



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

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Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE _____

October 7, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released an audit report on the Perry Municipal Waterworks, Perry, Iowa.

Johnson reported that the Waterworks' receipts totaled \$1,131,537 for the year ended June 30, 2002, a one percent increase from 2001. The receipts included \$1,003,097 in charges for service and \$15,816 in interest on investments.

Disbursements for the year totaled \$1,338,647 an eight percent increase from the prior year, which included \$901,316 for operations and improvements, \$297,967 for debt service and \$139,364 for sewer and garbage fees remitted to the City of Perry.

A copy of the audit report is available for review in the office of the Auditor of State and the Waterworks' office.

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PERRY MUNICIPAL WATERWORKS
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2002

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Perry Municipal Waterworks

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Merle Buchan	Chairperson/Trustee	Apr 2005
Lori Lott	Trustee	Apr 2003
Charles Painter	Trustee	Apr 2007
Delbert Niebuhr	Superintendent	Indefinite
Janet Pearson	Secretary	Indefinite

Perry Municipal Waterworks



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Independent Auditor's Report

To the Board of Trustees of the
Perry Municipal Waterworks:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Perry Municipal Waterworks, Perry, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the Waterworks' officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as discussed in note 1, the financial statements of the Perry Municipal Waterworks are intended to present only the results of the transactions of that portion of the financial reporting entity of the City of Perry that is attributable to the transactions of the Waterworks.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the Perry Municipal Waterworks as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2002 on our consideration of the Perry Municipal Waterworks' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplemental information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 15, 2002

Perry Municipal Waterworks

Financial Statements

Perry Municipal Waterworks

Perry Municipal Waterworks
 Combined Statement of Cash Transactions
 Enterprise Funds
 Year ended June 30, 2002

	Proprietary Fund Type
	Enterprise
Receipts:	
Use of money and property	\$ 15,816
Charges for service	1,003,097
Miscellaneous	112,624
Total receipts	1,131,537
Disbursements:	
Home and Community Environment Program	1,199,283
Non-program	139,364
Total disbursements	1,338,647
Deficiency of receipts under disbursements	(207,110)
Balance beginning of year	544,593
Balance end of year	\$ 337,483

See notes to financial statements.

Perry Municipal Waterworks

Comparison of Receipts, Disbursements and Changes in Balances -
Actual to Budget

Year ended June 30, 2002

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>
Receipts:		
Use of money and property	15,816	-
Charges for service	1,003,097	128,734
Miscellaneous	112,624	-
Total receipts	<u>1,131,537</u>	<u>128,734</u>
Disbursements:		
Home and Community Environment Program	1,199,283	-
Non-program	139,364	139,364
Total disbursements	<u>1,338,647</u>	<u>139,364</u>
Excess (deficiency) of receipts over (under) disbursements	(207,110)	(10,630)
Balance beginning of year	<u>544,593</u>	<u>10,630</u>
Balance end of year	<u>\$ 337,483</u>	<u>-</u>

See notes to financial statements.

Net	Budget	Variance Favorable (Unfavorable)	Net as % of Budget
15,816	23,200	(7,384)	68%
874,363	998,500	(124,137)	88%
112,624	110,310	2,314	102%
<u>1,002,803</u>	<u>1,132,010</u>	<u>(129,207)</u>	<u>89%</u>
1,199,283	1,119,205	(80,078)	107%
-	-	-	
<u>1,199,283</u>	<u>1,119,205</u>	<u>(80,078)</u>	<u>107%</u>
(196,480)	12,805		
<u>533,963</u>	<u>356,765</u>		
<u><u>337,483</u></u>	<u><u>369,570</u></u>		

Perry Municipal Waterworks

Statement of Indebtedness

Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Revenue Notes: Water	Mar 1, 1992	4.35-6.55%	\$ 750,000
Revenue Bonds: Water	Jun 1, 1999	3.53%	\$ 600,000

See notes to financial statements.

Balance Beginning of Year	Amount Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
240,000	-	240,000	-	15,375
555,000	-	23,000	532,000	19,592

Perry Municipal Waterworks

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The Perry Municipal Waterworks is a component unit of the City of Perry, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Waterworks is governed by a three-member board of trustees appointed by the City Council, which exercises oversight responsibility under this criteria.

B. Fund Accounting

The accounts of the Waterworks are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its receipts, disbursements and fund balances. The various funds are classified as Enterprise Funds in the financial statements. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

C. Basis of Accounting

The Perry Municipal Waterworks maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Waterworks 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.

