 30, 2018.

The Commission's receipts totaled \$107,893 for the year ended June 30, 2018, a 3.1% increase over the prior year, and included \$103,818 in membership dues and \$2,161 from other receipts.

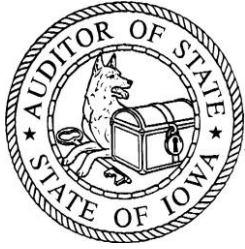
Disbursements for the year ended June 30, 2018 totaled \$75,852, a 31% decrease from the prior year, and included \$67,460 for salaries and benefits, \$2,480 for communication and \$2,472 for marketing and promotion. The decrease in disbursements is primarily due to a decrease in salaries and benefits expense.

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

JUNE 30, 2018



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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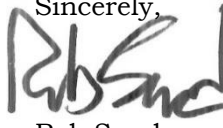
March 22, 2019

Officials of the Cedar County Economic Development Commission
Tipton, Iowa

Dear Commission Members:

I am pleased to submit to you the financial and compliance audit report for the Cedar County Economic Development Commission for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa, and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Cedar County Economic Development Commission throughout the audit. If I or this office can be of any further assistance, please contact me or Marlys Gaston of my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Cedar County Economic Development Commission

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Financial Statement:	<u>Exhibit</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balance	A 9
Notes to Financial Statement	10-14
Other Information:	
Schedule of the Commission's Proportionate Share of the Net Pension Liability	17
Schedule of Commission Contributions	18-19
Notes to Other Information – Pension Liability	20
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <u>Government Auditing Standards</u>	21-22
Schedule of Findings	23-24
Staff	25

Cedar County Economic Development Commission

Officials

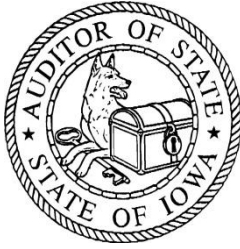
(Before January 2018)

<u>Name</u>	<u>Title</u>	<u>Representing</u>
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
Ross Leeper	Board Member	City of Tipton
Randy Ehlers	Board Member	City of Bennet
Jordan Ellyson	Board Member	City of West Branch

(After January 2018)

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
Ross Leeper	Board Member	City of Tipton
Randy Ehlers	Board Member	City of Bennett
Jordan Ellyson	Board Member	City of West Branch
Rod Ness	Executive Director	

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, 2018, 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, 2018, 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 Matters

Other Information

The other information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 17 through 20, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2019 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.


MARLYS K. GASTON, CPA
Deputy Auditor of State

March 22, 2019

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, 2018

Operating receipts:	
Membership dues	\$ 103,818
Miscellaneous	2,161
Total operating receipts	105,979
Operating disbursements:	
Salaries and benefits	67,460
Marketing and promotion	2,472
Communication	2,480
Professional fees	2,378
Miscellaneous	1,062
Total operating disbursements	75,852
Excess of operating receipts over operating disbursements	
	30,127
Non-operating receipts:	
Investor pledge contribution	1,000
Interest on investments	914
Total non-operating receipts	1,914
Change in cash balance	
	32,041
Cash balance beginning of year	
	190,520
Cash balance end of year	
	\$ 222,561
Cash Basis Fund Balance	
Restricted for marketing	\$ 9,019
Unrestricted	213,542
Total cash basis fund balance	\$ 222,561

See notes to financial statements.

Cedar County Economic Development Commission

Notes to Financial Statement

June 30, 2018

(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, 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, 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 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 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 2018, 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, 2018 totaled \$482.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the Commission's reported a liability of \$19,824 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 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, 2017, the Commission's proportion was 0.000298%, which was a decrease of 0.000026% percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Commission's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$2,727, \$7,226 and \$3,979, 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:

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 Class	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
Total	<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 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 32,663	19,824	9,038

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) 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 Four Years*

Other Information

	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.000298%	0.000324%	0.000330%	0.0000324%
Commission's proportionate share of the net pension liability	\$ 19,824	20,407	16,322	12,860
Commission's covered payroll	\$ 22,217	23,270	22,632	19,451
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	89.23%	87.70%	72.12%	66.11%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 482	1,984	2,078	2,021
Contributions in relation to the statutorily required contribution	<u>(482)</u>	<u>(1,984)</u>	<u>(2,078)</u>	<u>(2,021)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 5,398	22,217	23,270	22,632
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
1,737	1,919	1,951	4,068	3,989	4,395
(1,737)	(1,919)	(1,951)	(4,068)	(3,989)	(4,395)
-	-	-	-	-	-
19,451	22,134	24,176	58,532	59,985	69,213
8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

Cedar County Economic Development Commission

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:

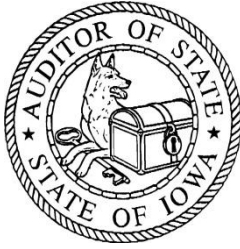
- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption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



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Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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, 2018, and the related Notes to Financial Statement, and have issued our report thereon dated March 22, 2019. 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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, we identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A), we consider 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. However, we noted an immaterial instance of non-compliance or other matter which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2018 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 Responses to the Findings

The Cedar County Economic Development Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Cedar County Economic Development Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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.


MARLYS K. GASTON, CPA
Deputy Auditor of State

March 22, 2019

Cedar County Economic Development Commission

Schedule of Findings

Year ended June 30, 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 Cedar County Economic Development Commission's (CCEDCO) financial statements.

Condition – Generally, one or two individuals 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 Commission Members to provide additional control through review of financial transactions, reconciliations and reports.

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Cedar County Economic Development Commission

Schedule of Findings

Year ended June 30, 2018

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.

Commission proceedings were not published.

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

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.

Cedar County Economic Development Commission

Staff

This audit was performed by:

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