



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

June 27, 2023

Contact: Ernest Ruben
515/281-5834

Auditor of State Rob Sand today released an audit report on City of Sigourney, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$9,616,529 for the year ended June 30, 2022, an increase of 103.3% over the prior year. Disbursements for the year ended June 30, 2022 totaled \$7,362,524, a 72.7% increase over the prior year. The significant increase in receipts is primarily due to proceeds from a general obligation capital loan note and additional proceeds drawn from an existing sewer note. The significant increase in disbursements is due primarily to disbursements for sewer and water projects that were started during the prior year.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 52 through 55 of this report. The findings address issues such as a lack of segregation of duties, a lack of bank reconciliations, a lack of utility reconciliations and business transactions that may represent a conflict of interest. Sand provided the City with recommendations to address each of the findings.

Four of the five findings discussed above are repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

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CITY OF SIGOURNEY

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

JUNE 30, 2022

City of Sigourney



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STATE OF IOWA**

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May 26, 2023

Officials of the City of Sigourney
Sigourney, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Sigourney, Iowa, for the year ended June 30, 2022. 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 City of Sigourney throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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City of Sigourney

Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Douglas L. Glandon	Mayor	Jan 2022
William Bender	Council Member	Jan 2022
John Schroeder	Council Member	Jan 2022
Randall Schultz	Council Member	Jan 2022
Edward Conrad	Council Member	Jan 2024
Connie McLaughlin	Council Member	Jan 2024
Jimmy Morlan	Council Member	(Resigned Jan 2022)
Angela Alderson	City Clerk	Indefinite
John Wehr	Attorney	Indefinite

(After January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jimmy Morlan	Mayor	Jan 2026
Edward Conrad	Council Member	Jan 2024
Connie McLaughlin	Council Member	Jan 2024
Alley Tish (Appointed Jan 2022)	Council Member	Nov 2023
Stephani Lentz	Council Member	Jan 2026
Adam Clark	Council Member	Jan 2026
Gary Iosbaker	Council Member	Jan 2026
Angela Alderson	City Clerk	Indefinite
John Wehr	Attorney	Indefinite

City of Sigourney



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

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 Sigourney, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 Sigourney as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Sigourney, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Sigourney adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sigourney's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Sigourney's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sigourney's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sigourney's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

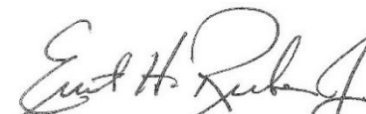
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 34 through 42 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2023 on our consideration of the City of Sigourney'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 Sigourney's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 26, 2023

City of Sigourney

Basic Financial Statements

City of Sigourney

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2022

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 153,173	3,695	1,560	-
Public works	368,365	-	280,907	-
Culture and recreation	397,216	29,303	116,817	-
Community and economic development	380,306	36,190	130,913	-
General government	290,651	62,299	8,350	-
Debt service	281,442	-	-	-
Capital projects	65,015	-	-	-
Total governmental activities	1,936,168	131,487	538,547	-
Business type activities:				
Water	490,147	580,801	3,617	94,497
Sewer	4,745,621	623,951	267	313,987
Sanitation	190,588	220,544	2,070	-
Total business type activities	5,426,356	1,425,296	5,954	408,484
Total	\$ 7,362,524	1,556,783	544,501	408,484
General Receipts:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Note proceeds net of premium of \$20,718 and issuance costs of \$39,332				
Miscellaneous				
Sale of capital assets				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Lewis Memorial Trust				
Library Memorial Trust				
Expendable:				
Streets				
Debt service				
Capital projects				
Local option sales tax				
Employee benefits				
Other purposes				
Unrestricted				
Total cash basis net position				
See notes to financial statements.				

Net (Disbursements) Receipts and
Changes in Cash Basis Net Position

Governmental Type Activities	Business Type Activities	Total
(147,918)	-	(147,918)
(87,458)	-	(87,458)
(251,096)	-	(251,096)
(213,203)	-	(213,203)
(220,002)	-	(220,002)
(281,442)	-	(281,442)
(65,015)	-	(65,015)
(1,266,134)	-	(1,266,134)
-	188,768	188,768
-	(3,807,416)	(3,807,416)
-	32,026	32,026
-	(3,586,622)	(3,586,622)
(1,266,134)	(3,586,622)	(4,852,756)
647,847	-	647,847
195,886	-	195,886
74,389	-	74,389
301,255	-	301,255
58,761	-	58,761
12,784	11,123	23,907
2,026,386	3,767,692	5,794,078
10,638	-	10,638
1,100	-	1,100
3,329,046	3,778,815	7,106,761
2,062,912	192,193	2,255,105
2,775,901	2,994,517	5,770,418
\$ 4,838,813	3,186,710	8,025,523
\$ 4,675	-	4,675
1,000	-	1,000
330,688	-	330,688
196,963	204,141	401,104
1,877,466	-	1,877,466
865,201	-	865,201
93,244	-	93,244
87,809	-	87,809
1,381,767	2,982,569	4,364,336
\$ 4,838,813	3,186,710	8,025,523

