

CITY OF SPENCER

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2017

CITY OF SPENCER

TABLE OF CONTENTS

		<u>Page No.</u>
Directory of City Officials		1
Independent Auditors' Report		2 - 4
Management's Discussion and Analysis		5 - 10
BASIC FINANCIAL STATEMENTS:		
	<u>Exhibit</u>	
Government-wide Financial Statements:		
Cash Basis Statement of Activities and Net Position	A	11 - 14
Governmental Funds Financial Statements:		
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances ..	B	15 - 16
Proprietary Funds Financial Statements:		
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances ..	C	17 - 20
Fiduciary Funds Financial Statements:		
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances ..	D	21
Notes to Financial Statements		22 - 40
SUPPLEMENTARY INFORMATION:		
	<u>Schedule</u>	
Combining Schedule of Receipts, Disbursements, and Changes in		
Cash Balances - Nonmajor Governmental Funds	1	41
Combining Schedule of Receipts, Disbursements, and Changes in		
Cash Balances - Nonmajor Governmental Funds - Special Revenue Funds	2	42 - 43
Combining Schedule of Receipts, Disbursements, and Changes in		
Cash Balances - Nonmajor Government Funds - Permanent Funds	3	44 - 45
Combining Schedule of Receipts, Disbursements, and Changes in		
Cash Balances - Nonmajor Proprietary Funds	4	46
Schedule of Indebtedness	5	47 - 48
OTHER INFORMATION:		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in		
Balances - Budget and Actual (Cash Basis) - All Governmental and Proprietary		
Funds	6	49 - 50
Notes to Schedule 7 - Budgetary Reporting		51
Schedules of the City's Proportionate Share of the Net Pension Liability	7	52 - 53
Schedules of City Contributions	8	54 - 55
Notes to Other Information - Pension Liability		56 - 57
Schedule of Receipts by Source and Disbursements by Function	9	58 - 59
Independent Auditors' Report on Internal Control Over Financial Reporting and		
on Compliance and Other Matters Based on an Audit of Financial Statements		
Performed in Accordance with <i>Government Auditing Standards</i>		60 - 61
Schedule of Findings		62 - 63

CITY OF SPENCER
DIRECTORY OF CITY OFFICIALS
AS OF JUNE 30, 2017

MAYOR

Reynold L. Peterson

MAYOR PRO-TEM

Frank Petska

COUNCIL MEMBERS

Leann Jacobsen
Rich Prentice
William Orrison

Ron Hanson
Frank Petska

Steve Bomgaars
George Moriarty

CITY MANAGER

Brian Weuve (Interim)

CITY CLERK

Theresa Reardon

FINANCE DIRECTOR

Brian Weuve

DIRECTOR OF PUBLIC WORKS

Mark White

CHIEF OF POLICE

Mark Warburton

FIRE CHIEF

John Conyn

PLANNING DIRECTOR

Kirby Schmidt

CEMETERY SUPT.

Tim Hamrick

PARK DIRECTOR

DelRay Bredehoeft

STREET SUPERINTENDENT

Mark Glander

CITY ATTORNEY

Donald J. Hemphill

GOLF COURSE SUPT.

Brian Mohr

LANDFILL SUPT.

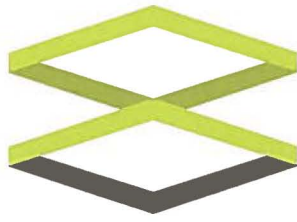
Chuck Duhn

SOLID WASTE SUPT.

Kent Herbold

LIBRARY DIRECTOR

Mandie Roberts



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Spencer
Spencer, IA 51301

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the primary government of the City of Spencer, Iowa, (the City) as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility 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. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include the financial data for the City's legally separate component unit, Spencer Municipal Hospital. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because Spencer Municipal Hospital reports in accordance with accounting principles generally accepted in the United States of America, a different reporting framework than the City's basis of accounting described in Note 1, the amounts by which this departure would affect the receipts, disbursements, and cash balances of the aggregate discretely presented component unit have not been determined.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the City of Spencer, Iowa as of June 30, 2017, or the changes in financial position thereon for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

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 for the primary government of the City of Spencer, Iowa as of June 30, 2017, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the primary government of the City of Spencer. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph above, it is inappropriate to, and we do not, express an opinion on the supplementary information.

The other information, Management's Discussion and Analysis on pages 5 through 10 and the information included in Schedules 6 through 9, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the City of Spencer'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Spencer's internal control over financial reporting and compliance.

Winther, Stave & Co. LLP

November 17, 2017
Spencer, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

This discussion and analysis of the City of Spencer's financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2017 Financial Highlights

- The City's total cash basis net position increased \$3,931,198 from June 30, 2016 to June 30, 2017. Of this amount, the cash basis net position of the governmental activities increased by \$2,173,931 and the cash basis net position of the business type activities increased by \$1,757,267.

Overview of the Financial Statements

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information provides detailed information about the nonmajor funds and the City's indebtedness.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

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 accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting The City as a Whole

The Cash Basis Statement of Activities and Net Position

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service, and capital projects. Property taxes and state and federal grants finance most of these activities.
- Business Type Activities include the sanitary sewer, solid waste, landfill, golf course, and airport. These activities are financed primarily by user charges.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain receipts (such as sales tax receipts). The City has the following types of funds:

- Governmental Funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: (a) the General Fund, (b) the Special Revenue Funds, such as the Local Option Sales Tax, (c) the Debt Service Fund, (d) the Capital Projects Fund, and (e) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements, and changes in cash balances.

- Proprietary Funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains five Enterprise Funds to provide separate information for the sanitary sewer, solid waste, landfill, golf course, and airport funds. The City also maintains an enterprise capital projects fund to account for the acquisition and construction of capital assets to be used by the enterprise funds. The sanitary sewer, solid waste, enterprise capital projects, and landfill funds are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements, and changes in cash balances.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Fiduciary Funds. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$14,105,393 to \$16,279,324. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	For the Year Ended <u>June 30, 2017</u>	For the Year Ended <u>June 30, 2016</u>	Increase (Decrease)
Receipts:			
Program receipts:			
Charges for services	\$ 746,385	\$ 626,601	\$ 119,784
Operating grants and contributions	1,700,275	1,729,135	(28,860)
Capital grants and contributions	560,235	242,097	318,138
General receipts:			
Property and other city taxes	5,882,959	5,332,468	550,491
Tax increment financing	835,048	687,244	147,804
Commercial and industrial replacement	243,538	226,554	16,984
Payments in lieu of tax	625,565	627,758	(2,193)
Local option sales tax	2,132,055	2,013,036	119,019
Hotel/motel tax	336,475	355,173	(18,698)
Use of money and property	139,064	131,492	7,572
Unrestricted miscellaneous	733,417	436,088	297,329
Debt proceeds	<u>460,768</u>	<u>460,768</u>	<u>460,768</u>
Total receipts	<u>14,395,784</u>	<u>12,407,646</u>	<u>1,988,138</u>
Disbursements:			
Public safety	3,186,696	3,010,045	176,651
Public works	1,528,724	1,482,858	45,866
Culture and recreation	1,610,387	1,516,305	94,082
Community and economic development	1,718,764	1,617,387	101,377
General government	2,720,445	2,295,139	425,306
Debt service	1,763,497	1,544,948	218,549
Capital projects	<u>1,823,307</u>	<u>1,385,932</u>	<u>437,375</u>
Total disbursements	<u>14,351,820</u>	<u>12,852,614</u>	<u>1,499,206</u>
Change in cash basis net position before transfers	43,964	(444,968)	488,932
Net transfers	<u>2,129,967</u>	<u>1,347,332</u>	<u>782,635</u>
Change in cash basis net position	2,173,931	902,364	1,271,567
Cash basis net position - beginning of year	<u>14,105,393</u>	<u>13,203,029</u>	<u>902,364</u>
Cash basis net position - end of year	<u>\$16,279,324</u>	<u>\$14,105,393</u>	<u>\$2,173,931</u>

The total business type activities cash balance increased from a year ago, increasing from \$11,616,156 to \$13,373,423. The analysis that follows focuses on the changes in cash basis net position of business type activities.

