



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Pam Bormann
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FOR RELEASE

October 16, 2024

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

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$14,168,812 for the year ended June 30, 2023, a 422.2% increase over the prior year. Disbursements for the year ended June 30, 2023 totaled \$13,974,494, a 500.5% increase over the prior year. The significant increase over the prior year in receipts and disbursements is due primarily to the Community Development Block Grant receipts and related disbursements which started in 2023 and is ongoing.

AUDIT FINDINGS:

Sand reported twenty-five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 53 through 70 of this report. The findings address issues such as a lack of segregation of duties, the lack of reconciliations of utility and rescue billings, collections and delinquent accounts, disbursements exceeding budgeted amounts and records maintained separate of the City for the Fire Department and the Library. Sand provided the City with recommendations to address each of the findings.

All of the findings discussed above are repeated from 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 website at [Audit Reports – Auditor of State](#).

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CITY OF WOODBINE

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

JUNE 30, 2023

City of Woodbine



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

August 7, 2024

Officials of the City of Woodbine
Woodbine, 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 Woodbine for the year ended June 30, 2023. 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 Woodbine 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

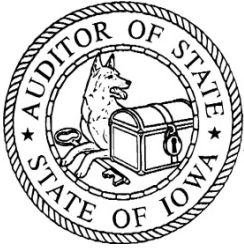
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City of Woodbine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Cogdill	Mayor	Jan 2024
Randy Vandemark	Mayor Pro tem	Jan 2026
Darryl Cleaver	Council Member	Resigned Mar 2023
Clark Smith (Appointed Jan 2022)	Council Member	Nov 2023
Richard Gau	Council Member	Jan 2026
Chris Lenning	Council Member	Jan 2026
Lisa Koch	City Administrator	Indefinite
Kristina Kelley	City Clerk	Resigned Nov 2022
Kassidy Willis (Appointed Feb 2023)	City Clerk	Indefinite
Todd Argotsinger	Attorney	Indefinite



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

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State Capitol Building
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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

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Woodbine, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Woodbine as of June 30, 2023, or the changes in its cash basis financial position thereof for the year ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions on Governmental Activities, Business Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

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 Woodbine as of June 30, 2023, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified 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 City of Woodbine, 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.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include the financial data for the one of the City's legally separate component units because the Woodbine Municipal Light and Power reports in accordance with accounting principles generally accepted in the United States of America, a different financial framework than the City's cash basis of accounting. Accounting principles applicable to the cash basis of accounting require the financial data for the component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the reporting entity which include the financial data for all component units. The City has not issued such reporting entity financial statements. The amounts for which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units is \$1,987,825, \$1,950,199 and \$1,520,779, respectively.

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 14 to the financial statements, the City of Woodbine restated the July 1, 2022 cash basis net position to correctly report the component unit Woodbine Fire and Rescue Association. 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.

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 judgment 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 judgment 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 Woodbine'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Woodbine'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 Woodbine'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 year ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. We expressed an adverse opinion on the financial statements of the aggregate discretely presented component units due to the omission of the Woodbine Municipal Light and Power. The financial statements for the seven years ended June 30, 2021 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. An adverse opinion was expressed on the financial statements of the discretely presented component units due to the omission of the Woodbine Municipal Light and Power. The financial statements for the year ended June 30, 2014 (which are not presented herein) was audited by other auditors who expressed qualified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information, since they were unable to satisfy themselves as to the distribution by fund of the total cash basis fund balances at July 1, 2013. An adverse opinion was expressed on the financial statements of the discretely presented component units due to the omission of the Woodbine Municipal Light and Power. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 GAAS. Because of the significance of the matter described in the Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units paragraph on page 4, it is inappropriate to, and we do not, express an opinion on the supplementary information.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 30 through 38 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 August 7, 2024 on our consideration of the City of Woodbine'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 Woodbine's internal control over financial reporting and compliance.



Pam Bormann, CPA
Director

August 7, 2024

City of Woodbine

Basic Financial Statements

City of Woodbine

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2023

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Primary Government:			
Governmental activities:			
Public safety	\$ 602,062	139,705	72,369
Public works	267,185	44,323	246,857
Culture and recreation	136,468	-	15,345
Community and economic development	208,897	-	11,077
General government	296,140	14,227	114,403
Debt service	236,200	-	-
Capital projects	11,225,779	-	11,158,856
Total governmental activities	12,972,731	198,255	11,618,907
Business type activities:			
Sewer	136,751	202,395	-
Gas	865,012	899,671	-
Total business type activities	1,001,763	1,102,066	-
Total Primary Government	\$ 13,974,494	1,300,321	11,618,907
Component Unit:			
Woodbine Fire and Rescue Association	\$ 117,148	-	125,159
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Commercial/industrial tax replacement			
American Rescue Plan Act			
Unrestricted interest on investments			
Sale of capital assets			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year, as restated			
Cash basis net position end of year			
Cash Basis Net Position			
Restricted:			
Streets			
Debt service			
American Rescue Plan Act			
Capital projects			
Local option sales tax			
Other purposes			
Unrestricted			
Total cash basis net position			
See notes to financial statements.			

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Primary Government			Component
Governmental	Business Type		Unit
Activities	Activities	Total	Woodbine Fire and Rescue Association
(389,988)	-	(389,988)	
23,995	-	23,995	
(121,123)	-	(121,123)	
(197,820)	-	(197,820)	
(167,510)	-	(167,510)	
(236,200)	-	(236,200)	
(66,923)	-	(66,923)	
(1,155,569)	-	(1,155,569)	
-	65,644	65,644	
-	34,659	34,659	
-	100,303	100,303	
(1,155,569)	100,303	(1,055,266)	
			<u>8,011</u>
646,039	-	646,039	-
234,491	-	234,491	-
61,973	-	61,973	-
147,904	-	147,904	-
18,076	-	18,076	-
103,545	-	103,545	-
12,595	6,191	18,786	-
7,500	-	7,500	-
5,085	6,185	11,270	-
220,000	(220,000)	-	-
1,457,208	(207,624)	1,249,584	-
301,639	(107,321)	194,318	8,011
890,699	1,146,660	2,037,359	247,968
\$ 1,192,338	1,039,339	2,231,677	255,979
\$ 238,788	-	238,788	-
196,462	-	196,462	-
132,688	-	132,688	-
29,127	-	29,127	-
35,819	-	35,819	-
221,555	-	221,555	-
337,899	1,039,339	1,377,238	255,979
\$ 1,192,338	1,039,339	2,231,677	255,979