City of Sigourney

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

As of and for the year ended June 30, 2022

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Employee Benefits
Receipts:				
Property tax	\$ 560,659	-	-	68,367
Tax increment financing	-	-	-	-
Local option sales tax	-	-	301,255	-
Other city tax	16,771	-	-	2,050
Licenses and permits	97,524	-	-	-
Use of money and property	22,186	-	1,440	-
Intergovernmental	187,469	278,392	-	4,164
Charges for service	18,532	-	-	-
Miscellaneous	46,694	-	-	-
Total receipts	949,835	278,392	302,695	74,581
Disbursements:				
Operating:				
Public safety	157,551	-	-	13,461
Public works	82,121	266,119	40,449	26,171
Culture and recreation	265,760	-	37,067	20,952
Community and economic development	351,736	-	6,549	-
General government	246,689	-	13,926	30,296
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,103,857	266,119	97,991	90,880
Excess (deficiency) of receipts over (under) disbursements	(154,022)	12,273	204,704	(16,299)
Other financing sources (uses):				
Note proceeds net of premium of \$20,718 and issuance costs of \$39,332	300,000	-	-	-
Sale of capital assets	1,100	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	301,100	-	-	-
Change in cash balances	147,078	12,273	204,704	(16,299)
Cash balances beginning of year	1,155,113	318,415	660,497	109,543
Cash balances end of year	\$ 1,302,191	330,688	865,201	93,244
Cash Basis Fund Balances				
Nonspendable:				
Lewis Memorial Trust	\$ -	-	-	-
Library Memorial Trust	-	-	-	-
Restricted for:				
Streets	-	330,688	-	-
Debt service	-	-	-	-
Capital projects	211,006	-	-	-
Other purposes	-	-	-	-
Local option sales tax	-	-	865,201	-
Employee benefits	-	-	-	93,244
Unassigned	1,091,185	-	-	-
Total cash basis fund balances	\$ 1,302,191	330,688	865,201	93,244

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
190,466	-	-	819,492
-	-	74,389	74,389
-	-	-	301,255
5,420	-	-	24,241
-	-	2,926	100,450
-	34	184	23,844
11,942	-	8,578	490,545
-	-	1,525	20,057
-	-	70,237	116,931
207,828	34	157,839	1,971,204
-	-	3,168	174,180
-	-	-	414,860
-	-	73,437	397,216
-	-	22,021	380,306
-	-	-	290,911
281,442	-	-	281,442
-	65,015	-	65,015
281,442	65,015	98,626	2,003,930
(73,614)	(64,981)	59,213	(32,726)
26,386	1,700,000	-	2,026,386
-	-	-	1,100
60,000	-	-	60,000
-	-	(60,000)	(60,000)
86,386	1,700,000	(60,000)	2,027,486
12,772	1,635,019	(787)	1,994,760
153,058	31,441	122,319	2,550,386
165,830	1,666,460	121,532	4,545,146
-	-	4,675	4,675
-	-	1,000	1,000
-	-	-	330,688
165,830	-	31,133	196,963
-	1,666,460	-	1,877,466
-	-	87,809	87,809
-	-	-	865,201
-	-	-	93,244
-	-	(3,085)	1,088,100
165,830	1,666,460	121,532	4,545,146

City of Sigourney

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position -
Governmental Funds

As of and for the year ended June 30, 2022

Total governmental funds cash balances (page 13) \$ 4,545,146

***Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of vehicle replacement and partial self-funding of the City's health benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

293,667

Cash basis net position of governmental activities (page 11) \$ 4,838,813

Change in cash balances (page 13) \$ 1,994,760

***Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of vehicle replacement and partial self funding of the City's health benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

68,152

Change in cash basis net position of governmental activities (page 11) \$ 2,062,912

See notes to financial statements.