Changes in Cash Basis Net Position of Business Type Activities

	For the Year Ended <u>June 30, 2017</u>	For the Year Ended <u>June 30, 2016</u>	Increase (Decrease)
Receipts:			
Program receipts:			
Charges for services:			
Sanitary sewer	\$ 2,876,124	\$ 2,674,616	\$ 201,508
Solid waste	2,193,866	2,090,072	103,794
Landfill	1,890,127	1,723,417	166,710
Airport	167,469	122,608	44,861
Golf course	391,987	416,755	(24,768)
Operating grants and contributions	62,153	65,145	(2,992)
Capital grants and contributions	1,493,201	1,447,648	45,553
General receipts:			
Bond proceeds	2,993,136		2,993,136
Use of money and property	190,435	196,758	(6,323)
Unrestricted miscellaneous	174,945	48,463	126,482
Total receipts	<u>12,433,443</u>	<u>8,785,482</u>	<u>3,647,961</u>
Disbursements:			
Sanitary sewer	1,729,323	1,903,549	(174,226)
Solid waste	1,121,066	1,215,983	(94,917)
Landfill	652,912	864,422	(211,510)
Airport	112,343	139,231	(26,888)
Golf course	458,389	426,196	32,193
Capital projects:			
Sanitary sewer	4,363,104	2,170,115	2,192,989
Landfill	39,920		39,920
Airport	69,152	312,285	(243,133)
Total disbursements	<u>8,546,209</u>	<u>7,031,781</u>	<u>1,514,428</u>
Change in cash basis net position before transfers	3,887,234	1,753,701	2,133,533
Net transfers	<u>(2,129,967)</u>	<u>(1,347,332)</u>	<u>(782,635)</u>
Change in cash basis net position	1,757,267	406,369	1,350,898
Cash basis net position - beginning of year	<u>11,616,156</u>	<u>11,209,787</u>	<u>406,369</u>
Cash basis net position - end of year	<u>\$13,373,423</u>	<u>\$11,616,156</u>	<u>\$1,757,267</u>

Individual Major Governmental Fund Analysis

The City's governmental funds showed a combined cash basis fund balance of \$16,279,324 at June 30, 2017 which was \$2,173,931 more than last year. A summary of the changes is as follows:

	Cash Balances <u>June 30, 2017</u>	Cash Balances <u>June 30, 2016</u>	Increase
General	\$12,445,780	\$11,028,750	\$1,417,030
Road use tax	897,097	786,031	111,066
Local option sales tax	178,483	50,217	128,266
Debt service	476,615	446,852	29,763
Capital projects	134,301	20,557	113,744
Total nonmajor governmental funds	<u>2,147,048</u>	<u>1,772,986</u>	<u>374,062</u>
Total	<u>\$16,279,324</u>	<u>\$14,105,393</u>	<u>\$2,173,931</u>

Individual Major Business Type Fund Analysis

The City's business type funds showed a combined cash basis fund balance of \$13,373,423 at June 30, 2017 which was \$1,757,267 more than last year. A summary of the changes is as follows:

	Cash Balances <u>June 30, 2017</u>	Cash Balances <u>June 30, 2016</u>	Increase (Decrease)
Sanitary sewer	\$ 4,536,579	\$ 4,023,230	\$ 513,349
Solid waste	1,596,319	1,436,261	160,058
Landfill	6,925,449	5,925,406	1,000,043
Enterprise capital projects	(368,506)	(529,620)	161,114
Nonmajor proprietary funds	<u>683,582</u>	<u>760,879</u>	<u>(77,297)</u>
Total	<u>\$13,373,423</u>	<u>\$11,616,156</u>	<u>\$1,757,267</u>

Budgetary Highlights

The City amended the budget twice. The first amendment was adopted May 15, 2017. The amendment was to budget for an increase in hotel/motel funds, reimbursements from school and SMU, sale of land, and receipt of special assessments. The budgeted expenditures were amended for the drug lab project, sidewalk projects, reimbursement to DOT, employee insurance payouts, increase in property insurance and workers compensation premiums, and capital projects. The second amendment was adopted June 19, 2017. The amendment was to increase budgeted expenditures for early debt payment, employee payouts upon leaving city employment, and construction work on the remodeling at City Hall.

The City's receipts were \$2,037,273 more than budgeted receipts.

The City's total disbursements were \$5,159,931 under the budgeted amounts.

Debt Administration

At June 30, 2017, the City had \$12,108,429 of debt outstanding, compared to \$10,732,000 last year as shown below:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
General obligation bonds and notes	\$ 1,612,293	\$ 2,808,000
Other long-term debt	413,000	474,000
Revenue bonds and notes	<u>10,083,136</u>	<u>7,450,000</u>
Total all debt	<u>\$12,108,429</u>	<u>\$10,732,000</u>

Economic Factors

The City of Spencer continues to see a strong local economy through the receipt of local option sales taxes, local hotel/motel tax receipts, and the number of recent inquiries regarding business location and development and the number of new businesses coming to town. However, receipts of the local option sales tax have started to level off. While local business remains relatively strong, it is anticipated that the continued trend towards online shopping and venues that are not required to collect sales tax will continue to erode at our sales tax receipts. Housing continues to play an important part in the City's economic development program. In fiscal year 2017, it was announced that the Eaton Manufacturing plant would discontinue operations in early fiscal year 2018. While this property is not located within the corporate limits of the City for taxing purposes, the loss of jobs may have a negative impact on population as employees may seek to leave the area. There are several employers in the general area of Spencer in strong hiring patterns which may entice these employees to remain in the community. Business inquiries remain strong for those wanting to move or expand in the Spencer area. The City will also see a new 69-unit market rate apartment complex open in early fiscal year 2018.

The growth seen in the tax base is key in allowing the City to continue to offer the level of services our citizens have come to expect. The City continues to monitor the State's financial condition as it is closely tied to the anticipated backfill of the Commercial/Industrial tax rollback program that was implemented several years ago. In the coming years, the City will have to monitor how the implementation of the multi-residential property tax rollback affects the revenues generated for the City. These rollbacks do not have state revenue backfilling the losses, and any substantial decrease due to multi-residential property may have an impact on future budgets.

The City of Spencer has always been financially conservative, as is demonstrated in our available fund balances, debt ratio, and user fees and will continue to do so in the future. In doing so, five-year revenue and expense projections are prepared for each of our major enterprise funds; and we model our Debt Service levy for the next ten years to show when additional debt can be issued without having an impact to the taxpayers.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Officer at the office of the City Clerk at 712-580-7200.

BASIC FINANCIAL STATEMENTS

CITY OF SPENCER
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

			Program Receipts
	Disbursements	Charges for Services	Operating Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS:			
Governmental activities:			
Public safety	\$ 3,186,696	\$ 140,524	\$ 192,749
Public works	1,528,724	20,862	1,394,564
Culture and recreation	1,610,387	123,182	35,062
Community and economic development	1,718,764	315,296	2,093
General government	2,720,445	22,713	75,807
Debt service	1,763,497	36,000	-
Capital projects	1,823,307	87,808	-
Total governmental activities	<u>14,351,820</u>	<u>746,385</u>	<u>1,700,275</u>
Business type activities:			
Sanitary sewer	1,729,323	2,876,124	62,153
Solid waste	1,121,066	2,193,866	-
Landfill	652,912	1,890,127	-
Airport	112,343	167,469	-
Golf course	458,389	391,987	-
Capital projects:			
Sanitary sewer	4,363,104	-	-
Landfill	39,920	-	-
Airport	69,152	-	-
Total business type activities	<u>8,546,209</u>	<u>7,519,573</u>	<u>62,153</u>
 TOTAL	 <u>\$ 22,898,029</u>	 <u>\$ 8,265,958</u>	 <u>\$ 1,762,428</u>

General receipts and transfers:

Property and other city taxes levied for:
General purposes
Debt service
Commercial and industrial replacement
Tax increment financing
Payments in lieu of tax
Local option sales tax
Hotel/motel tax
Use of money and property
Unrestricted miscellaneous
Debt proceeds
Operating transfers
Total general receipts and transfers

CHANGE IN CASH BASIS NET POSITION

CASH BASIS NET POSITION - BEGINNING OF YEAR

CASH BASIS NET POSITION - END OF YEAR

<u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ -	\$ (2,853,423)	\$ -	\$ (2,853,423)
-	(113,298)	-	(113,298)
-	(1,452,143)	-	(1,452,143)
-	(1,401,375)	-	(1,401,375)
73,492	(2,548,433)	-	(2,548,433)
-	(1,727,497)	-	(1,727,497)
486,743	(1,248,756)	-	(1,248,756)
<u>560,235</u>	<u>(11,344,925)</u>	<u>-</u>	<u>(11,344,925)</u>
-	-	1,208,954	1,208,954
-	-	1,072,800	1,072,800
27,486	-	1,264,701	1,264,701
-	-	55,126	55,126
-	-	(66,402)	(66,402)
1,465,715	-	(2,897,389)	(2,897,389)
-	-	(39,920)	(39,920)
-	-	(69,152)	(69,152)
<u>1,493,201</u>	<u>-</u>	<u>528,718</u>	<u>528,718</u>
<u>\$ 2,053,436</u>	<u>(11,344,925)</u>	<u>528,718</u>	<u>(10,816,207)</u>

5,351,093	-	5,351,093
531,866	-	531,866
243,538	-	243,538
835,048	-	835,048
625,565	-	625,565
2,132,055	-	2,132,055
336,475	-	336,475
139,064	190,435	329,499
733,417	174,945	908,362
460,768	2,993,136	3,453,904
2,129,967	(2,129,967)	-
<u>13,518,856</u>	<u>1,228,549</u>	<u>14,747,405</u>
2,173,931	1,757,267	3,931,198
<u>14,105,393</u>	<u>11,616,156</u>	<u>25,721,549</u>
<u>\$ 16,279,324</u>	<u>\$ 13,373,423</u>	<u>\$ 29,652,747</u>

CITY OF SPENCER
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

CASH BASIS NET POSITION:

Nonexpendable:
 Permanent fund principal

Restricted, expendable for:
 Debt service

 Capital projects

 Urban renewal purposes

 Community and economic development purposes

 Employee benefits

 Police purposes

 Cementary purposes

 Streets

 Park purposes

 Closure and/or postclosure care

 Landfill recycling and planning

Unrestricted

TOTAL CASH BASIS NET POSITION

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ 439,427	\$ -	\$ 439,427
476,615	202,493	679,108
134,301	-	134,301
443,216	-	443,216
282,282	-	282,282
1,096,428	-	1,096,428
32,390	-	32,390
19,017	-	19,017
897,097	-	897,097
12,771	-	12,771
-	2,827,920	2,827,920
-	423,999	423,999
<u>12,445,780</u>	<u>9,919,011</u>	<u>22,364,791</u>
<u>\$ 16,279,324</u>	<u>\$ 13,373,423</u>	<u>\$ 29,652,747</u>

CITY OF SPENCER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Road Use</u>	<u>Local Option Sales Tax</u>
RECEIPTS:			
Property tax	\$ 3,851,046	\$ -	\$ -
Tax increment financing	-	-	-
Other city taxes	533,894	-	2,132,055
Licenses and permits	62,666	-	-
Use of money and property	117,945	-	1,041
Intergovernmental	1,185,867	1,394,564	-
Charges for service	195,541	-	-
Special assessments	320,617	-	-
Miscellaneous	385,886	-	3,250
TOTAL RECEIPTS	<u>6,653,462</u>	<u>1,394,564</u>	<u>2,136,346</u>
DISBURSEMENTS:			
Public safety	2,684,799	-	-
Public works	1,430,321	-	-
Culture and recreation	1,484,064	-	-
Community and economic development	510,957	-	867,052
General government	1,088,666	-	-
Debt service	-	-	-
Capital projects	-	-	-
TOTAL DISBURSEMENTS	<u>7,198,807</u>	<u>-</u>	<u>867,052</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(545,345)</u>	<u>1,394,564</u>	<u>1,269,294</u>
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Operating transfers in	3,664,476	154,579	-
Operating transfers out	(1,702,101)	(1,438,077)	(1,141,028)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,962,375</u>	<u>(1,283,498)</u>	<u>(1,141,028)</u>
NET CHANGE IN CASH BALANCES	1,417,030	111,066	128,266
CASH BALANCES - BEGINNING OF YEAR	11,028,750	786,031	50,217
CASH BALANCES - END OF YEAR	<u>\$ 12,445,780</u>	<u>\$ 897,097</u>	<u>\$ 178,483</u>
CASH BASIS FUND BALANCE:			
Nonspendable:			
Permanent fund principal	\$ -	\$ -	\$ -
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Urban renewal purposes	-	-	-
Community and economic development purposes	-	-	178,483
Employee benefits	-	-	-
Police purposes	-	-	-
Cemetery purposes	-	-	-
Streets	-	897,097	-
Park purposes	-	-	-
Committed for:			
Public safety purposes	877,899	-	-
Public work purposes	5,997,095	-	-
Culture and recreation purposes	483,931	-	-
Community and economic development purposes	1,627,019	-	-
General government purposes	504,713	-	-
Unassigned	2,955,123	-	-
TOTAL CASH BASIS FUND BALANCES	<u>\$ 12,445,780</u>	<u>\$ 897,097</u>	<u>\$ 178,483</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 520,389	\$ -	\$ 1,252,806	\$ 5,624,241
-	-	835,048	835,048
11,477	-	49,822	2,727,248
-	-	-	62,666
5,907	4,900	9,271	139,064
57,621	394,588	122,073	3,154,713
-	-	-	195,541
-	87,808	-	408,425
-	92,155	306,779	788,070
<u>595,394</u>	<u>579,451</u>	<u>2,575,799</u>	<u>13,935,016</u>
-	-	501,897	3,186,696
-	-	98,403	1,528,724
-	-	126,323	1,610,387
-	-	340,755	1,718,764
-	-	1,631,779	2,720,445
1,763,497	-	-	1,763,497
-	<u>1,823,307</u>	-	<u>1,823,307</u>
<u>1,763,497</u>	<u>1,823,307</u>	<u>2,699,157</u>	<u>14,351,820</u>
<u>(1,168,103)</u>	<u>(1,243,856)</u>	<u>(123,358)</u>	<u>(416,804)</u>
76,000	384,768	-	460,768
1,197,866	1,143,049	874,756	7,034,726
(76,000)	(170,217)	(377,336)	(4,904,759)
<u>1,197,866</u>	<u>1,357,600</u>	<u>497,420</u>	<u>2,590,735</u>
29,763	113,744	374,062	2,173,931
<u>446,852</u>	<u>20,557</u>	<u>1,772,986</u>	<u>14,105,393</u>
<u>\$ 476,615</u>	<u>\$ 134,301</u>	<u>\$ 2,147,048</u>	<u>\$ 16,279,324</u>
\$ -	\$ -	\$ 439,427	\$ 439,427
476,615	-	-	476,615
-	134,301	-	134,301
-	-	443,215	443,215
-	-	103,798	282,281
-	-	1,096,430	1,096,430
-	-	32,390	32,390
-	-	19,017	19,017
-	-	-	897,097
-	-	12,771	12,771
-	-	-	877,899
-	-	-	5,997,095
-	-	-	483,931
-	-	-	1,627,019
-	-	-	504,713
-	-	-	2,955,123
<u>\$ 476,615</u>	<u>\$ 134,301</u>	<u>\$ 2,147,048</u>	<u>\$ 16,279,324</u>