City of Woodbine

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

As of and for the year ended June 30, 2023

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 498,223	-	-
Local option sales tax	-	-	-
Tax increment financing	-	-	61,973
Licenses and permits	14,227	-	-
Use of money and property	11,871	-	453
Intergovernmental	117,964	223,618	-
Charges for service	175,040	-	-
Miscellaneous	142,145	-	-
Total receipts	<u>959,470</u>	<u>223,618</u>	<u>62,426</u>
Disbursements:			
Operating:			
Public safety	518,425	-	-
Public works	82,485	176,405	-
Culture and recreation	136,106	-	-
Community and economic development	37,887	-	171,010
General government	262,073	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>1,036,976</u>	<u>176,405</u>	<u>171,010</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(77,506)</u>	<u>47,213</u>	<u>(108,584)</u>
Other financing sources (uses):			
Sale of capital assets	7,500	-	-
Transfers in	220,000	-	120,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>227,500</u>	<u>-</u>	<u>120,000</u>
Change in cash balances	149,994	47,213	11,416
Cash balances beginning of year	<u>371,239</u>	<u>191,575</u>	<u>140,894</u>
Cash balances end of year	<u>\$ 521,233</u>	<u>238,788</u>	<u>152,310</u>
Cash Basis Fund Balances			
Restricted for:			
Streets	\$ -	238,788	-
Debt service	-	-	152,310
America Rescue Plan Act	-	-	-
Capital projects	-	-	-
Local option sales tax	-	-	-
Other purposes	183,334	-	-
Unassigned	<u>337,899</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 521,233</u>	<u>238,788</u>	<u>152,310</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
234,491	-	147,816	880,530
-	-	147,904	147,904
-	-	-	61,973
-	-	-	14,227
607	637	-	13,568
4,597	11,262,401	2,903	11,611,483
-	-	-	175,040
-	-	-	142,145
239,695	11,263,038	298,623	13,046,870
-	-	83,637	602,062
-	-	8,295	267,185
-	-	362	136,468
-	-	-	208,897
-	-	34,067	296,140
236,200	-	-	236,200
-	11,225,779	-	11,225,779
236,200	11,225,779	126,361	12,972,731
3,495	37,259	172,262	74,139
-	-	-	7,500
-	-	-	340,000
-	-	(120,000)	(120,000)
-	-	(120,000)	227,500
3,495	37,259	52,262	301,639
40,657	124,556	21,778	890,699
44,152	161,815	74,040	1,192,338
-	-	-	238,788
44,152	-	-	196,462
-	132,688	-	132,688
-	29,127	-	29,127
-	-	35,819	35,819
-	-	38,221	221,555
-	-	-	337,899
44,152	161,815	74,040	1,192,338

City of Woodbine

City of Woodbine

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

As of and for the year ended June 30, 2023

	Enterprise		
	Sewer	Gas	Total
Operating receipts:			
Charges for service	\$ 202,395	886,056	1,088,451
Miscellaneous	770	-	770
Total operating receipts	203,165	886,056	1,089,221
Operating disbursements:			
Business type activities	136,751	865,012	1,001,763
Excess of operating receipts over operating disbursements	66,414	21,044	87,458
Non-operating receipts:			
Interest on investments	-	6,191	6,191
Rent	5,415	-	5,415
Customer loan repayments	-	13,615	13,615
Net non-operating receipts	5,415	19,806	25,221
Excess of receipts over disbursements	71,829	40,850	112,679
Transfers out	-	(220,000)	(220,000)
Change in cash balances	71,829	(179,150)	(107,321)
Cash balances beginning of year	285,913	860,747	1,146,660
Cash balances end of year	\$ 357,742	681,597	1,039,339
Cash Basis Fund Balances			
Unrestricted	357,742	681,597	1,039,339
Total cash basis fund balances	\$ 357,742	681,597	1,039,339

See notes to financial statements.

City of Woodbine

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The City of Woodbine is a political subdivision of the State of Iowa located in Harrison County. It was first incorporated in 1867 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Woodbine 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.

Except as noted, these financial statements present the City of Woodbine (the primary government) and its component units. The financial statements do not include financial data for the Woodbine Municipal Light and Power, a legally separate entity which should be reported as a discretely present component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Woodbine Fire and Rescue Association has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable purposes to support the Woodbine Fire Department. The Association raises funds and collects donations to purchase items not included in the City's budget for the Fire Department. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Association meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Association are substantially for the direct benefit of the City of Woodbine Fire Department.

Excluded Component Unit

The Woodbine Municipal Light and Power was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to or impose specific financial burdens on the City. The Municipal Utility is governed by a three-member board appointed by the Mayor and approved by the City Council. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Municipal Utility meets the definition of a component unit which should be discretely presented. Financial statements for the Municipal Utility were prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles but are not included in the City's financial statements since the City prepares its financial statements on the cash basis. Complete financial statements can be obtained from Woodbine Municipal Light and Power, Woodbine, Iowa.

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: Harrison County Assessor's Conference Board, Harrison County Emergency Management Commission, Harrison County Landfill Commission and the Harrison 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:

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 category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

The Debt Service Fund is 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 used 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, Sewer Fund accounts for the operation and maintenance of the City's sanitary sewer system.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects tax asking contained in the budget certified to the City Council in March 2022.

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the culture and recreation function. In addition, disbursements exceeded the amounts budgeted prior to the budget amendments in the capital projects function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2023 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.

At June 30, 2023, the City had the following investments:

Investment	Carrying Amount	Fair Value	Maturity
Mutual Funds	\$ 98,371	85,957	
U.S. Treasury Notes	38,660	39,212	November 2023
	\$ 137,031	125,169	

The City's investment in mutual funds does not appear to be an allowable investment in accordance with Chapter 12B.10 of the Code of Iowa.