D. Budgets and Budgetary Accounting

The Perry Municipal Waterworks prepares a budget on the cash basis of accounting and submits it to the City Council. 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 four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

(2) Cash and Pooled Investments

The Waterworks' deposits at June 30, 2002 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 insure there will be no loss of public funds.

The Waterworks 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 Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Waterworks had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Bonds Payable

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

Year Ending June 30,	Interest Rates	Revenue Bonds	
		Issued June 1, 1999	
		Principal	Interest
2003	3.53%	\$23,000	18,780
2004	3.53	24,000	17,968
2005	3.53	25,000	17,120
2006	3.53	26,000	16,238
2007	3.53	27,000	15,320
2008	3.53	28,000	14,367
2009	3.53	29,000	13,379
2010	3.53	30,000	12,355
2011	3.53	31,000	11,296
2012	3.53	32,000	10,202
2013	3.53	33,000	9,072
2014	3.53	34,000	7,908
2015	3.53	35,000	6,707
2016	3.53	37,000	5,472
2017	3.53	38,000	4,166
2018	3.53	39,000	2,824
2019	3.53	41,000	1,448
Total		\$ 532,000	184,622

The resolution providing for the issuance of the revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a water revenue sinking account for the purpose of making the bond principal and interest payments when due.
- (c) The Board will provide for the collection of rates to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utility and to have a balance of net revenues equal to at least 110% of the average annual payments of principal and interest on the bonds.

(4) Pension and Retirement Benefits

The Waterworks contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Waterworks is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Waterworks' contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$19,093, \$17,995, and \$15,183, respectively, equal to the required contributions for each year.

(5) Compensated Absences

Waterworks' employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Waterworks until used or paid. The Waterworks' approximate liability for earned compensated absences payable to employees at June 30, 2002 is \$26,000. This liability has been computed based on rates of pay in effect at June 30, 2002.

(6) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2002, disbursements in the Home and Community Environment Program exceeded the amount budgeted.

(7) Risk Management

The Waterworks is included under the insurance for the City of Perry. The City of Perry is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the

purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The Waterworks' property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Waterwork's annual contributions to the Pool for the year ended June 30, 2002 were \$9,559.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Perry Municipal Waterworks

Supplemental Information

Perry Municipal Waterworks
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Waterworks
Receipts:	
Use of money and property:	
Interest on investments	\$ 12,766
Charges for service:	
Sale of water	867,308
Installations and connections	575
Rental	6,480
Sewer and garbage collection fees	128,734
	1,003,097
Miscellaneous:	
Sales tax collected	57,488
Refunds and reimbursements	40,273
Customer deposits	-
Miscellaneous	3,127
	100,888
Total receipts	1,116,751
Disbursements:	
Home and Community Environment Program:	
Plant operation and maintenance:	
Salaries	191,068
Employee benefits	72,240
Contractual services	88,488
Commodities	76,531
Capital outlay	13,771
	442,098

Water Revenue Sinking	Water Reserve	Waterworks Improvement	Consumer Deposit	State Revolving Funds (SRF)	Total
1,145	-	-	-	1,905	15,816
-	-	-	-	-	867,308
-	-	-	-	-	575
-	-	-	-	-	6,480
-	-	-	-	-	128,734
-	-	-	-	-	1,003,097
-	-	-	-	-	57,488
-	-	-	-	-	40,273
-	-	-	11,736	-	11,736
-	-	-	-	-	3,127
-	-	-	11,736	-	112,624
1,145	-	-	11,736	1,905	1,131,537
-	-	-	-	-	191,068
-	-	-	-	-	72,240
-	-	-	-	-	88,488
-	-	-	-	-	76,531
-	-	-	-	-	13,771
-	-	-	-	-	442,098

Perry Municipal Waterworks
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Waterworks
Disbursements (continued):	
Home and Community Environment Program:	
Distribution operation and maintenance:	
Salaries	75,250
Employee benefits	29,597
Contractual services	26,030
Commodities	8,006
Capital outlay	32,853
	171,736
Administration:	
Salaries	60,792
Employee benefits	21,072
Contractual services	13,872
Sales tax remitted	58,453
Commodities	16,413
Capital outlay	104,438
	275,040
Debt service:	
Principal redemption	-
Interest paid	-
	-
	888,874
Non-program:	
Sewer and garbage fees remitted to City	139,364
Total disbursements	1,028,238
Excess (deficiency) of receipts over (under) disbursements	88,513