See Notes to Financial Statements

CITY OF SPENCER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Sanitary Sewer</u>	<u>Solid Waste</u>	<u>Landfill</u>	<u>Enterprise Capital Projects</u>
OPERATING RECEIPTS:				
Charges for services	\$ 2,876,124	\$ 2,193,866	\$ 1,890,127	\$ -
Miscellaneous	61,985	56,349	4,245	7,504
TOTAL OPERATING RECEIPTS	<u>2,938,109</u>	<u>2,250,215</u>	<u>1,894,372</u>	<u>7,504</u>
OPERATING DISBURSEMENTS:				
Salaries	73,062	539,221	285,804	-
Payroll taxes and employee benefits	11,669	85,223	46,470	-
Repairs and maintenance	44,722	112,293	67,086	-
Utilities	7,971	15,492	9,269	-
Contract services	841,483	2,715	35,576	-
Gas and oil	2,819	69,240	69,458	-
Supplies	12,968	20,811	9,363	-
Miscellaneous	9,647	33,592	61,767	-
Statewide ASR fees	-	-	10,000	-
Collection fee	26,100	26,100	-	-
Sales tax paid	48,620	36,523	-	-
Tipping tax	-	-	58,119	-
TOTAL OPERATING DISBURSEMENTS	<u>1,079,061</u>	<u>941,210</u>	<u>652,912</u>	<u>-</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>1,859,048</u>	<u>1,309,005</u>	<u>1,241,460</u>	<u>7,504</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	82,793	16,867	61,629	-
Farm income	-	-	22,452	-
Interest subsidy on Build American Bonds	62,153	-	-	-
Intergovernmental grants	-	-	27,486	1,465,715
Special assessments	-	-	-	32,889
Capital outlay	(15,476)	(179,856)	-	(4,472,176)
Debt service receipts/(payments):				
Revenue bonds/notes principal	(378,000)	-	-	2,993,136
Revenue bonds/notes interest and fees	(256,786)	-	-	-
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)	<u>(505,316)</u>	<u>(162,989)</u>	<u>111,567</u>	<u>19,564</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>1,353,732</u>	<u>1,146,016</u>	<u>1,353,027</u>	<u>27,068</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	200,654	40,000	659,403	213,368
Operating transfers out	(1,041,037)	(1,025,958)	(1,012,387)	(79,322)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(840,383)</u>	<u>(985,958)</u>	<u>(352,984)</u>	<u>134,046</u>
NET CHANGE IN CASH BALANCES	<u>513,349</u>	<u>160,058</u>	<u>1,000,043</u>	<u>161,114</u>
CASH BALANCES - BEGINNING OF YEAR	<u>4,023,230</u>	<u>1,436,261</u>	<u>5,925,406</u>	<u>(529,620)</u>
CASH BALANCES - END OF YEAR	<u>\$ 4,536,579</u>	<u>\$ 1,596,319</u>	<u>\$ 6,925,449</u>	<u>\$ (368,506)</u>

<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
\$ 559,456	\$ 7,519,573
11,974	142,057
<u>571,430</u>	<u>7,661,630</u>
205,228	1,103,315
24,706	168,068
31,908	256,009
48,664	81,396
42,803	922,577
9,070	150,587
77,266	120,408
27,016	132,022
-	10,000
-	52,200
13,786	98,929
-	58,119
<u>480,447</u>	<u>3,153,630</u>
<u>90,983</u>	<u>4,508,000</u>
6,693	167,982
-	22,452
-	62,153
-	1,493,201
-	32,889
(90,285)	(4,757,793)
-	2,615,136
-	<u>(256,786)</u>
<u>(83,592)</u>	<u>(620,766)</u>
<u>7,391</u>	<u>3,887,234</u>
357	1,113,782
<u>(85,045)</u>	<u>(3,243,749)</u>
<u>(84,688)</u>	<u>(2,129,967)</u>
(77,297)	1,757,267
<u>760,879</u>	<u>11,616,156</u>
<u>\$ 683,582</u>	<u>\$ 13,373,423</u>

CITY OF SPENCER
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS - Continued
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Sanitary Sewer</u>	<u>Solid Waste</u>	<u>Landfill</u>	<u>Enterprise Capital Projects</u>
CASH BASIS FUND BALANCES:				
Restricted, expendable for:				
Debt service	\$ 202,493	\$ -	\$ -	\$ -
Closure and/or postclosure care	-	17,436	2,810,484	-
Landfill recycling and planning	-	-	423,999	-
Unrestricted	<u>4,334,086</u>	<u>1,578,883</u>	<u>3,690,966</u>	<u>(368,506)</u>
TOTAL CASH BASIS FUND BALANCES	<u>\$ 4,536,579</u>	<u>\$ 1,596,319</u>	<u>\$ 6,925,449</u>	<u>\$ (368,506)</u>

<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
\$ -	\$ 202,493
-	2,827,920
-	423,999
<u>683,582</u>	<u>9,919,011</u>
<u>\$ 683,582</u>	<u>\$ 13,373,423</u>

**CITY OF SPENCER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - FIDUCIARY FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS:

Use of money and property	\$ 2,417
Intergovernmental	70,790
Miscellaneous	<u>9,687</u>
TOTAL ADDITIONS	<u>82,894</u>

DEDUCTIONS:

Community and economic development	13,397
General government	<u>81,049</u>
TOTAL DEDUCTIONS	<u>94,446</u>

NET CHANGE IN CASH BALANCES (11,552)

CASH BALANCES - BEGINNING OF YEAR 256,230

CASH BALANCES - END OF YEAR \$ 244,678

**CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Spencer, Iowa is a political subdivision of the State of Iowa located in Clay County. It was first incorporated in 1880 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 of Spencer provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, public improvements, and general government services. The City also provides sewer and landfill services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City 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.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Spencer Municipal Hospital (SMH) is a component unit of the City. Financial information for SMH has not been reported in the City's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with accounting principles generally accepted in the United States of America as they relate to the exclusion of component units. Spencer Municipal Hospital's financial statements can be obtained at their administrative offices or at City Hall.

Spencer Municipal Utilities (SMU) provides electric, communication, and water utility services to the citizens of Spencer. SMU is not considered a component unit of the primary government of the City because it does not meet the criteria stated above. Currently, SMU made voluntary payments of \$625,565 in lieu of property tax payments to the City. In addition, SMU paid the City \$36,500 for the storefront initiative.

Jointly Governed Organization - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete.

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 primary government 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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. The City's net position is reported in the following categories:

Nonexpendable net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unrestricted net position consists of net cash balances not meeting the definition of the preceding categories. Unrestricted net position often has constraints on cash balances 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 and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for the receipts from the tax authorized by referendum and to be used for various purposes.

The Debt Service Fund is used to account for property taxes 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 other than those used by enterprise activities.

The City reports the following major proprietary funds:

Enterprise:

The Sanitary Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Solid Waste Fund is used to account for the operation and maintenance of the City's solid waste collection activities.

The Landfill Fund is used to account for the operation and maintenance of the City's landfill activities.

The Enterprise Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities used by enterprise activities.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

The City of Spencer 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 accounting principles generally accepted in the United States of America.

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 assets 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. Governmental Cash Basis Fund Balances

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purposes unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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, 2017, disbursements exceeded the amount budgeted in the debt service function.