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the U.S. Treasury Notes and Bills and Mutual Funds were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

(3) Notes Receivable

The City of Woodbine approved consumer financing for gas efficient furnaces, water heaters, gas log fireplaces and gas dryers for 90% of cost, up to \$3,000. Consumers repay the loans over a five-year period at zero interest rates through a monthly charge included in their utility billings. Financing transactions during the current fiscal year are as follows:

	Amount
Beginning balance	\$ 39,158
Amounts financed	3,024
Payments received	(13,615)
Ending balance	\$ 28,567

(4) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2023 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 2,525,000	-	160,000	2,365,000	165,000
Notes payable	167,115	-	80,682	86,433	52,208
Governmental activities total	<u>\$ 2,692,115</u>	<u>-</u>	<u>240,682</u>	<u>2,451,433</u>	<u>217,208</u>

General Obligation Bonds

A summary of the City’s June 30, 2023 general obligation bonds payable is as follows:

Year	Corporate Purpose and Refunding Series 2020		
	Issued Apr 21, 2020		
Ending June 30,	Interest Rates	Principal	Interest
2024	3.00%	\$ 165,000	70,950
2025	3.00	120,000	66,000
2026	3.00	120,000	62,400
2027	3.00	125,000	58,800
2028	3.00	130,000	55,050
2029-2033	3.00	700,000	215,250
2034-2038	3.00	825,000	102,750
2039	3.00	180,000	5,400
Total		<u>\$ 2,365,000</u>	<u>636,600</u>

On April 21, 2020, the City issued \$2,830,000 of general obligation bonds with an interest rate of 3.00% per annum. The bonds were issued to refund \$640,000 general obligation bonds dated June 8, 2012 and the balance was used to fund a grant to the Woodbine Regional Wellness Center for construction of a recreation/athletic complex. During the year ended June 30, 2023, the City paid \$160,000 of principal and \$75,750 of interest on the bonds.

Equipment Notes Payable

On May 10, 2021, the City issued a \$250,000 note payable requiring monthly payments with an interest rate of 2.95%. The note was used for a fire truck. During the year ended June 30, 2023, the City paid \$80,682 of principal and \$4,189 of interest on the note.

Year	Interest Rates	Principal	Interest	Total
Ending June 30,				
2024	2.95%	\$ 52,208	1,637	53,845
2025	2.95	34,225	369	34,594
Total		<u>\$ 86,433</u>	<u>2,006</u>	<u>88,439</u>

(5) 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 2023, 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, 2023 totaled \$44,740.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City had a liability of \$79,355 for its proportionate share of the overall plan net pension liability. The net pension liability was measured as of June 30, 2022 and the total plan pension liability used to calculate of the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City’s proportion of the overall plan net pension asset was 0.00210%, which was an decrease of 0.036522% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$(4,909), \$247,092 and \$262,031, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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 liability.

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)	\$ 270,661	79,355	(88,876)

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.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2023, the City contributed \$107,197 and plan members eligible for benefits contributed \$11,681 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>8</u>
Total	<u><u>8</u></u>

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory time and floating holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation and sick leave payable to employees at June 30, 2023, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 32,000
Holiday time	3,000
Comp time	<u>6,000</u>
Total	<u><u>\$ 41,000</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2023.

(8) Interfund Advance

On November 28, 2022, the Council approved an advance of \$120,000 from the Enterprise, Gas Fund to the Special Revenue, Urban Renewal Tax Increment Fund at no interest. The advance was established to help provide funding for an urban renewal project. Payments are to be made on the advance starting in fiscal year 2024 to the extent there are incremental tax receipts available which have been allocated to the Special Revenue, Urban Renewal Tax Increment Fund.

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 120,000
	Enterprise:	
	Gas	<u>100,000</u>
		220,000
Special Revenue:	Enterprise:	
Urban Renewal	Gas	
Tax Increment		<u>120,000</u>
		<u>\$ 340,000</u>

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

(10) Risk Management

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

(11) Development Agreements

The City has entered into development agreements to assist with urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developers in exchange for construction or improvement of buildings. Certain agreements include provisions for the payment of interest.

The total to be paid by the City under the agreements is not to exceed \$3,568,473. During the year ended June 30, 2023, the City rebated \$171,010 of incremental property tax to the developers and \$617,567 expired and is no longer a liability to the City. At June 30, 2023, the remaining balance to be paid on the agreements was \$3,224,475.

These agreements are not general obligations of the City. The agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

(12) Tax Abatements

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or 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, 2023, \$20,167 of property tax was diverted from the City under the urban renewal and economic development agreements.

(13) Construction Commitments

The City has entered into a contract totaling \$18,951,673 for a housing development project. As of June 30, 2023, costs of \$11,087,172 on the project have been incurred. The balance of \$7,864,501 remaining on the project at June 30, 2023 will be paid as work on the project progresses.

(14) Restatement

The cash basis net position for the discretely presented component unit has been restated to recognize investments not previously reported.

	<u>Discretely Presented Component Unit Woodbine Fire and Rescue Association</u>
Balances June 30, 2022, as previously reported	\$ 147,968
Recognition of investments not previously reported	<u>100,000</u>
Balances July 1, 2022, as restated	<u>\$ 247,968</u>

City of Woodbine

Other Information

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

Other Information

Year ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 880,530	-	880,530
Tax increment financing	61,973	-	61,973
Other city tax	147,904	-	147,904
Licenses and permits	14,227	-	14,227
Use of money and property	13,568	11,606	25,174
Intergovernmental	11,611,483	-	11,611,483
Charges for service	175,040	1,088,451	1,263,491
Miscellaneous	142,145	14,385	156,530
Total receipts	<u>13,046,870</u>	<u>1,114,442</u>	<u>14,161,312</u>
Disbursements:			
Public safety	602,062	-	602,062
Public works	267,185	-	267,185
Culture and recreation	136,468	-	136,468
Community and economic development	208,897	-	208,897
General government	296,140	-	296,140
Debt service	236,200	-	236,200
Capital projects	11,225,779	-	11,225,779
Business type activities	-	1,001,763	1,001,763
Total disbursements	<u>12,972,731</u>	<u>1,001,763</u>	<u>13,974,494</u>
Excess of receipts over disbursements	74,139	112,679	186,818
Other financing sources, net	227,500	(220,000)	7,500
Change in balances	301,639	(107,321)	194,318
Balances beginning of year	890,699	1,146,660	2,037,359
Balances end of year	<u>\$ 1,192,338</u>	<u>1,039,339</u>	<u>2,231,677</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
909,101	909,101	(28,571)
77,000	77,000	(15,027)
107,200	107,200	40,704
3,950	3,950	10,277
110,000	110,000	(84,826)
290,923	19,309,866	(7,698,383)
753,500	1,018,020	245,471
500	4,000	152,530
<u>2,252,174</u>	<u>21,539,137</u>	<u>(7,377,825)</u>
447,655	625,540	23,478
290,091	295,791	28,606
131,410	133,910	(2,558)
197,900	239,950	31,053
195,096	304,611	8,471
236,200	236,200	-
206,744	19,158,417	7,932,638
949,699	1,144,474	142,711
<u>2,654,795</u>	<u>22,138,893</u>	<u>8,164,399</u>
(402,621)	(599,756)	786,574
-	-	7,500
(402,621)	(599,756)	794,074
<u>1,574,794</u>	<u>1,574,794</u>	<u>462,565</u>
<u>1,172,173</u>	<u>975,038</u>	<u>1,256,639</u>

City of Woodbine

City of Woodbine

Notes to Other Information – Budgetary Reporting

June 30, 2023

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. 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 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, two budget amendments increased budgeted disbursements by \$19,484,098. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements exceeded the amount budgeted in the culture and recreation function. In addition, disbursements exceeded the amount budgeted prior to the budget amendments in the capital projects function.

