



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

November 9, 2023

Auditor of State Rob Sand today released the City of Hiawatha's Single Audit Report for the year ended June 30, 2022. The report covers the disbursement of federal funds by the City of Hiawatha and includes a review of internal controls and compliance with federal laws and regulations.

FINANCIAL HIGHLIGHTS:

The City disbursed \$1,051,987 of federal funds in fiscal year 2022. Funding directly related to Disaster Grants – Public Assistance (Presidentially Declared Disasters) accounted for approximately \$804,810 or 76.5% of the total federal funds disbursed.

AUDIT FINDINGS:

The report disclosed no findings pertaining to the federal programs for the year ended June 30, 2022.

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

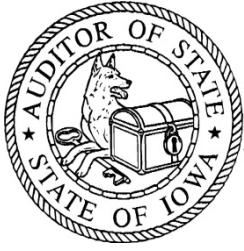
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**CITY OF HIAWATHA
SINGLE AUDIT REPORT**

**INDEPENDENT AUDITOR'S REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2022

City of Hiawatha



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November 6, 2023

Officials of the City of Hiawatha
Hiawatha, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the single audit report for the City of Hiawatha 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. generally accepted auditing standards issued by the Comptroller General of the United States, the standards applicable to financial audits contained in Government Auditing Standards and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Hiawatha 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 that reads "Rob Sand".

Rob Sand
Auditor of State

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City of Hiawatha

Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Bennett	Mayor	Jan 1, 2024
Aime Wichtendahl	Mayor Pro Tem	Jan 1, 2024
Rob Archibald	Council Member	Jan 1, 2022
Steve Dodson	Council Member	Jan 1, 2022
Jerry Mohwinkle	Council Member	Jan 1, 2024
Richard Olson	Council Member	Jan 1, 2024
Kimberly Downs	City Manager	Indefinite
Cindy Kudrna	Finance Director	Indefinite
Kari Graber	City Clerk	Indefinite
Mark Parmenter	City Attorney	Indefinite
Carl Ransford	Water Board Chairperson	Jan 1, 2024
Troy Anderson	Water Board Vice Chairperson	Jan 1, 2022
Patrick White	Water Board Trustee	Jan 1, 2023
Robert Rampulla	Water Board Trustee	Jan 1, 2026
Ruth Hospodarsky	Water Board Trustee	Jan 1, 2027
Marty Recker	Water Superintendent	Indefinite
Sara Ries	Billing Clerk	Indefinite
Stacey Carter	Assistant Billing Clerk	Indefinite

(After January 2022)

Bill Bennett	Mayor	Jan 1, 2024
Rob Archibald	Mayor Pro Tem	Jan 1, 2026
Aime Wichtendahl	Council Member	Jan 1, 2024
Jerry Mohwinkle	Council Member	Jan 1, 2024
Richard Olson	Council Member	Jan 1, 2024
Steve Dodson	Council Member	Jan 1, 2026
Kimberly Downs	City Manager	Indefinite
Cindy Kudrna	Finance Director	Indefinite
Kari Graber	City Clerk	Indefinite
Mark Parmenter	City Attorney	Indefinite
Carl Ransford	Water Board Chairperson	Jan 1, 2024
Troy Anderson	Water Board Vice Chairperson	Jan 1, 2028
Patrick White	Water Board Trustee	Jan 1, 2023
Robert Rampulla	Water Board Trustee	(Resigned Jan 2022)
Mike Nesslage (Appointed Jul 2022)	Water Board Trustee	Jan 1, 2026
Ruth Hospodarsky	Water Board Trustee	Jan 1, 2027
Marty Recker	Water Superintendent	Indefinite
Sara Ries	Billing Clerk	Indefinite
Stacey Carter	Assistant Billing Clerk	Indefinite

City of Hiawatha



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Independent Auditor's Report on Compliance
For Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited the City of Hiawatha's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Hiawatha's major federal programs for the year ended June 30, 2022. The City of Hiawatha's major federal programs are identified in the summary of auditor's results section (Part I) of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Hiawatha complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Hiawatha and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Hiawatha's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Hiawatha's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Hiawatha's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the City of Hiawatha's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Hiawatha's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Hiawatha's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Hiawatha's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Report on Internal Control Over Compliance

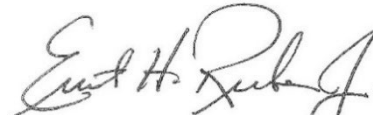
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hiawatha 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. We issued our report thereon dated October 17, 2022, which contained unmodified opinions on those financial statements prepared on the cash basis of accounting. Our report was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

November 6, 2023, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is October 17, 2022.

Schedule of Expenditures of Federal Awards

City of Hiawatha

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
US Department of Agriculture: Emergency Watershed Protection Program	10.923	NR216114XXXXC003	\$ 83,271
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/State Program an Non-Entitlement Grants in Hawaii	14.228	18-HSG-011	<u>67,759</u>
U.S. Department of Justice: Bulletproof Vest Partnership Program	16.607	FY22	2,003
Public Safety Partnership and Community Policing Grant	16.710	2020UMWX0240	<u>43,108</u>
Total U.S. Department of Justice			<u>45,111</u>
U.S. Department of the Treasury COVID-19, Coronavirus Relief Fund	21.019	FY22	<u>5,813</u>
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	<u>42,135</u>
Passed through Linn County: COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	<u>3,088</u>
Total U.S. Department of Treasury			<u>45,223</u>
U.S. Department of Homeland Security: Passed through Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division: COVID-19, Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4483 DRIA	27,761 ^
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4557 DRIA	<u>777,049 *</u>
Total U.S. Department of Homeland Security			<u>804,810</u>
Total			<u>\$ 1,051,987</u>

* Includes \$773,990 of expenditures from prior years.

^ Includes \$27,761 of expenditures from prior years.

See notes to financial statements.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

(1) Significant Accounting Policies

A. Reporting Entity

The reporting entity includes all funds, organizations, agencies, boards, commissions and authorities.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Hiawatha under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Programs listed in the Assistance Listing (AL) are so identified.

In accordance with the Uniform Guidance, federal financial assistance is defined as assistance which non-federal entities receive or administer in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities, loans, loan guarantees, interest subsidies, insurance and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Because the Schedule presents only a selected portion of the operations of the City of Hiawatha, it is not intended to and does not present the cash basis financial position or the changes in cash basis financial position of the City of Hiawatha.

Type A programs, as defined by Uniform Guidance, are those programs for the City of Hiawatha which exceeded \$750,000 in federal awards expended during the year ended June 30, 2022.

C. Basis of Accounting

Expenditures reported on the Schedule are presented on the cash basis of accounting. 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.

D. Indirect Cost Rate

The City of Hiawatha has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

E. Grantee

Assistance received directly from the federal government is shown by the grantee receiving the funds. Assistance received from other entities is so noted.

City of Hiawatha

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) City of Hiawatha did not qualify as a low-risk auditee.

City of Hiawatha

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

Reported under separate cover.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Hiawatha

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program were noted.

City of Hiawatha

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Katherine L. Rupp, CPA, Manager
David A. Slocum, CPA, Senior Auditor