City of Sigourney

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

As of and for the year ended June 30, 2022

	Enterprise				Internal Service
	Water	Sewer	Sanitation	Total	Total
Operating receipts:					
Charges for service	\$ 572,343	623,951	220,544	1,416,838	210,830
Miscellaneous	12,075	267	2,070	14,412	-
Total operating receipts	584,418	624,218	222,614	1,431,250	210,830
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	6,193
Public works	-	-	-	-	13,705
General Government	-	-	-	-	8,341
Business type activities	389,072	248,729	205,356	843,157	38,357
Total operating disbursements	389,072	248,729	205,356	843,157	66,596
Excess of operating receipts over operating disbursements	195,346	375,489	17,258	588,093	144,234
Non-operating receipts (disbursements):					
Interest on investments	7,579	2,653	446	10,678	835
Note proceeds	13,649	3,754,043	-	3,767,692	-
CDBG grant	94,497	313,987	-	408,484	-
Debt service	(78,048)	(217,147)	-	(295,195)	-
Capital projects	(73,206)	(4,291,270)	-	(4,364,476)	-
Net non-operating receipts (disbursements)	(35,529)	(437,734)	446	(472,817)	835
Transfers out	-	-	-	-	-
Change in cash balances	159,817	(62,245)	17,704	115,276	145,069
Cash balances beginning of year	650,682	1,594,175	379,131	2,623,988	596,044
Cash balances end of year	\$ 810,499	1,531,930	396,835	2,739,264	741,113
Cash Basis Fund Balances					
Restricted for debt service	\$ 52,359	151,782	-	204,141	-
Unrestricted	758,140	1,380,148	396,835	2,535,123	741,113
Total cash basis fund balances	\$ 810,499	1,531,930	396,835	2,739,264	741,113

See notes to financial statements.

City of Sigourney

City of Sigourney

Reconciliation of the Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position –
Proprietary Funds

As of and for the year ended June 30, 2022

Total enterprise funds cash balances (page 15) \$ 2,739,264

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of vehicle replacement and partial self funding of the City's health benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

447,446

Cash basis net position of business type activities (page 11) \$ 3,186,710

Change in cash balances (page 15) \$ 115,276

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of vehicle replacement and partial self funding of the City's health benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

76,917

Change in cash basis net position of business type activities (page 11) \$ 192,193

See notes to financial statements.

City of Sigourney

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

The City of Sigourney is a political subdivision of the State of Iowa located in the Keokuk County. It was first incorporated in 1858 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, culture and recreation, community and economic development and general government services. The City also provides water, sewer and sanitation utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Sigourney 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 Sigourney (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 or financial relationship with the City.

Blended Component Unit – The Friends of the Sigourney Public Library is an entity which is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. They are reported as part of the City and blended into the nonmajor governmental 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: Keokuk County Assessor's Conference Board, City Assessor's Conference Board, Keokuk County Emergency Management Commission, Keokuk County Landfill Commission and Keokuk 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 nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental 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:

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 Funds.

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.

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 Local Option Sales Tax Fund is used to account for local option sales tax authorized by referendum and used in accordance with the referendum.

The Employee Benefits Fund is used to account for employee benefits tax levy collections and the payment of employee benefits.

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

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

The City reports the following major proprietary funds:

The Enterprise, 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.

The Enterprise, Sanitation Fund accounts for the operation and maintenance of the City's sanitary disposal system.

The City also reports the following proprietary funds:

Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

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. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

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.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2022 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) Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2022 is as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,770,000	2,045,000	210,000	3,605,000	210,000
Lease agreement	60,884	-	19,078	41,806	21,418
Governmental activities total	<u>\$ 1,830,884</u>	<u>2,045,000</u>	<u>229,078</u>	<u>3,646,806</u>	<u>231,418</u>
Business type activities:					
Water revenue notes - direct borrowing	\$ 793,416	13,649	62,065	745,000	65,000
Sewer revenue notes - direct borrowing	458,247	3,754,043	164,000	4,048,290	252,000
Business-type activities total	<u>\$ 1,251,663</u>	<u>3,767,692</u>	<u>226,065</u>	<u>4,793,290</u>	<u>317,000</u>

General Obligation Notes

A summary of the City's June 30, 2022 general obligation notes payable is as follows:

Year Ending June 30,	Street Improvement Issued Aug 22, 2013			Capital Loan Notes Issued Aug 17, 2016		
	Interest Rates	Principal	Interest	Interest		
				Rates	Principal	Interest
2023	3.50%	\$ 35,000	20,525	2.00%	\$ 175,000	22,944
2024	3.50	40,000	19,300	2.00	115,000	19,444
2025	4.00	40,000	17,900	2.00	130,000	17,144
2026	4.00	40,000	16,300	2.00	125,000	14,544
2027	4.00	40,000	14,700	2.13	135,000	12,044
2028-2032	4.38-4.50	240,000	45,094	2.25-2.50	390,000	15,175
2033-2037	4.50	55,000	2,475		-	-
Total		\$ 490,000	136,294		\$ 1,070,000	101,295

Year Ending June 30,	Street Improvement Issued Apr 20, 2022			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	3.00%	\$ -	69,242	\$ 210,000	112,711	322,711
2024	3.00	45,000	62,162	200,000	100,906	300,906
2025	3.00	50,000	60,813	220,000	95,857	315,857
2026	3.00	55,000	59,313	220,000	90,157	310,157
2027	3.00	65,000	57,662	240,000	84,406	324,406
2028-2032	2.25-2.50	780,000	239,712	1,410,000	299,981	1,709,981
2033-2037	3.00-3.13	1,050,000	99,719	1,105,000	102,194	1,207,194
Total		\$ 2,045,000	648,623	\$ 3,605,000	886,212	4,491,212