City of Woodbine

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

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

Other Information

	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	0.002100%	(0.038622)% **	0.003894%	0.003545%
City's proportionate share of the net pension liability (asset)	\$ 79	(133)	273	205
City's covered payroll	\$ 464	458	452	433
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.03%	-29.04%	60.40%	47.34%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%

* 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.

See accompanying independent auditor's report.

2019	2018	2017	2016	2015
0.003589%	0.003938%	0.004267%	0.003711%	0.003968%
227	262	269	183	157
410	423	426	400	432
55.37%	61.94%	63.15%	45.75%	36.34%
83.62%	82.21%	81.82%	85.19%	87.61%

City of Woodbine

Schedule of City Contributions

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

Other Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 45	44	44	43
Contributions in relation to the statutorily required contribution	(45)	(44)	(44)	(43)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 477	464	458	452
Contributions as a percentage of covered payroll	9.39%	9.39%	9.50%	9.60%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
42	38	39	39	37	40
(42)	(38)	(39)	(39)	(37)	(40)
-	-	-	-	-	-
433	410	423	426	400	432
9.70%	9.24%	9.22%	9.21%	9.30%	9.39%

City of Woodbine

Notes to Other Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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 Woodbine

City of Woodbine

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

As of and for the year ended June 30, 2023

	Special Revenue		
	Employee Benefits	Local Option Sales Tax	Total
Receipts:			
Property tax	\$ 147,816	-	147,816
Local option sales tax	-	147,904	147,904
Intergovernmental	2,903	-	2,903
Total receipts	150,719	147,904	298,623
Disbursements:			
Operating:			
Public safety	83,637	-	83,637
Public works	8,295	-	8,295
Culture and recreation	362	-	362
General government	34,067	-	34,067
Total disbursements	126,361	-	126,361
Excess of receipts over disbursements	24,358	147,904	172,262
Other financing uses:			
Transfers out	-	(120,000)	(120,000)
Change in cash balances	24,358	27,904	52,262
Cash balances beginning of year	13,863	7,915	21,778
Cash balances end of year	\$ 38,221	35,819	74,040
Cash Basis Fund Balances			
Restricted for:			
Local option sales tax	-	35,819	35,819
Other purposes	38,221	-	38,221
Total cash basis fund balances	\$ 38,221	35,819	74,040

See accompanying independent auditor's report.

City of Woodbine

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

For the Last Ten Years

	2023	2022	2021	2020
Receipts:				
Property tax	\$ 880,530	843,485	825,438	763,447
Local option sales tax	147,904	167,191	144,799	106,110
Tax increment financing	61,973	58,710	56,896	83,335
Other city tax	-	-	7,266	6,969
Licenses and permits	14,227	12,956	2,828	1,355
Use of money and property	13,568	8,807	6,321	7,521
Intergovernmental	11,611,483	409,342	356,190	300,996
Charges for service	175,040	118,955	116,078	165,822
Miscellaneous	142,145	152,351	120,836	80,284
Total	<u>\$ 13,046,870</u>	<u>1,771,797</u>	<u>1,636,652</u>	<u>1,515,839</u>
Disbursements:				
Operating:				
Public safety	\$ 602,062	618,879	485,738	438,320
Public works	267,185	247,890	256,737	329,687
Culture and recreation	136,468	208,885	154,428	187,335
Community and economic development	208,897	71,795	71,144	109,627
General government	296,140	137,359	163,473	234,936
Debt service	236,200	235,850	263,893	165,185
Capital projects	11,225,779	8,117	22,443	2,611,153
Total	<u>\$ 12,972,731</u>	<u>1,528,775</u>	<u>1,417,856</u>	<u>4,076,243</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
749,340	737,419	684,293	646,524	618,247	652,255
100,166	93,003	104,200	94,700	90,478	87,647
86,707	169,248	264,995	111,807	186,087	180,654
7,964	6,568	5,543	5,714	5,603	5,951
1,592	2,800	1,186	2,415	3,300	5,397
6,551	3,095	7,471	8,114	4,377	4,723
491,817	437,032	494,221	501,706	189,126	188,351
57,884	159,172	163,257	181,320	183,815	124,376
317,678	142,509	153,001	89,625	70,293	65,336
<u>1,819,699</u>	<u>1,750,846</u>	<u>1,878,167</u>	<u>1,641,925</u>	<u>1,351,326</u>	<u>1,314,690</u>
685,066	516,428	423,807	644,118	464,268	343,303
181,111	342,458	280,547	356,172	370,505	414,903
222,471	242,905	273,085	202,623	160,991	175,463
241,931	218,093	160,121	99,841	80,706	111,548
230,014	173,559	158,931	188,639	188,910	207,474
168,605	170,480	171,980	168,530	169,372	165,383
801,385	188,422	367,756	626,245	-	-
<u>2,530,583</u>	<u>1,852,345</u>	<u>1,836,227</u>	<u>2,286,168</u>	<u>1,434,752</u>	<u>1,418,074</u>

City of Woodbine

City of Woodbine

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Iowa Economic Development Authority:			
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	19-DRH-010	\$ 11,158,752
Total U.S. Department of Housing and Urban Development			11,158,752
U.S. Department of the Treasury:			
COVID-19, CORONAVIRUS STATE AND LOCAL			
FISCAL RECOVERY FUNDS	21.027	FY2023	67,027
Total U.S. Department of Treasury			67,027
Total			\$ 11,225,779

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Woodbine under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of the City of Woodbine, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Woodbine.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The City of Woodbine has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor’s report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Woodbine, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 7, 2024. Our report expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the financial statements of the aggregate discretely presented component units due to the omission of the Woodbine Municipal Light and Power.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Woodbine'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 Woodbine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Woodbine's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-004 to be material weaknesses.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-005 through 2023-017 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Woodbine'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 noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023 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 Woodbine's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Woodbine's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Woodbine'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 Woodbine 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.