2. CASH AND POOLED INVESTMENTS

The City's demand deposits, savings accounts, and certificates of deposit at June 30, 2017 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 members of the pool to insure there will be no loss of public funds.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

2. CASH AND POOLED INVESTMENTS - Continued

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's cash and investments consisted of the following at June 30, 2017:

Cash on hand	\$ 5,300
Demand deposits	16,891,754
Money market account	<u>13,000,370</u>
Total cash and investments	29,897,424
Less Agency Funds	<u>244,678</u>
City's Cash and Investments	<u>\$29,652,746</u>

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) in 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. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for the City's bonds and notes payable are as follows:

Year Ending June 30,	General Obligation Bonds/Notes		Governmental Activities Other Long-Term Debt		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 496,000	\$ 28,976	\$ 61,000	-	\$ 557,000	\$ 28,976
2019	490,000	19,176	61,000	-	551,000	19,176
2020	167,000	10,526	61,000	-	228,000	10,526
2021	169,000	8,036	61,000	-	230,000	8,036
2022	170,000	5,306	61,000	-	231,000	5,306
2023-2027	<u>120,293</u>	<u>3,391</u>	<u>108,000</u>	<u>-</u>	<u>228,293</u>	<u>3,391</u>
Total	<u>\$1,612,293</u>	<u>\$ 75,411</u>	<u>\$ 413,000</u>	<u>\$ -</u>	<u>\$2,025,293</u>	<u>\$ 75,411</u>

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

3. BONDS AND NOTES PAYABLE - Continued

Year Ending June 30,	Business-Type Activities Revenue Bonds Notes		Total All Bonds and Notes	
	Principal	Interest	Principal	Interest
2018	\$ 538,000	\$ 290,063	\$ 1,095,000	\$ 319,039
2019	554,000	274,458	1,105,000	293,634
2020	570,000	258,310	798,000	268,836
2021	586,000	241,710	816,000	249,746
2022	604,000	224,627	835,000	229,933
2023-2027	3,296,000	847,811	3,524,293	851,202
2028-2032	3,487,000	345,491	3,487,000	345,491
2033-2035	<u>448,136</u>	<u>14,869</u>	<u>448,136</u>	<u>14,869</u>
Total	<u>\$10,083,136</u>	<u>\$2,497,339</u>	<u>\$12,108,429</u>	<u>\$2,572,750</u>

General Obligation Bonds/Notes

General obligation bonds and notes to be serviced by the Debt Service Fund totaled \$1,612,293 at June 30, 2017. A portion of these bonds and notes are anticipated to be repaid by transfers from other funds. In compliance with statutory requirements, all payments on these bonds and notes are recorded as disbursements from the Debt Service Fund; and any payments from other funds are recorded as transfers into the Debt Service Fund.

Other Long-Term Debt

The other long-term debt represents loans from Spencer Municipal Utilities as follows.

1) Shine Brothers loan	\$ 125,000
2) E-911 Communication loan	<u>288,000</u>
Total	<u>\$ 413,000</u>

Both loans are interest free and will be paid from the General Fund as loan receivable payments are received from Shine Brothers Corporation and the E-911 Emergency Communications Board.

Revenue Notes

The City has pledged future sanitary sewer customer receipts, net of specific operating disbursements, to repay the \$1,520,000 sewer revenue bonds issued in October 2009, the \$7,500,000 sewer revenue bonds issued in December 2010, and the \$3,600,000 sewer revenue bonds issued in June 2017. Proceeds from the bonds provided financing for wastewater treatment plant improvements. The bonds are payable solely from the sanitary sewer customer net receipts and are payable through June 2037. Annual principal and interest payments are expected to require less than 50% of net receipts. Total principal and interest remaining to be paid on the bonds is \$12,580,475. For the current year, principal and interest paid on the bonds was \$616,161 and customer net receipts were \$1,859,047. The bonds bear interest at 3.25% including a .25% loan service fee.

The resolution providing for the issuance of the two sewer revenue bonds include the following provisions:

- (A) The bonds will only be redeemed from the future earnings of the sanitary sewer activity and bond holders hold a lien on future earnings of the funds.
- (B) Sufficient monthly transfers shall be made into a separate sewer sinking fund for the purpose of making principal and interest payments when due.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

3. BONDS AND NOTES PAYABLE - Continued

(C) User rates shall be established which produce and maintain net receipts at a level not less than 110% of the principal and interest on the bonds falling due in the same year.

During the year ended June 30, 2017, the City was in compliance with the revenue bond resolutions.

The \$7,500,000 sewer revenue bonds issued December 2010 have been designated by the City as Build America Bonds. Under the terms of the Build America Bonds, it is anticipated that 35% of the interest paid on the bonds (net of the loan service fee) will be refunded to the City by the Federal government.

4. RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials, totaling \$742 during the year ended June 30, 2017. See item II-D-17 in the Schedule of Findings.

5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, holiday, and sick leave 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 compensated absences payable to employees at June 30, 2017 is as follows:

Governmental activities:	
General fund	\$ 534,484
Business type activities:	
Proprietary:	
Enterprise:	
Solid waste	77,600
Landfill	19,915
Golf course	18,444
Total business type activities	<u>115,959</u>
TOTAL	<u>\$ 650,443</u>

6. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

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 Iowa Public Employees' Retirement system (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, IA 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 information purposes only. Refer to the plan documents for more information.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

6. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) - Continued

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, anytime 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 for 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. 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that 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 that 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% for a total rate of 14.88%. Protective occupation members contributed 6.56% of covered payroll, and the City contributed 9.84% for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 were \$293,964.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

6. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) - Continued

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$2,652,074 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate 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, 2016, the City's proportion was .042388% which was a decrease of .000391% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$317,332, \$778,553, and \$364,404, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

6. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) - Continued

Actuarial Assumptions - Continued

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	<u>1</u>	(.26)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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 the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's proportionate share of the net pension liability	\$4,308,599	\$2,652,074	\$1,253,968

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

7. MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, IA 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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 - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5-year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

7. MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI) - Continued

Disability and Death Benefits - Continued - Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2017.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 was \$374,225.

If approved by the state legislature, state appropriations may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$3,145,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate 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 the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2016, the City's proportion was .503138% which was an increase of .008106% from its proportions measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$430,514, \$1,198,962, and \$474,684, respectively.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

7. MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI) - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%.
Salary increases	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 through June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year, and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging markets debt	6.5
Private noncore real estate	9.3
Master limited partnership	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protection securities	2.8
Tactical asset allocation	6.0

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

7. MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI) - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$4,937,368	\$3,145,925	\$1,654,034

Pension Plan Fiduciary Net Position - Detailed information about the MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 78 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Employee Benefit Systems (EBS). Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy

The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are approximately \$707 for single coverage and \$1,671 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2017, the City contributed \$998,357 (for active members only); and plan members eligible for benefits contributed \$227,947 (both active and retired members) to the plan. In addition, Clay County contributed \$9,817 to the plan for communication center employees.

9. RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, 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 casualty 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 estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

9. RISK MANAGEMENT - Continued

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus 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 City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2017 were \$174,644.

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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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 casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City has workmen's compensation coverage through the Iowa Municipalities Workers' Compensation Association. In addition, the City purchases employee blanket bond coverage from other insurers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City has issued industrial development revenue bonds in prior years under the provisions of Chapter 419 of the Code of Iowa. The balances outstanding at June 30, 2017 cannot be approximated since the various companies do not provide this information to the City. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

11. CONTRACT AND OTHER COMMITMENTS

The City has entered into contracts totaling \$12,993,360 for various construction projects. As of June 30, 2017, disbursements on those contracts totaled \$3,392,597. The remaining \$9,600,763 will be paid as the work on the projects is completed.

12. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General Fund	Local Option Sales Tax	\$1,141,028
	Road Use Tax	1,438,077
	Capital Projects	153,857
	Proprietary:	
	Enterprise:	
	Sanitary Sewer	440,713
	Solid Waste	164,141
	Landfill	223,760
	Nonmajor Governmental:	
	Special Revenue:	
	Tax Increment Financing	93,036
	Nonmajor Proprietary:	
	Enterprise:	
	Airport	5,362
	Golf Course	4,502
Total General Fund		<u>3,664,476</u>
Road Use Tax	General	<u>154,579</u>
Debt Service	Proprietary:	
	Enterprise:	
	Sanitary Sewer	433,301
	Landfill	480,265
	Nonmajor Governmental:	
	Special Revenue:	
	Tax Increment Financing	284,300
Total Debt Service		<u>1,197,866</u>
Capital Projects	General	1,067,049
	Debt Service	76,000
Total Capital Projects		<u>1,143,049</u>
Nonmajor Governmental:		
Special Revenue:		
Federal and State Retirement	General	355,137
	Proprietary:	
	Enterprise:	
	Sanitary Sewer	25,244
	Solid Waste	23,034
	Landfill	34,551
Total Federal and State Retirement		<u>437,966</u>

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

12. INTERFUND TRANSFERS - Continued

Transfer to	Transfer from	Amount
Nonmajor Governmental - Continued:		
Special Revenue - Continued:		
Workers' Compensation Insurance	Proprietary:	
	Enterprise:	
	Sanitary Sewer	\$ 1,188
	Solid Waste	30,579
	Landfill	9,192
	Nonmajor Proprietary:	
	Enterprise:	
	Airport	543
	Golf Course	1,940
Total Workers' Compensation Insurance		<u>43,442</u>
Group Medical/Life Insurance	General	125,000
	Proprietary:	
	Enterprise:	
	Sanitary Sewer	24,490
	Solid Waste	148,801
	Landfill	79,369
	Nonmajor Proprietary:	
	Enterprise:	
	Golf Course	15,688
Total Group Medical/Life Insurance		<u>393,348</u>
Total Nonmajor Governmental		<u>874,756</u>
Total Governmental Funds		<u>7,034,726</u>
Proprietary:		
Enterprise:		
Sanitary Sewer	Capital Projects	16,360
	Proprietary:	
	Enterprise:	
	Landfill	105,329
	Enterprise Capital Projects	78,965
		<u>200,654</u>
Landfill	Proprietary:	
	Enterprise:	
	Solid Waste	<u>659,403</u>
Solid Waste	Proprietary:	
	Enterprise:	
	Landfill	<u>40,000</u>
Enterprise Capital Projects	General	336
	Proprietary:	
	Enterprise:	
	Sanitary Sewer	116,101
	Landfill	39,921
	Nonmajor Proprietary:	
	Enterprise:	
	Airport	57,010
Total Enterprise Capital Projects		<u>213,368</u>

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

12. INTERFUND TRANSFERS - Continued

Transfer to	Transfer from	Amount
Proprietary - Continued:		
Nonmajor Proprietary:		
Airport	Proprietary:	
	Enterprise:	
	Enterprise capital projects	\$ 357
Total Proprietary Funds		<u>1,113,782</u>
TOTAL OPERATING TRANSFERS		<u>\$8,148,508</u>

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

13. LANDFILL CLOSURE/POST CLOSURE CARE COSTS

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collection and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period, and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the City have been estimated to be \$965,700 for closure and \$1,822,907 for postclosure, for a total of \$2,788,607 as of June 30, 2017. In the current year, no disbursements were made for landfill closure costs. Currently the estimated remaining life of the landfill is 9 months with approximately 72% of the landfill's capacity used at June 30, 2017.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs; and at June 30, 2017, assets of \$2,810,484 are restricted for these purposes and reported as restricted cash balance in the Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Proprietary Funds.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

13. LANDFILL CLOSURE/POST CLOSURE CARE COSTS - Continued

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and post closure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the City is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

14. DEVELOPMENT AGREEMENTS

The City has entered into various development agreement for construction. Under these agreements, the City has agreed to pay the developers an amount not to exceed \$7,794,600, subject to annual appropriation by the City Council. The agreements require up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2017, the City rebated \$316,299 of incremental property tax to the developers. At June 30, 2017, the remaining balances to be paid on the agreements totaled \$6,983,084.

CITY OF SPENCER
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

15. 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 revenues 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.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$316,299 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were not reduced by tax abatements of other entities.

16. SUBSEQUENT EVENTS

Subsequent events were evaluated by management for disclosure up to the date of the independent auditors' report, which is the date the financial statements were available to be issued. In July 2017, the City approved issuance of \$3,960,000 of sewer revenue improvement and refunding bonds.

17. NEW ACCOUNTING PRONOUNCEMENT

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements and tax abatements of other entities which impact the City.

18. PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

SUPPLEMENTARY INFORMATION

CITY OF SPENCER
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
RECEIPTS:			
Property tax	\$ 1,252,806	\$ -	\$ 1,252,806
Tax increment financing	835,048	-	835,048
Other city taxes	49,822	-	49,822
Use of money and property	7,579	1,692	9,271
Intergovernmental	122,073	-	122,073
Miscellaneous	304,654	2,125	306,779
TOTAL RECEIPTS	<u>2,571,982</u>	<u>3,817</u>	<u>2,575,799</u>
DISBURSEMENTS:			
Public safety	501,897	-	501,897
Public works	98,403	-	98,403
Culture and recreation	126,023	300	126,323
Community and economic development	340,185	570	340,755
General government	1,631,779	-	1,631,779
TOTAL DISBURSEMENTS	<u>2,698,287</u>	<u>870</u>	<u>2,699,157</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>(126,305)</u>	<u>2,947</u>	<u>(123,358)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	874,756	-	874,756
Operating transfers out	(377,336)	-	(377,336)
TOTAL OTHER FINANCING SOURCES (USES)	<u>497,420</u>	<u>-</u>	<u>497,420</u>
NET CHANGE IN CASH BALANCES	371,115	2,947	374,062
CASH BALANCES - BEGINNING OF YEAR	<u>1,305,544</u>	<u>467,442</u>	<u>1,772,986</u>
CASH BALANCES - END OF YEAR	<u>\$ 1,676,659</u>	<u>\$ 470,389</u>	<u>\$ 2,147,048</u>
CASH BASIS FUND BALANCES:			
Nonspendable:			
Permanent fund principal	\$ -	\$ 439,427	\$ 439,427
Restricted for:			
Urban renewal purposes	443,215	-	443,215
Community and economic development purposes	103,394	404	103,798
Employee benefits	1,096,430	-	1,096,430
Police purposes	32,390	-	32,390
Cemetery purposes	-	19,017	19,017
Park purposes	1,230	11,541	12,771
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,676,659</u>	<u>\$ 470,389</u>	<u>\$ 2,147,048</u>

CITY OF SPENCER
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Tax Increment Financing</u>	<u>SSMID</u>	<u>Police Retirement Systems</u>	<u>Civil Service Expenses</u>	<u>Police Special Proceeds</u>
RECEIPTS:					
Property tax	\$ -	\$ 90,998	\$ 286,269	\$ 7,436	\$ -
Tax increment financing	835,048	-	-	-	-
Other city taxes	39,062	-	2,651	69	-
Use of money and property	5,499	-	1,456	100	198
Intergovernmental	-	4,676	12,420	323	-
Miscellaneous	-	-	-	5,658	11,045
TOTAL RECEIPTS	<u>879,609</u>	<u>95,674</u>	<u>302,796</u>	<u>13,586</u>	<u>11,243</u>
DISBURSEMENTS:					
Public safety	-	-	298,466	10,387	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	337,549	2,636	-	-	-
General government	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>337,549</u>	<u>2,636</u>	<u>298,466</u>	<u>10,387</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>542,060</u>	<u>93,038</u>	<u>4,330</u>	<u>3,199</u>	<u>11,243</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(377,336)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(377,336)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	<u>164,724</u>	<u>93,038</u>	<u>4,330</u>	<u>3,199</u>	<u>11,243</u>
CASH BALANCES - BEGINNING OF YEAR	<u>278,491</u>	<u>10,356</u>	<u>159,669</u>	<u>9,006</u>	<u>21,147</u>
CASH BALANCES - END OF YEAR	<u>\$ 443,215</u>	<u>\$ 103,394</u>	<u>\$ 163,999</u>	<u>\$ 12,205</u>	<u>\$ 32,390</u>
CASH BASIS FUND BALANCES:					
Restricted for:					
Urban renewal purposes	\$ 443,215	\$ -	\$ -	\$ -	\$ -
Community and economic development purposes	-	103,394	-	-	-
Employee benefits	-	-	163,999	12,205	-
Police purposes	-	-	-	-	32,390
Park purposes	-	-	-	-	-
TOTAL CASH BASIS FUND BALANCES	<u>\$ 443,215</u>	<u>\$ 103,394</u>	<u>\$ 163,999</u>	<u>\$ 12,205</u>	<u>\$ 32,390</u>