On August 22, 2013, the City issued \$750,000 of general obligation capital loan notes for the opening, widening, extending, grading and draining of the right-of-way of streets; the construction, reconstruction and repairing of any street improvements; the acquisition, installation, and repair of traffic control devices and the acquisition of real estate needed for any of the foregoing purposes. The notes bear interest at rates ranging from 2.00% to 4.50% per annum and mature June 1, 2033. During the year ended, June 30, 2022, the City paid principal of \$35,000 and interest of \$21,750 on the notes. As of June 30, 2022, the total principal remaining on the notes is \$490,000.

On August 17, 2016, the City issued \$2,385,000 of general obligation refunding notes for the current refunding of \$1,935,000 of general obligation notes, street construction projects and the construction of and renovation to city buildings and facilities. The notes bear interest at rates ranging from 2.00% to 2.50% per annum and mature June 1, 2030. During the year ended, June 30, 2022, the City paid principal of \$175,000 and interest of \$26,444 on the notes. As of June 30, 2022, the total principal remaining on the notes is \$1,070,000.

On April 20, 2022, the City issued \$2,045,000 of general obligation capital loan notes for the purpose of opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street or bridge improvements; the acquisition, installation, and repair of sidewalks, pedestrian overpasses and underpasses, trails, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices. In addition, \$300,000 of these notes were for the City's local match requirement for the CDBG Façade grant project. The notes bear interest at rates ranging from 3.00% to 3.13% per annum and mature June 1, 2037. The total principal remaining to be paid on the loan is \$2,045,000.

Revenue Capital Loan Notes

A summary of the City's June 30, 2022 revenue notes payable is as follows:

Year Ending June 30,	Water Capital Loan 2007 Issued Dec 20, 2007		
	Interest Rates	Principal	Interest
2023	1.75%	\$ 42,000	4,778
2024	1.75	43,000	4,043
2025	1.75	45,000	3,290
2026	1.75	46,000	2,503
2027	1.75	48,000	1,698
2028	1.75	49,000	1,158
Total		<u>\$ 273,000</u>	<u>17,470</u>

Water Revenue Capital Loan Note – Direct Borrowing

On December 20, 2007, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of \$737,000 of water revenue capital loan notes with an interest of 1.75% per annum. The notes were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of providing financing for the construction of water main extensions. An initiation fee of \$7,500 (1.00% of authorized borrowing for the water revenue notes) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the water revenue notes drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. The notes are payable solely from water customer net receipts and are payable through 2028. During the year ended, June 30, 2022, the City paid principal of \$40,000 and interest of \$5,478 on the notes. The total principal and interest remaining to be paid on the notes is \$290,470.

Water Revenue Notes – Direct Borrowing

On June 5, 2020, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of water revenue notes of up to \$650,000 with an interest of 1.75% per annum. The notes were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of paying the cost of planning, designing and constructing improvements and extensions to the utility. An initiation fee of \$3,250 (0.50% of authorized borrowing for the water revenue notes) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the water revenue notes drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022, the City had drawn down an additional \$13,649 for a total amount of \$521,065 drawn. Also, during the year ended June 30, 2022, the City paid \$22,065 in principal and \$8,507 in interest on the notes. A final repayment schedule will not be available until the City has finished making draws on the notes.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$737,000 of water revenue capital loan notes issued in December 2007 and to repay \$650,000 of water revenue notes issued in June 2020. Annual principal and interest payments on the notes are expected to require 39% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$76,050 and \$195,346, respectively.

Sewer Revenue Capital Loan Notes – Direct Borrowing

On December 6, 2002, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue capital loan notes of \$959,000 with an interest of 1.75% per annum. The notes were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of construction of improvements to the sewer treatment plant. An initiation fee of \$10,230 (1.00% of authorized borrowing for the sewer revenue notes) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue notes drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. The notes are payable solely from sewer customer net receipts and are payable through 2022. During the year ended, June 30, 2022, the City paid the remaining \$62,000 of principal and \$1,085 of interest.

Sewer Revenue Notes – Direct Borrowing

On November 6, 2020, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue notes of up to \$5,729,000 with an interest of 1.75% per annum. The notes were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of paying the cost of planning, designing and construction improvements and extensions to the utility. An initiation fee of \$28,645 (0.50% of authorized borrowing for the sewer revenue notes) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue notes drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022, the City had drawn down an additional \$3,754,043 for a total amount of \$4,150,290 drawn. Also, during the year ended June 30, 2022, the City paid \$102,000 in principal and \$47,169 in interest on the notes. A final repayment schedule will not be available until the City has finished making draws on the notes.