Pam Bormann, CPA
Director

August 7, 2024

City of Woodbine



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Woodbine, Iowa'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 Woodbine's major federal program for the year ended June 30, 2023. The City of Woodbine's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Woodbine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

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 Woodbine 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 Woodbine'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 Woodbine'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 Woodbine'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 judgment made by a reasonable user of the report on compliance about the City of Woodbine'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 judgment 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 Woodbine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Woodbine'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 Woodbine'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 that 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Pam Bormann, CPA
Director

August 7, 2024

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

- (a) Unmodified opinions were issued on the government activities, the business type activities, each major fund and the aggregate remaining fund information which were 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. An adverse opinion was issued on the financial statements of the aggregate discretely presented component units due to the omission of the Woodbine Municipal Light and Power.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Woodbine did not qualify as a low-risk auditee.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties

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

Condition – One individual in the City has control over the following areas for which no compensating controls exist:

- (1) Accounting system – performance of all accounting functions, including journal entries and having custody of assets.
- (2) Cash – handling, recording and reconciling.
- (3) Investments – recording, custody and record-keeping.
- (4) Gas customer utility loans – collecting, depositing and maintaining detailed accounts receivable.
- (5) Long-term debt – recording and reconciling, including compensated absences.
- (6) Receipts – opening mail, collecting, depositing, recording and reconciling.
- (7) Disbursements – purchasing, invoice processing, check writing, recording and reconciling.
- (8) Payroll – preparing and recording payroll, entering rates into the computer system, control of undistributed checks and maintaining personnel files.
- (9) Journal entries – preparing and recording.

For the Woodbine Library account, one individual has control over each of the following areas:

- (1) Accounting system – performance of all accounting functions and having custody of assets.
- (2) Cash – handling, recording and reconciling.
- (3) Receipts – opening mail, collecting, depositing, recording and reconciling.
- (4) Disbursements – purchasing, invoice processing, check writing, recording and reconciling.
- (5) Payroll – preparing and recording payroll, control of undistributed checks and maintaining personnel files.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

For the Woodbine Fire and Rescue Department and Association accounts, one individual controls both accounts and has control over each of the following areas:

- (1) Cash – handling, recording and reconciling.
- (2) Receipts – opening mail, collecting, depositing, recording and reconciling.
- (3) Disbursements – purchasing, invoice processing, check writing, recording and reconciling.

Cause – The City, Library and Fire and Rescue Department and Association have 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 and the Association’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees and volunteers in the normal course of performing their assigned functions.

Recommendation – The City and the Fire and Rescue Association should review their control activities 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 financial reports. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

City – We have implemented some process changes and will continue to separate duties as much as possible with limited staff. Previously the City Council was given limited information to review financial transactions. We will continue giving the City Council several reports for their review and discussing those reports with them. We will work with elected officials to have them complete some reviews. We will also have the reviewer initial and date the review.

Library – The City will work with the Library on a process to have an independent reviewer initial and date documents.

Fire and Rescue Department and Association – The City will work with the Fire and Rescue Department and Association on a process to have a reviewer initial and date documents.

Conclusion – Response acknowledged. The City, Library and Fire and Rescue Department and Association should utilize available staff, including elected officials to provide additional controls through review of financial transactions, reconciliations and financial reports.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-002 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reconciling bank to book balances each month.

Condition – Although monthly bank reconciliations are prepared for the City checking account, the reconciliations do not include evidence of an independent review. In addition, financial reports did not include all City activity and a complete reconciliation, including accounts from the Library and Fire Departments, was not prepared.

Cause – Policies have not been established and procedures have not been implemented to require preparation of a complete reconciliation of all accounts and investments to the total general ledger balance or to require the bank reconciliations to be reviewed by an independent person.

Effect – Lack of performing and maintaining complete bank reconciliations and lack of review by an independent person could result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The City should establish procedures to ensure bank and investment account balances for all City activity are included in the financial reports and reconciled to the general ledger monthly. Variances, if any, should be reviewed and resolved timely. An independent person should review the City bank reconciliations and document the review by signing or initialing and dating the monthly bank reconciliations.

Response – The City Administrator began completing the bank reconciliations in the fall of 2022. We will work with elected officials on procedures to have monthly bank reconciliations reviewed by an independent person.

Conclusion – Response accepted.

2023-003 Service Organizations

Criteria – An effective internal control system provides for internal controls related to reconciling the service organizations billing, collections and delinquent accounts to ensure the accuracy of sewer, gas, landfill and rescue collections and receivables.

Condition – The Woodbine Municipal Light and Power provides billing and collection services for the City's sewer, gas and landfill receipts. The sewer, gas and landfill receipts are remitted to the City. The Woodbine Municipal Light and Power provides collections and delinquent accounts balances to the City, but the City does not review the information to ensure amounts are billed appropriately and receipts remitted to the City are complete. In addition, the Woodbine Municipal Light and Power does not perform a reconciliation of the monthly billings.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Also, the City contracts with an outside company to bill and collect fire and rescue services receipts. The rescue services receipts are deposited into the Fire Department's bank account and the outside company withdraws a monthly administrative fee from that account. Periodically, the Fire Department writes a check to the City for deposit to the City account; however, the City does not record the collections intact and does not record the disbursement for the administrative fee in the City's general ledger. Further, the amount of the administrative fee is not verified for accuracy. The City has not established an approved rate schedule for the various types of ambulance services. In addition, a reconciliation of billings, collections and delinquent accounts is not prepared. The City does not perform procedures to ensure the accuracy and completeness of the rescue receipts.

Cause – Policies have not been established and procedures have not been implemented to reconcile or verify the reconciliations of sewer, gas, landfill and rescue billings, collections and delinquent accounts or to ensure ambulance rates have been approved.

Effect – This condition could result in unrecorded or misstated sewer, gas, landfill and rescue receipts and receivables. The lack of established ambulance rates could result in unauthorized amounts charged and the opportunity for error or misappropriation.

Recommendation – The City should request or prepare reconciliations of billings, collections and delinquent accounts for fees received from Woodbine Municipal Light and Power for sewer, gas and landfill fees and the outside company contracted to bill for rescue service fees. The reconciliations should be reviewed by an independent person and the review should be evidenced by the signature or initials of the reviewer and the date of the review. In addition, for ambulance services, the City should deposit and record the collections intact and separately record the disbursement for the administrative fee in the City's general ledger. In addition, the City Council should formally establish and approve ambulance service rates.