<u>Fire Pension Accumulation</u>	<u>Federal and State Retirement</u>	<u>Workers' Compensation Insurance</u>	<u>Trees Forever</u>	<u>Unemployment Insurance Claims</u>	<u>Group Medical/Life Insurance</u>	<u>Total</u>
\$ 85,393	\$ -	\$ 151,500	\$ -	\$ 31,717	\$ 599,493	\$ 1,252,806
-	-	-	-	-	-	835,048
791	-	1,403	-	294	5,552	49,822
312	-	-	14	-	-	7,579
3,705	27,563	6,573	-	1,376	65,437	122,073
-	-	-	5,711	-	282,240	304,654
<u>90,201</u>	<u>27,563</u>	<u>159,476</u>	<u>5,725</u>	<u>33,387</u>	<u>952,722</u>	<u>2,571,982</u>
75,759	117,285	-	-	-	-	501,897
-	98,403	-	-	-	-	98,403
-	120,301	-	5,722	-	-	126,023
-	-	-	-	-	-	340,185
-	72,961	230,342	-	15,878	1,312,598	1,631,779
<u>75,759</u>	<u>408,950</u>	<u>230,342</u>	<u>5,722</u>	<u>15,878</u>	<u>1,312,598</u>	<u>2,698,287</u>
<u>14,442</u>	<u>(381,387)</u>	<u>(70,866)</u>	<u>3</u>	<u>17,509</u>	<u>(359,876)</u>	<u>(126,305)</u>
-	437,966	43,442	-	-	393,348	874,756
-	-	-	-	-	-	(377,336)
-	437,966	43,442	-	-	393,348	497,420
14,442	56,579	(27,424)	3	17,509	33,472	371,115
<u>26,865</u>	<u>272,923</u>	<u>196,202</u>	<u>1,227</u>	<u>15,974</u>	<u>313,684</u>	<u>1,305,544</u>
<u>\$ 41,307</u>	<u>\$ 329,502</u>	<u>\$ 168,778</u>	<u>\$ 1,230</u>	<u>\$ 33,483</u>	<u>\$ 347,156</u>	<u>\$ 1,676,659</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,215
-	-	-	-	-	-	103,394
41,307	329,502	168,778	-	33,483	347,156	1,096,430
-	-	-	-	-	-	32,390
-	-	-	1,230	-	-	1,230
<u>\$ 41,307</u>	<u>\$ 329,502</u>	<u>\$ 168,778</u>	<u>\$ 1,230</u>	<u>\$ 33,483</u>	<u>\$ 347,156</u>	<u>\$ 1,676,659</u>

See Accompanying Independent Auditors' Report

CITY OF SPENCER
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	Cemetery Perpetual Care Fund	Riverside Cemetery Memorial Trust	Columbarium Vault Fund	Northlawn Perpetual Care Fund
RECEIPTS:				
Use of money and property	\$ -	\$ 199	\$ 47	\$ 670
Miscellaneous.....	<u>2,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL RECEIPTS	<u>2,125</u>	<u>199</u>	<u>47</u>	<u>670</u>
DISBURSEMENTS:				
Culture and recreation	50	250	-	-
Community and economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DISBURSEMENTS	<u>50</u>	<u>250</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>2,075</u>	<u>(51)</u>	<u>47</u>	<u>670</u>
CASH BALANCES - BEGINNING OF YEAR	<u>286,879</u>	<u>21,618</u>	<u>5,054</u>	<u>70,952</u>
CASH BALANCES - END OF YEAR	<u>\$ 288,954</u>	<u>\$ 21,567</u>	<u>\$ 5,101</u>	<u>\$ 71,622</u>
CASH BASIS FUND BALANCES:				
Nonspendable:				
Permanent fund principal	\$ 288,954	\$ 2,550	\$ 5,101	\$ 71,622
Restricted for:				
Cemetery purposes	-	19,017	-	-
Community development purposes	-	-	-	-
Park purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CASH BASIS FUND BALANCES	<u>\$ 288,954</u>	<u>\$ 21,567</u>	<u>\$ 5,101</u>	<u>\$ 71,622</u>

Griffin Trust Fund	Leach Park Fund	Total
\$ 595	\$ 181	\$ 1,692
-	-	2,125
<u>595</u>	<u>181</u>	<u>3,817</u>
-	-	300
<u>570</u>	<u>-</u>	<u>570</u>
<u>570</u>	<u>-</u>	<u>870</u>
<u>25</u>	<u>181</u>	<u>2,947</u>
<u>63,379</u>	<u>19,560</u>	<u>467,442</u>
<u>\$ 63,404</u>	<u>\$ 19,741</u>	<u>\$ 470,389</u>
\$ 63,000	\$ 8,200	\$ 439,427
-	-	19,017
404	-	404
<u>-</u>	<u>11,541</u>	<u>11,541</u>
<u>\$ 63,404</u>	<u>\$ 19,741</u>	<u>\$ 470,389</u>

CITY OF SPENCER
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds		
	<u>Airport</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
OPERATING RECEIPTS:			
Charges for services	\$ 167,469	\$ 391,987	\$ 559,456
Miscellaneous	-	11,974	11,974
TOTAL OPERATING RECEIPTS	<u>167,469</u>	<u>403,961</u>	<u>571,430</u>
OPERATING DISBURSEMENTS:			
Salaries	15,770	189,458	205,228
Payroll taxes and employee benefits	2,212	22,494	24,706
Repairs and maintenance	13,172	18,736	31,908
Utilities	30,675	17,989	48,664
Contract services	36,687	6,116	42,803
Gas and oil	142	8,928	9,070
Supplies	768	76,498	77,266
Miscellaneous	12,917	14,099	27,016
Sales tax paid	-	13,786	13,786
TOTAL OPERATING DISBURSEMENTS	<u>112,343</u>	<u>368,104</u>	<u>480,447</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>55,126</u>	<u>35,857</u>	<u>90,983</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):			
Interest on investments	5,772	921	6,693
Capital outlay	-	(90,285)	(90,285)
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)	<u>5,772</u>	<u>(89,364)</u>	<u>(83,592)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>60,898</u>	<u>(53,507)</u>	<u>7,391</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	357	-	357
Operating transfers out	(62,915)	(22,130)	(85,045)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(62,558)</u>	<u>(22,130)</u>	<u>(84,688)</u>
NET CHANGE IN CASH BALANCES	(1,660)	(75,637)	(77,297)
CASH BALANCES - BEGINNING OF YEAR	<u>579,260</u>	<u>181,619</u>	<u>760,879</u>
CASH BALANCES - END OF YEAR	<u>\$ 577,600</u>	<u>\$ 105,982</u>	<u>\$ 683,582</u>
CASH BASIS FUND BALANCES:			
Unrestricted	<u>\$ 577,600</u>	<u>\$ 105,982</u>	<u>\$ 683,582</u>

**CITY OF SPENCER
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2017**

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Final Due Date</u>
GOVERNMENTAL ACTIVITIES:				
GENERAL OBLIGATION BONDS/NOTES:				
Sewer improvement bond	1-2007		\$ 655,000	
Landfill facility refunding bonds	4-2010	2.75 - 3.00%	1,455,000	6-01-2019
Landfill closure bonds	2-2009		426,645	
Street improvement bonds	12-2010	2.80%	575,000	6-01-2018
West beltway, fire station refunding bonds	4-2012	1.50%	1,565,000	6-01-2018
Corporate purpose and refunding bonds	5-2013	1.00 - 1.50%	2,245,000	6-01-2022
Street improvement note	5-2017		76,000	
Sewer improvement bond - series 2017	6-2017	2.00% ⁽¹⁾	1,505,000	6-01-2037
TOTAL GENERAL OBLIGATION BONDS/NOTES				
OTHER LONG-TERM DEBT:				
Spencer Municipal Utilities - Shine Brothers loan	11-2006	0.00%	375,000	12-05-2021
Spencer Municipal Utilities - E911 Communication loan	12-2014	0.00%	360,000	7-15-2024
TOTAL GOVERNMENTAL ACTIVITIES				
BUSINESS TYPE ACTIVITIES:				
REVENUE BONDS/NOTES:				
Sewer revenue bond	10-2009	3.25% ⁽¹⁾	1,520,000	6-01-2029
Sewer revenue bonds (Build America Bonds)	12-2010	3.25% ^{(1) (2)}	7,500,000	6-01-2032
Sewer revenue bond - series 2016	10-2016	2.00% ⁽¹⁾	3,600,000	6-01-2037
TOTAL BUSINESS TYPE ACTIVITIES				

⁽¹⁾ Interest rate includes .25% service fee.