The resolutions providing for the issuance of the water and sewer revenue capital loan notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Water and sewer user rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the annual installments of principal and interest on the notes falling due in the same year.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$5,729,000 of sewer revenue notes issued in November 2020. Annual principal and interest payments on the notes are expected to require 57% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$212,254 and \$375,489, respectively.

Lease Agreement

On April 19, 2019, the City entered into a noncancelable lease agreement for one library printer. An initial lease liability was recorded in the amount of \$10,192. The agreement requires monthly payments of \$183 over 60 months, with an implicit interest rate of 3.0% and a final payment on April 1, 2024.

Year Ending June 30,	Copier		
	Principal	Interest	Total
2023	\$ 2,098	98	2,196
2024	2,162	34	2,196
Total	\$ 4,260	132	4,392

On March 25, 2019, the City entered into a noncancelable lease agreement for a tower computer server and accessories. An initial lease liability was recorded in the amount of \$93,597. The agreement requires monthly payments of \$1,682 over 60 months, with an implicit interest rate of 3.0% and a final payment on March 1, 2024.

Year Ending June 30,	Server		
	Principal	Interest	Total
2023	\$ 19,320	864	20,184
2024	18,226	275	18,501
Total	\$ 37,546	1,139	38,685

(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 age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2022 totaled \$47,490.

Net Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$36,526 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total plan pension liability used in the calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The City’s proportion of the overall plan net pension asset was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City’s proportion was 0.010580%, which was an increase of 0.004812% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City’s pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled (\$31,170), \$59,876 and \$368,194, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension asset 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 asset.

Sensitivity of City's Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) 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 (asset)	\$ 260,658	(36,526)	(285,541)

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) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, personal leave and compensatory time 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, personal leave and compensatory time payable to employees at June 30, 2022, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 27,600
Compensatory time	3,000
Personal leave	4,900
Total	<u>\$ 35,500</u>

This liability has been computed based on rates of pay in effect at June 30, 2022.

(6) Contractual Commitments

On October 9, 2020, the City entered a architectural design contract to provide architectural services for the Downtown Sigourney CDBG Façade Improvement Project totaling \$92,000. The unpaid contract balance as of June 30, 2022 totaled approximately \$15,230, which will be paid as the work on the project progresses.

On October 14, 2020, the City entered a construction contract totaling \$5,666,666 to construct wastewater treatment plant improvements. In May of 2022 the contract for wastewater treatment plant improvements was amended to \$5,721,265. The unpaid contract balance as of June 30, 2022 totaled approximately \$1,112,000, which will be paid as the work on the project progresses.

On October 20, 2021, the City entered a construction contract totaling \$710,207 for improvements to the facades along East Marion Street. In June of 2022, the contract for improvement for the facades was amended to be \$720,844. The unpaid contract balance as of June 30, 2022 totaled approximately \$466,000, which will be paid as the work on the project progresses.

Additionally, on May 9, 2022, the City entered a construction contract totaling \$1,570,552 for street improvement projects which will be paid as the work on the project progresses.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: TIF Program	<u>\$ 60,000</u>

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

(8) Risk Management

The City is a member of the Iowa Community Assurance Pool, as followed by Chapter 670.7 of the Code of Iowa. The Iowa Community Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, employment practices liability, public officials' liability and police professional liability. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2022 were \$41,671.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(9) Developer Agreement

In May 2006, the City and CB&D Development, Inc. (Developer) entered into a development agreement to construct a subdivision. The total to be paid by the City under this agreement shall be equal to the lesser of the sum of the total applicable percentage of all tax increments collected with respect to the assessments imposed on the development property and minimum improvements as of January 1, 2006 and January 1 of each of the following fourteen years, the actual cost of the public improvements (including reasonable interest cost) for which bills and proof of payment have been submitted to the City and construction is completed on or before December 31, 2016 or \$1,000,000. Each payment represents the incremental property tax received by the City with respect to the incremental value of the property. The obligation is not a general obligation of the City, but the debt is subject to the constitutional debt limitation of the City. During the year ended June 30, 2022, the City paid \$21,778 to the developer, for a cumulative amount paid of \$326,715.

(10) 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, 2022, \$8,207 of property tax was diverted from the City under the urban renewal and economic development agreements.

(11) Deficit Balance

The Special Revenue, CDBG Housing Fund had a deficit balance of \$3,085 at June 30, 2022. The City is investigating alternatives to eliminate this deficit.