Response – The City will work with Woodbine Municipal Light and Power on a process for reviewing monthly reconciliations of billings, collections and delinquent accounts. In March 2024, the City separated our billing and collection process from Woodbine Municipal Light and Power and began billing and collecting gas, sewer and landfill charges through our accounting system. The ambulance services are currently handled by the Fire and Rescue Association independently from the City. The City is working with Fire and Rescue to bring the ambulance accounting and reconciliation into the City's general ledger, so the City can deposit and record the collections intact and separately record the disbursement for the administrative fee. The City will ask the Fire and Rescue Association for the ambulance service rates and when received, the City Council will formally approve the rates.

Conclusion – Response accepted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-004 Financial Accounting Records of Fire and Rescue

Criteria – A deficiency in internal control over financial reporting 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, misstatement of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City’s financial statements.

Condition –

For the Fire and Rescue Department and Fire and Rescue Association we noted the following conditions:

- (1) Receipts and disbursements were not consistently posted to the Department or the Association ledgers.
- (2) Pre-numbered receipts were not issued for donations and fundraising activity collections.
- (3) Detailed disbursements were not approved or documented in the minutes of the Department or Association meetings.
- (4) Disbursements for the Fire and Rescue Department are not approved or documented in the minutes of the City Council meetings.

Cause – Policies have not been established and procedures have not been implemented to maintain adequate financial records and properly approve disbursements for the Fire and Rescue Department and Fire and Rescue Association.

Effect – Lack of written policies and procedures to track the financial activity could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – City officials should ensure all Fire and Rescue Department financial transactions are processed in the same manner as all City transactions, which includes the establishment of formal accounting records to account for all receipts and disbursements. In addition, disbursements should be properly approved for payment by the City Council. The Fire and Rescue Association should review internal processes to ensure accurate financial transactions and reports are prepared and maintained.

Response – Fire and Rescue Association is now having an accountant help them take care of their finances. The City will also work with the Fire and Rescue Department on establishing formal accounting records to ensure they are processed in the same manner as City transactions and get a list of disbursements to be approved by the City Council.

Conclusion – Response accepted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-005 Purchase of Insurance

Criteria – City officials have a fiduciary responsibility to provide oversight of the City's operations and financial transactions.

Condition – The City and Woodbine Municipal Light and Power purchase commercial insurance and allow the insurance provider to make decisions regarding whether the City or the Woodbine Municipal Light and Power Board of Trustees will pay for insurance coverage over their operations.

Cause – For the insurance policy covering April 1, 2022 through April 1, 2023, the City did not review the allocation. Lack of City Council oversight allowed the commercial insurance provider to make management decisions and determine allocation of insurance costs to each government.

Effect – The City could fund the cost of commercial insurance coverage for the Water utility while having no responsibility for its operations, nor receiving water system receipts.

Recommendation – The City should work with the Woodbine Municipal Light and Power Board of Trustees and the commercial insurance provider to ensure the cost of insurance coverage is appropriately allocated between the two entities.

Response – The City is now reviewing the annual policy renewal with the insurance agent and working with the insurance agent to determine how to appropriately allocate the cost between the entities. The City will continue to review the insurance coverages and billing annually.

Conclusion – Response accepted.

2023-006 Disbursements

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The Fire and Rescue Department and Fire and Rescue Association did not always retain supporting documentation for disbursements paid through debit card or by check.

Cause – Supporting documentation was not always maintained for disbursements.

Effect – Lack of supporting documentation for all disbursements could result in unauthorized transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Response – The City will make sure that supporting documentation is provided for all disbursements.

Conclusion – Response accepted.

2023-007 Vehicle Records

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The fire and emergency medical service members utilize City-owned vehicles. Fuel cards are not monitored and there are no logs tracking mileage or fueling for any of the vehicles.

Cause – The City does not safeguard fuel cards and does not require logs to be maintained for vehicles.

Effect – Lack of written policies and procedures to regulate the use of vehicles and fuel cards could result in unauthorized and unsupported transactions and the opportunity for misappropriation or theft.

Recommendation – The City should establish policies and procedures addressing the use of vehicles and fuel cards. Fuel cards should be monitored and tracked. In addition, mileage usage logs should be maintained to verify the reasonableness of the fuel purchases. An independent person should review usage and logs and the review should include the signature or initials and date of the reviewer.

Response – Fire and Rescue has started writing the mileage and vehicle number on fuel receipts. The City will work on establishing policies and procedures addressing the use of vehicles and fuel cards and work with the Fire and Rescue Association on the same.

Conclusion – Response accepted.

2023-008 Fire and Rescue Association – Debit Card

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The Fire and Rescue Association has debit cards available for use by volunteers. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. Significant risks exist with the mishandling or theft of debit cards as they provide no additional safeguards or audit trail for purchases. Supporting documentation for purchases made by debit card was generally not maintained.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Cause – The Fire and Rescue Association has been unaware of the repercussions of allowing the use of debit cards.

Effect – Allowing the use of debit cards could result in unauthorized transactions and the opportunity for misappropriations or theft.

Recommendation – The Fire and Rescue Association should prohibit the use of debit cards.

Response – The City will work with the Fire and Rescue Association to prohibit the use of debit cards. The City will encourage them to follow the City's credit card policy.

Conclusion – Response accepted.

2023-009 Disaster Recovery Plan

Criteria – Properly designed policies and procedures pertaining to control activities over the County's computer systems and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable and helps ensure the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The City does not have a formal written disaster recovery plan.

Cause – Management has not adopted a formal policy.

Effect – The failure to have a formal disaster recovery plan could result in the City's inability to function in the event of a disaster or continue City business without interruption.

Recommendation – The City should develop a formal a written disaster recovery plan and the plan should be tested periodically.

Response – The City will establish a written disaster recovery plan.

Conclusion – Response accepted.

2023-010 Insurance Stipend Approval

Criteria – An effective internal control system provides for internal controls related to the processing and approval of payroll for all City employees. City Council approval of wages and salaries can help ensure proper payment of payroll expense.

Condition – One employee received a monthly stipend in lieu of health insurance. However, the stipend amount was not approved by City Council.

Cause – The City has not implemented procedures to ensure stipends are approved and approval is documented in the minutes.