Water Revenue Sinking	Water Reserve	Waterworks Improvement	Consumer Deposit	State Revolving Funds (SRF)	Total
-	-	-	-	-	75,250
-	-	-	-	-	29,597
-	-	-	-	-	26,030
-	-	-	-	-	8,006
-	-	-	-	-	32,853
-	-	-	-	-	171,736
-	-	-	-	-	60,792
-	-	-	-	-	21,072
-	-	-	12,164	278	26,314
-	-	-	-	-	58,453
-	-	-	-	-	16,413
-	-	-	-	-	104,438
-	-	-	12,164	278	287,482
240,000	-	-	-	23,000	263,000
15,375	-	-	-	19,592	34,967
255,375	-	-	-	42,592	297,967
255,375	-	-	12,164	42,870	1,199,283
-	-	-	-	-	139,364
255,375	-	-	12,164	42,870	1,338,647
(254,230)	-	-	(428)	(40,965)	(207,110)

Perry Municipal Waterworks
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Waterworks
Other financing sources (uses):	
Operating transfers in (out):	
Enterprise:	
Waterworks	-
Water Revenue Sinking	(127,323)
State Revolving Funds (SRF)	(44,400)
Water Reserve	-
Total other financing sources (uses)	(171,723)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(83,210)
Balance beginning of year	153,059
Balance end of year	\$ 69,849

See accompanying independent auditor's report.

Water Revenue Sinking	Water Reserve	Waterworks Improvement	Consumer Deposit	State Revolving Funds (SRF)	Total
127,323	-	-	-	44,400	171,723
-	(65,000)	-	-	-	(192,323)
-	-	-	-	-	(44,400)
65,000	-	-	-	-	65,000
192,323	(65,000)	-	-	44,400	-
(61,907)	(65,000)	-	(428)	3,435	(207,110)
61,907	65,000	164,709	32,944	66,974	544,593
-	-	164,709	32,516	70,409	337,483

Perry Municipal Waterworks



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

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Auditor of State

State Capitol Building
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Warren G. Jenkins, CPA
Chief Deputy Auditor of State

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Board of Trustees of the
Perry Municipal Waterworks:

We have audited the financial statements of the Perry Municipal Waterworks, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 15, 2002. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Comments involving statutory and other legal matters about the Waterworks' operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Waterworks. 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. Prior year statutory comments have been resolved except for item 2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Perry Municipal Waterworks' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. The prior year reportable condition has been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Perry Municipal Waterworks and other parties to whom the Perry Municipal Waterworks may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Perry Municipal Waterworks 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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 15, 2002

Perry Municipal Waterworks

Schedule of Findings

Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were identified.

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been approved by the Waterworks. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget – The budget certified by the City of Perry includes amounts budgeted for the Perry Municipal Waterworks. The budget amounts recorded by the Waterworks did not agree with the amounts included in the City's budget. Also, disbursements during the year ended June 30, 2002, exceeded the amount budgeted. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – Budget amounts used by the Waterworks should be consistent with the amounts certified and published by the City. Also, the budget should have been amended in sufficient amount in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – With the restructuring of the Iowa Chart of Accounts, it is the Waterworks' intention to better monitor and communicate the certified and published budget amounts with the City of Perry.

The Perry Waterworks exceeded the budget amount allowed for expenses due to retiring the revenue notes in March of 2002. We will continue to review the year-to-date budget and, if needed, prepare an amendment to the budget as stated in Chapter 384.18 of the Code of Iowa.

Conclusion – Response accepted.

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of Waterworks' money for travel expenses of spouses of Waterworks' officials or employees were noted.

- (5) Business Transactions – No business transactions between the Waterworks and Waterworks’ officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of Waterworks’ officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments - The Perry Municipal Waterworks has adopted a written investment policy, but this policy was not updated to comply with the provisions of Chapter 12B.10B of the Code of Iowa. The interest rate on one time certificate of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee. Public fund time certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on date of renewal.

Recommendation - The Waterworks should update its written investment policy to comply with the provisions of Chapter 12B.10B of the Code of Iowa. The Waterworks should seek reimbursement of the additional interest due on this certificate of deposit. In addition, the Waterworks should be aware of the current allowable rates to insure that at least the minimum allowable rate is received for all investments.

Response – The Water Clerk is currently revising the investment policy to comply with Chapter 12B.10B of the Iowa Code. The Perry Waterworks will be receiving the additional interest amount from the financial institution where the certificate of deposit is held. Perry Waterworks has access to the State of Iowa website “IDOB” for current interest rates on investment products and will refer to it before investing or re-investing in time certificates.

Conclusion – Response accepted.

Perry Municipal Waterworks

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
Gina L. Cunningham, CPA, Senior Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State