(12) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statements will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

City of Sigourney

Other Information

City of Sigourney
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances –
 Budget and Actual – All Governmental Funds and Enterprise Funds

Other Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 819,492	-	-
Tax increment financing	74,389	-	-
Other city tax	325,496	-	-
Licenses and permits	100,450	-	-
Use of money and property	23,844	10,678	2
Intergovernmental	490,545	-	-
Charges for service	20,057	1,416,838	-
Special assessments	-	-	-
Miscellaneous	116,931	14,412	8,242
Total receipts	1,971,204	1,441,928	8,244
Disbursements:			
Public safety	174,180	-	-
Public works	414,860	-	-
Culture and recreation	397,216	-	1,579
Community and economic development	380,306	-	-
General government	290,911	-	-
Debt service	281,442	-	-
Capital projects	65,015	-	-
Business type activities	-	5,502,828	-
Total disbursements	2,003,930	5,502,828	1,579
Excess (deficiency) of receipts over (under) disbursements	(32,726)	(4,060,900)	6,665
Other financing sources, net	2,027,486	4,176,176	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,994,760	115,276	6,665
Balances beginning of year	2,550,386	2,623,988	6,607
Balances end of year	\$ 4,545,146	2,739,264	13,272

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
819,492	837,420	837,420	(17,928)
74,389	84,000	84,000	(9,611)
325,496	243,459	348,459	(22,963)
100,450	10,750	14,900	85,550
34,520	29,365	36,040	(1,520)
490,545	1,566,300	1,366,300	(875,755)
1,436,895	1,296,200	1,295,705	141,190
-	99,350	99,350	(99,350)
123,101	92,932	155,262	(32,161)
3,404,888	4,259,776	4,237,436	(832,548)
174,180	549,800	455,800	281,620
414,860	649,725	658,225	243,365
395,637	478,752	535,452	139,815
380,306	1,283,700	1,236,300	855,994
290,911	397,875	435,163	144,252
281,442	263,000	312,000	30,558
65,015	5,000	1,705,000	1,639,985
5,502,828	8,291,278	8,301,778	2,798,950
7,505,179	11,919,130	13,639,718	6,134,539
(4,100,291)	(7,659,354)	(9,402,282)	5,301,991
6,203,662	5,250,000	7,001,100	(797,438)
2,103,371	(2,409,354)	(2,401,182)	4,504,553
5,167,767	2,631,707	7,403,197	(2,235,430)
7,271,138	222,353	5,002,015	2,269,123

City of Sigourney

City of Sigourney

Notes to Other Information – Budgetary Reporting

June 30, 2022

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 Internal Service Fund and 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 Funds 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, a budget amendment increased budgeted disbursements by \$1,720,588. The budget amendments are reflected in the final budgeted amounts. During the year ended June 30, 2022, disbursements did not exceed budget amounts.

City of Sigourney

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

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

Other Information

	2022	2021	2020	2019
City's proportion of the net pension liability/asset	0.010580% **	0.005768%	0.005409%	0.005400%
City's proportionate share of the net pension liability (asset)	\$ (36)	405	313	342
City's covered payroll	\$ 504	589	595	594
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(7.14)%	68.76%	52.61%	57.58%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset.

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

See accompanying independent auditor's report.

2018	2017	2016	2015
0.005491%	0.005589%	0.004973%	0.004451%
366	352	246	176
564	544	486	486
64.89%	64.71%	50.62%	36.21%
82.21%	81.82%	85.19%	87.61%

City of Sigourney
Schedule of City Contributions
Iowa Public Employees' Retirement System
For the Last Nine Years
(In Thousands)

Other Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 47	47	56	57
Contributions in relation to the statutorily required contribution	(47)	(47)	(56)	(57)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 504	498	589	595
Contributions as a percentage of covered payroll	9.33%	9.44%	9.51%	9.58%

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

See accompanying independent auditor's report.

2018	2017	2016	2015	2014
55	52	55	45	45
(55)	(52)	(55)	(45)	(45)
-	-	-	-	-
594	564	544	486	486
9.26%	9.22%	10.11%	9.26%	9.26%

City of Sigourney

Notes to Other Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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.
- 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.

Supplementary Information

City of Sigourney

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

As of and for the year ended June 30, 2022

	Special				
	Restricted	Tax	CDBG	TIF	CLG
	Gifts	Increment	Housing	Program	History
					Presentation
Receipts:					
Tax increment financing	\$ -	-	-	74,389	-
Licenses and permits	-	-	2,926	-	-
Use of money and property	22	-	-	-	2
Intergovernmental	-	-	-	8,578	-
Charges for services	350	-	1,175	-	-
Miscellaneous	56,472	-	-	-	-
Total receipts	56,844	-	4,101	82,967	2
Disbursements:					
Operating:					
Public safety	710	-	2,458	-	-
Culture and recreation	66,440	-	-	-	-
Community and economic development	243	-	-	21,778	-
Total disbursements	67,393	-	2,458	21,778	-
Excess (deficiency) of receipts over (under) disbursements	(10,549)	-	1,643	61,189	2
Other financing sources (uses):					
Transfers out	-	-	-	(60,000)	-
Change in cash balances	(10,549)	-	1,643	1,189	2
Cash balances (deficit) beginning of year	24,182	3,112	(4,728)	26,832	2,316
Cash balances (deficit) end of year	\$ 13,633	3,112	(3,085)	28,021	2,318
Cash Basis Fund Balances					
Nonspendable:					
Lewis Memorial Trust	\$ -	-	-	-	-
Library Memorial Trust	-	-	-	-	-
Restricted for:					
Debt service	-	3,112	-	28,021	-
Other purposes	13,633	-	-	-	2,318
Unassigned	-	-	(3,085)	-	-
Total cash basis fund balances (deficits)	\$ 13,633	3,112	(3,085)	28,021	2,318