Effect – Not documenting approved stipends may cause errors resulting in unauthorized, unapproved or incorrect pay.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Recommendation – The City should approve applicable stipends for all employees. The approvals should be documented in the City Council meeting minutes.

Response – The City Council will approve all pay rates and applicable stipends by motion or resolution so they will be documented in City Council minutes.

Conclusion – Response accepted.

2023-011 Clothing Reimbursement

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes included establishing policies addressing allowable maximums for clothing purchase and reimbursements.

Condition – The City purchases directly and/or reimburses various employees for uniforms and clothing worn while on City business. The City has not adopted a formal policy to regulate the types or amounts of uniforms and clothing which will be purchased or reimbursed. In addition, certain City disbursements for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Service (IRS) guidelines.

Cause – Adoption of a formal policy to regulate clothing and uniform purchases has not been prioritized by the City Council and the City has not included clothing considered to be adaptable to general usage as a taxable benefit to employees.

Effect – Lack of written policies and procedures to regulate clothing and uniform purchases could result in unauthorized and unsupported transactions and the opportunity for misappropriation. Further, clothing adaptable to general usage as ordinary clothing are not included in wages of employees as a taxable fringe benefit, as required.

Recommendation – The City should adopt a formal written policy regulating the types and amounts of allowable clothing and uniforms purchases and reimbursements. The City should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Response – The City will work on adopting a formal written uniform policy.

Conclusion – Response acknowledged. In addition, the City should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-012 Bank Reconciliations – Library and Fire and Rescue Departments and Fire and Rescue Association

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 to book balances. Supervisory review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly bank statements are not always reconciled to the Woodbine Library’s monthly financial reports. For bank reconciliations which are performed, the reconciliations are not reviewed and approved by an independent person.

In addition, the Fire Department and Fire and Rescue Association have not been preparing monthly bank to book reconciliations.

Cause – Policies have not been established and procedures have not been implemented to require preparation of a complete reconciliation of all accounts to the monthly financial reports for the Library and Fire Department and Fire and Rescue Association or to require the bank reconciliations to be reviewed by an independent person.

Effect – Lack of performing and maintaining bank reconciliations and lack of review by an independent person could result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The Library, Fire Department and Fire and Rescue Association should establish procedures to ensure bank balances for all activity are reconciled to book balances monthly. Variances, if any, should be reviewed and resolved timely. An independent person should review the bank reconciliations and document the review by signature or initials and the date of the review.

Response – The City will work with the Library and Fire Departments, and Fire and Rescue Association to establish procedures to ensure all activity is reconciled to book balances monthly and any variances are resolved timely. We will also include an independent review of bank reconciliations.

Conclusion – Response accepted.

2023-013 Accounting Policies and Procedures Manual

Criteria – Accounting policies and procedures manuals provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The City and the Fire and Rescue Association do not have accounting policies and procedures manuals.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Cause – Officials have been unaware of the need for an accounting policies and procedures manual.

Effect – Lack of an accounting policies and procedures manual could negatively result in the City and the Fire and Rescue Association’s ability to continue operating effectively and efficiently in the event of staff turnover.

Recommendation – An accounting policies and procedures manual should be developed for the City and Fire and Rescue Association.

Response – The City Council will work on developing accounting policies and procedures manual for the City and Fire and Rescue Association.

Conclusion – Response accepted.

2023-014 Utility Service for the City

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding safeguarding assets from error or misappropriation. Such processes included establishing policies addressing utility service to the City free of charge.

Condition – The Woodbine Municipal Light and Power provides billing services to the City for their sewer, gas and landfill services. The Woodbine Municipal Light and Power also provides water and electrical services to customers for which they bill. Each month the City receives a bill from the Municipal Light and Power for utility services on properties owned by the City. A portion of these services are provided free to the City. While Chapter 388.6 of the Code of Iowa permits this practice if certain conditions exist, neither the City nor the Municipal Light and Power could provide an explanation or a policy documenting how or why the service is provided free of charge.

Cause – Adoption of a formal policy to determine amounts and types of utilities to be provided at no charge to the City has not been prioritized by the City Council or the Municipal Light and Power.

Effect – Lack of written policies and procedures to establish the amounts and type of free service to the City could result in unauthorized and unsupported services.

Recommendation – The City and Municipal Light and Power should adopt a formal written policy regarding the amounts and types of utilities provided at no charge to the City by the Municipal Light and Power.

Response – The City will work with Municipal Light and Power on a formal written policy regarding the amounts and types of utilities which should be written off by Municipal Light and Power for the City.

Conclusion – Response accepted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-015 Journal Entries

Criteria – Supporting documentation for all journal entries supports the accuracy of the entries by employees and an independent review helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

Condition – Supporting documentation is not maintained for all journal entries. Approval and review for journal entries is not documented.

Cause – The City has a limited number of employees and procedures have not been designed to clearly identify supporting documentation for journal entries and to document the review and approval of journal entries.

Effect – Inadequate supporting documentation or lack of independent approval of transactions could adversely affect the City’s ability to prevent or detect and correct misstatements, errors or misappropriations on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Journal entries should be supported, and the support should be provided to an independent person for review and approval. An independent person should review the journal entries and document the review by signature or initials as evidence of the review and the date of the review.

Response – The City will make sure all journal entries have supporting documentation and will be reviewed and initialed by an independent person.

Conclusion – Response accepted.

2023-016 Timesheets and Leave Requests

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours. Independent comparison of timesheets to payroll journals can help ensure the accuracy of hours paid.

Condition – For one of eight timesheets tested, there was no signature of an independent reviewer.

In addition, two of eight employees tested did not submit a request for leave as required for all employees by policy.

Cause – Policies have not been established and procedures have not been implemented to ensure timesheets are properly reviewed and approved. Procedures have not been established to ensure leave requests are submitted by all employees.

Effect – Lack of policies and procedures for review and approval of timesheets and the required use of requests for leave could result in unauthorized payroll and the opportunity for misappropriation.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Recommendation – The City should implement a process for an independent person to review and approve timesheets. The review should be documented by signature or initials and the date of the review. The City should implement a process to ensure leave requests are submitted by all employees.

Response – Timesheets are now reviewed and approved by the City Administrator prior to the City Clerk entering the hours into the accounting system. After payroll has been entered into the accounting system by the City Clerk, the City Administrator double checks the entries before payroll is finalized. The City will make sure leave requests will be submitted by all employees.

Conclusion – Response accepted.