See accompanying independent auditor's report.

Revenue			Permanent		Total
Lewis Memorial Fountain	Year 2044	Friends of the Sigourney Public Library	Lewis Memorial Trust	Library Memorial Trust	
-	-	-	-	-	74,389
-	-	-	-	-	2,926
128	30	2	-	-	184
-	-	-	-	-	8,578
-	-	-	-	-	1,525
5,523	-	8,242	-	-	70,237
5,651	30	8,244	-	-	157,839
-	-	-	-	-	3,168
5,418	-	1,579	-	-	73,437
-	-	-	-	-	22,021
5,418	-	1,579	-	-	98,626
233	30	6,665	-	-	59,213
-	-	-	-	-	(60,000)
233	30	6,665	-	-	(787)
45,768	12,555	6,607	4,675	1,000	122,319
46,001	12,585	13,272	4,675	1,000	121,532
-	-	-	4,675	-	4,675
-	-	-	-	1,000	1,000
-	-	-	-	-	31,133
46,001	12,585	13,272	-	-	87,809
-	-	-	-	-	(3,085)
46,001	12,585	13,272	4,675	1,000	121,532

City of Sigourney

City of Sigourney

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Internal Service Funds

As of and for the year ended June 30, 2022

	Internal Service		Total
	Vehicle Replacement	Medical Self Fund	
Operating receipts:			
Charges for service	\$ 191,600	19,230	210,830
Operating disbursements:			
Governmental activities:			
Public safety	6,193	-	6,193
Public works	13,705	-	13,705
General government	455	7,886	8,341
Business type activities	23,267	15,090	38,357
Total operating disbursements	43,620	22,976	66,596
Excess (deficiency) of operating receipts over (under) operating disbursements	147,980	(3,746)	144,234
Non-operating receipts:			
Interest on investments	835	-	835
Change in cash balances	148,815	(3,746)	145,069
Cash balances beginning of year	533,418	62,626	596,044
Cash balances end of year	\$ 682,233	58,880	741,113
Cash Basis Fund Balances			
Unrestricted	\$ 682,233	58,880	741,113

See notes to financial statements.

City of Sigourney

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

For the Last Ten Years

	2022	2021	2020	2019
Receipts:				
Property tax	\$ 819,492	899,253	863,086	855,657
Tax increment financing	74,389	69,671	56,870	52,648
Local option sales tax	301,255	224,889	149,760	158,414
Other city tax	24,241	29,303	30,173	29,725
Licenses and permits	100,450	84,776	90,221	112,381
Use of money and property	23,844	28,262	31,248	27,894
Intergovernmental	490,545	505,044	341,186	343,150
Charges for service	20,057	14,191	11,626	44,751
Miscellaneous	116,931	153,173	141,360	214,636
Total	\$ 1,971,204	2,008,562	1,715,530	1,839,256
Disbursements:				
Operating:				
Public safety	\$ 174,180	174,991	304,035	388,808
Public works	414,860	401,624	327,549	365,701
Culture and recreation	397,216	227,981	295,454	328,203
Community and economic development	380,306	128,495	77,431	156,003
General government	290,911	283,158	264,214	236,415
Debt service	281,442	330,044	331,843	322,344
Capital projects	65,015	60	7,468	4,597
Total	\$ 2,003,930	1,546,353	1,607,994	1,802,071

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
945,154	860,385	938,893	981,899	992,155	937,369
52,511	69,288	58,497	70,909	64,142	67,115
155,860	180,365	166,194	258,088	228,537	227,601
35,068	30,406	17,142	-	-	37,575
64,564	36,650	33,664	20,344	19,853	19,745
23,742	21,449	19,065	16,771	19,480	16,242
311,845	458,284	461,201	278,480	245,751	256,200
25,248	28,897	28,646	49,316	78,990	58,231
117,890	97,037	141,325	189,791	154,058	59,956
1,731,882	1,782,761	1,864,627	1,865,598	1,802,966	1,680,034
417,036	464,196	425,087	333,973	388,254	346,968
328,319	364,345	356,362	254,631	206,563	290,637
251,541	288,943	301,388	308,082	233,455	206,843
54,807	73,050	52,393	48,279	129,394	65,154
227,385	198,670	219,489	215,201	218,427	246,743
322,494	2,338,305	366,587	363,987	381,978	440,820
237,820	193,236	139,570	366,996	321,558	156,200
1,839,402	3,920,745	1,860,876	1,891,149	1,879,629	1,753,365



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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 auditing standards generally accepted in the United States of America 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 Sigourney, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 26, 2023. 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sigourney's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sigourney's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sigourney'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 that a material misstatement of the City's financial statements 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 first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sigourney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 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.

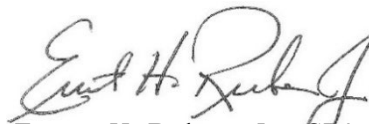
City of Sigourney's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Sigourney's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The City of Sigourney's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Sigourney 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 26, 2023

City of Sigourney

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties – 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 authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

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

- (1) Cash – reconciling bank accounts, cash disbursement functions and recording cash.
- (2) Receipts – opening mail, collecting, recording/accounting for cash receipts and deposit preparation.
- (3) Utilities – utility billing, collecting, depositing, posting to customer accounts and maintaining accounts receivable records.
- (4) Accounting system – performing all general accounting functions and having custody of City assets.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. The independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The City will continue to review its control procedures to obtain the maximum internal control possible under the circumstances.

Conclusion – Response accepted.

2022-002 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

City of Sigourney

Schedule of Findings

Year ended June 30, 2022

Condition – For fiscal year 2022, bank reconciliations were not completed from July 2021 through June 2022.

Cause – Policies have not been established and procedures have not been implemented to ensure monthly bank reconciliations are completed.

Effect – The lack of bank reconciliations can result in unrecorded transactions, undetected errors, and an opportunity for misappropriation.

Recommendation – The City Council should implement procedures to ensure bank reconciliations are performed monthly.

Response – One of the Finance Committee members is now reviewing the bank reconciliations each month starting July 2022.

Conclusion – Response accepted.

2022-003 Reconciliation of Utility Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to 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 – For fiscal year 2022, no utility reconciliations were completed.

Cause – Policies have not been established and procedures have not been implemented to ensure monthly reconciliations are completed and 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 City Council should implement procedures to ensure utility reconciliations are performed monthly. The City Council should also designate a member of the City Council or other independent person to review the reconciliations and monitor delinquent accounts. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – The City Clerk’s office will reconcile the utility billings, collections and delinquent accounts monthly and will have the Mayor or a Council Member sign or initial and date documenting their review.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Sigourney

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted.

2022-B 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.

2022-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2022-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Randy Schultz, Council Member, nephew owns Exceptional Edge	Snow removal and salt service for the City	\$ 3,370
Julie Tremmel, Pool Assistant Manager, husband owns Tremmel Backhoe Service	Various projects, including fixing water main and sewer breaks. No projects were for Parks and Recreation Department	8,029
Ashley Fry, Office Assistant, Father Owns Hammes Bulldozing Inc.	Replace tube and haul rock	3,000
Stephanie Lentz, Council member, Brother Owns Atwood Electric Inc.	Electrical work for the city buildings/property	23,326

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, transactions with Exceptional Edge and Hammes Bulldozing Inc. do not appear to represent a conflict of interest since total transactions were less than \$6,000 for the fiscal year.

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, transactions with Tremmel Backhoe Service do not appear to represent a conflict of interest since the Pool Assistant manager’s remuneration of employment was not directly affected as a result of the contract and duties of employment did not directly involve the procurement or preparation of any part of these contracts.

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, transactions with Atwood Electric Inc. may represent a conflict of interest since total transactions were more than \$6,000 during the fiscal year and the transactions were not competitively bid.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City Clerk will consult with the City’s Attorney regarding this matter.

Conclusion – Response accepted.

City of Sigourney

Schedule of Findings

Year ended June 30, 2022

- 2022-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa
- 2022-F 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.
- 2022-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- 2022-H 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.
- 2022-I Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.
- 2022-J Tax Increment Financing – The Special Revenue, Tax Increment Financing (TIF) Program Fund properly disbursed payments for TIF loans and rebates.
- 2022-K Annual Urban Renewal Report – No instances of non-compliance with the Annual Urban Renewal Report requirements for the year ended June 30, 2022 were noted.
- 2022-L Financial Condition – At June 30, 2022, the City had a deficit balance of \$3,085 in the Special Revenue, CDBG Housing Fund.

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

Response – The inspections and annual fees have resumed after being cancelled due to COVID and the account is showing a deficit balance of \$1,924 as of November 30, 2022 which shows progress is being made.

Conclusion – Response accepted.

City of Sigourney

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Alex N. Kawamura, CPA, Senior Auditor II
Stephen A. Baker, Staff Auditor