2023-017 Pre-Numbered Receipts for City

Criteria – Proper records include a description of the receipt and the date it was collected. Independent review of these records should include comparing receipt information to amounts deposited in the bank.

Condition – A pre-numbered receipt book was not maintained by the City for all collections.

Cause – Procedures have not been designed and implemented to ensure pre-numbered receipts are issued and maintained and to require independent review of those records.

Effect – This condition could result in unrecorded or misstated collections and the opportunity for misappropriation.

Recommendation – All receipts should be supported by a pre-numbered receipt. Independent review of financial records, including a reconciliation of pre-numbered receipts to the deposit, should be documented by the signature or initials of the reviewer and the date of the review.

Response – The City will began using pre-numbered receipts in 2024 and will make sure the receipts are balanced with deposits.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the culture and recreation function at year end. In addition, disbursements during the year ended June 30, 2023 exceeded the amounts budgeted prior to approval of an amendment by the City Council in the capital projects function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will make sure the budget is amended before disbursements exceed the budget.

Conclusion – Response accepted.

2023-B Questionable Disbursements – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Home Depot	Sales tax	\$ 163
Visa	Late fee	27
Visa	Late fee	34

As a government entity, the City maintains a tax-exempt status. As a result, the City should not incur sales tax.

Recommendation – The City should establish procedures to ensure all payments are made timely to avoid late fees and payments are reviewed to prevent the payment of sales tax.

Response – The City will ensure all disbursements meet the definition of public benefit and ensure that sales tax and late fees are not paid.

Conclusion – Response accepted.

2023-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kristina Kelley, City Clerk, Owner of Kelley's Kleaning	Cleaning services, per contract	\$ 1,000
Michael Jensen, City Police Officer, Owner of J & J Parts & Service	Auto parts and service	700
Randy Vandemark, City Council Member, Owner of Vandemark Heating and Cooling	Utility service for the fire hall	4,297

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions with each individual did not exceed \$6,000 during the fiscal year.

2023-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.

2023-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.

2023-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2023-H Deposits and Investments – The City has adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa. However, the City has investments in mutual funds which do not appear to be investments permitted by Chapter 12B.10(5) of the Code of Iowa. In addition, the City improperly reported investments at fair market value at year end, rather than cost basis, as required for cash basis reporting.

Recommendation – The City should consult legal counsel to determine the disposition of the unallowable investments, and review agreements to ensure they meet public funds investment standards. Cash basis entities should report investments at cost basis.

Response – The City will review the current investments and make necessary changes to meet public funds investment standards. The City closed the Ameritrade Investments in August 2023.

Conclusion – Response accepted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-I Separately Maintained Records – Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property.”

The City Fire Department and the City Library maintain bank accounts for activity separate from the City Clerk’s accounting records. While these Departments are part of the City, the transactions and the resulting balances were not included in the City’s accounting records and were not included in the City’s annual budget, monthly financial reports or Annual Financial Reports.

In addition, the transactions and resulting balances of these accounts were not reported to the City Council and disbursements from the accounts were not reviewed and approved by the City Council. Also, a summary of each account’s receipts, total disbursements and the listings of claims allowed each month were not published in accordance with Chapter 372.13(6) of the Code of Iowa.

Recommendation – In accordance with Chapter 384.20 of the Code of Iowa, and to strengthen internal control and increase operating efficiencies, the financial transactions of the Fire and Library Department separate accounts should be integrated with the City’s accounting records in the City Clerk’s office. The financial activity should be included in the City Clerk’s accounting records, monthly financial reports and the Annual Financial Reports. The activity in these accounts should be subject to City Council review and approval and should be included in the City’s budget process. Also, a summary of each account’s receipts, total disbursements and listings of claims allowed each month should be published, as required.

Response – The City will work with the Fire and Library Departments on integrating the financial transactions for the activity in their separately maintained accounts into the City’s accounting system. The City will work with the Fire and Library Departments on getting monthly reports of disbursements with supporting documentation to be approved by City Council and included in the City’s publication of claims monthly.

Conclusion – Response accepted.

2023-J Tax Increment Financing (TIF) – The Special Revenue, Urban Renewal Tax Increment Fund properly disbursed payments for TIF loans. Also, the City properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

2023-K Local Option Sales Tax – The City’s local option sales tax (LOST) ballot requires LOST collections be used for street improvements. The City has not tracked the use of LOST collections and unspent balances in accordance with the LOST ballot provisions.

Recommendation – The City should establish procedures to properly track the use of LOST receipts and unspent balances to ensure LOST receipts are being used in accordance with the LOST ballot provisions.

Response – The City implemented a new accounting system on June 1, 2022 and began tracking LOST funds properly. The City will begin posting all LOST disbursements directly to the LOST fund to ensure compliance with the LOST ballot provisions.

Conclusion – Response accepted.

City of Woodbine

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-L Interfund Transfers – Section 545-2 of the City Finance Committee Rules requires “A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. For transfers of utility surpluses outlined in subrule 2.5(5), the calculation proving the surplus must also be shown in the resolution.”

The resolutions approving the City’s fund transfers did not include the purpose of each transfer. In addition, during the fiscal year, the City transferred \$100,000 from the Enterprise, Gas Fund to the General Fund and the transfer resolution did not include the calculation proving a surplus existed in the Gas Fund, as required.

Recommendation – The resolutions approving all fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules.

Response – City will ensure the transfer resolutions include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received and the dollar amount to be transferred. The City will make sure all fund transfers include the information required. In addition, utility surplus transfers will include the calculation proving the surplus existed.

Conclusion – Response accepted.

2023-M Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City Fire and Rescue Department does not retain electronic images of cancelled checks.

Recommendation – The City Fire and Rescue Department should retain images of both the front and back of each cancelled check as required.

Response – The City Administrator will work with the Fire and Rescue Department in contacting the bank to make sure images of the front and back of each cancelled check is retained.

Conclusion – Response accepted.

2023-N Excess Balance – The balance in the Enterprise, Sewer Fund at June 30, 2023 was in excess of the fund’s disbursements during the year.

Recommendation – The City should consider the necessity of maintaining the substantial balance, and where financially feasible, consider reducing balances in an orderly manner through receipt reductions.

Response – The City is expecting the Enterprise, Sewer Fund disbursements to increase due to the Iowa Department of Natural Resources requirements which is the reason for the current substantial balance. The City will closely monitor the balance in the Enterprise, Sewer Fund.

Conclusion – Response accepted.

City of Woodbine

Staff

This audit was performed by:

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