⁽²⁾ It is anticipated that 35% of the interest (excluding the .25% service fee) will be refunded per the terms of Build America Bonds.

Schedule 5

<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Repayments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 415,000	\$ -	\$ 415,000	\$ -	\$ 18,302	\$ -
455,000	-	150,000	305,000	12,525	-
308,000	-	308,000	-	9,240	-
170,000	-	85,000	85,000	4,505	-
385,000	-	250,000	135,000	5,275	-
1,075,000	-	380,000	695,000	11,750	-
-	76,000	76,000	-	-	-
-	<u>392,293</u>	-	<u>392,293</u>	-	-
2,808,000	468,293	1,664,000	1,612,293	61,597	-
150,000	-	25,000	125,000	-	-
<u>324,000</u>	-	<u>36,000</u>	<u>288,000</u>	-	-
<u>\$ 3,282,000</u>	<u>\$ 468,293</u>	<u>\$1,725,000</u>	<u>\$ 2,025,293</u>	<u>\$ 61,597</u>	<u>\$ -</u>
\$ 1,092,000	\$ -	\$ 69,000	\$ 1,023,000	\$ 35,490	\$ -
6,358,000	-	309,000	6,049,000	206,635	-
-	<u>3,011,136</u>	-	<u>3,011,136</u>	<u>14,661</u>	-
<u>\$ 7,450,000</u>	<u>\$3,011,136</u>	<u>\$ 378,000</u>	<u>\$10,083,136</u>	<u>\$256,786</u>	<u>\$ -</u>

OTHER INFORMATION

CITY OF SPENCER
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
RECEIPTS:			
Property tax	\$ 5,624,241	\$ -	\$ 5,624,241
Tax increment financing revenues	835,048	-	835,048
Other city taxes	2,727,248	-	2,727,248
Licenses and permits	62,666	-	62,666
Use of money and property	139,064	190,434	329,498
Intergovernmental	3,154,713	1,555,354	4,710,067
Charges for service	195,541	7,519,573	7,715,114
Special assessments	408,425	32,889	441,314
Miscellaneous	788,070	142,057	930,127
TOTAL RECEIPTS	<u>13,935,016</u>	<u>9,440,307</u>	<u>23,375,323</u>
DISBURSEMENTS:			
Public safety	3,186,696	-	3,186,696
Public works	1,528,724	-	1,528,724
Culture and recreation	1,610,387	-	1,610,387
Community and economic development	1,718,764	-	1,718,764
General government	2,720,445	-	2,720,445
Debt service	1,763,497	-	1,763,497
Capital projects	1,823,307	-	1,823,307
Business type	-	8,546,209	8,546,209
TOTAL DISBURSEMENTS	<u>14,351,820</u>	<u>8,546,209</u>	<u>22,898,029</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(416,804)</u>	<u>894,098</u>	<u>477,294</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from bonds	460,768	2,993,136	3,453,904
Operating transfers in	7,034,726	1,113,782	8,148,508
Operating transfers out	(4,904,759)	(3,243,749)	(8,148,508)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,590,735</u>	<u>863,169</u>	<u>3,453,904</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES (USES) OVER (UNDER) DISBURSEMENTS	2,173,931	1,757,267	3,931,198
BALANCE - BEGINNING OF YEAR	<u>14,105,393</u>	<u>11,616,156</u>	<u>25,721,549</u>
BALANCE - END OF YEAR	<u>\$ 16,279,324</u>	<u>\$ 13,373,423</u>	<u>\$ 29,652,747</u>

CITY OF SPENCER
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Original Budget</u>	<u>Final Budget</u>	<u>Final to Actual Variance</u>
\$ 5,594,825	\$ 5,594,825	\$ 29,416
818,451	818,451	16,597
2,439,260	2,523,260	203,988
52,350	52,350	10,316
224,940	284,940	44,558
4,270,784	4,484,533	225,534
7,050,415	7,050,415	664,699
103,665	187,665	253,649
329,111	341,611	588,516
<u>20,883,801</u>	<u>21,338,050</u>	<u>2,037,273</u>
3,439,352	3,519,852	333,156
1,830,486	1,830,486	301,762
1,728,460	2,028,510	418,123
1,681,050	1,916,140	197,376
2,851,878	3,132,743	412,298
1,307,096	1,708,096	(55,401)
1,229,705	2,500,000	676,693
11,422,133	11,422,133	2,875,924
<u>25,490,160</u>	<u>28,057,960</u>	<u>5,159,931</u>
<u>(4,606,359)</u>	<u>(6,719,910)</u>	<u>7,197,204</u>
3,950,000	3,950,000	(496,096)
9,495,693	9,495,693	(1,347,185)
<u>(9,495,693)</u>	<u>(9,445,693)</u>	<u>1,297,185</u>
<u>3,950,000</u>	<u>4,000,000</u>	<u>(546,096)</u>
(656,359)	(2,719,910)	<u>\$ 6,651,108</u>
<u>25,880,716</u>	<u>25,977,779</u>	
<u>\$ 25,224,357</u>	<u>\$ 23,257,869</u>	

**CITY OF SPENCER
NOTES TO SCHEDULE 6 - BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2017**

The budgetary comparison is presented in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary 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 or fund type. 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, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Fund, and 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 \$2,567,800. These budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements exceeded the amount budgeted in the debt service function.

**CITY OF SPENCER
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE YEARS *
(IN THOUSANDS)**

OTHER INFORMATION (UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability042388%	.042779%	.043983%
City's proportionate share of the net pension liability	\$ 2,652	\$ 2,108	\$ 1,746
City's covered-employee payroll	\$ 3,072	\$ 2,963	\$ 2,921
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	86.33%	71.14%	59.77%
Plan fiduciary net position as a percentage of the total pension liability .	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

**CITY OF SPENCER
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - Continued**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST THREE YEARS *
(IN THOUSANDS)**

OTHER INFORMATION (UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability503138%	.495032%	.504315%
City's proportionate share of the net pension liability	\$ 3,146	\$ 2,326	\$ 1,828
City's covered-employee payroll	\$ 1,363	\$ 1,298	\$ 1,287
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.81%	179.20%	141.95%
Plan fiduciary net position as a percentage of the total pension liability .	78.20%	83.04%	86.27%

* 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.

**CITY OF SPENCER
SCHEDULE OF CITY CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

OTHER INFORMATION (UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 294	\$ 275	\$ 265	\$ 261	\$ 255	\$ 238	\$ 202
Contributions in relation to the statutorily required contribution	<u>294</u>	<u>275</u>	<u>265</u>	<u>261</u>	<u>255</u>	<u>238</u>	<u>202</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$3,289	\$3,072	\$2,963	\$2,921	\$2,939	\$2,938	\$2,900
Contributions as a percentage of covered-employee payroll	8.94%	8.94%	8.94%	8.94%	8.68%	8.10%	6.97%

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

**CITY OF SPENCER
SCHEDULE OF CITY CONTRIBUTIONS - Continued**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

OTHER INFORMATION (UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 374	\$ 379	\$ 395	\$ 388	\$ 330	\$ 304	\$ 237
Contributions in relation to the statutorily required contribution	<u>374</u>	<u>379</u>	<u>395</u>	<u>388</u>	<u>330</u>	<u>304</u>	<u>237</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$1,444	\$1,363	\$1,298	\$1,287	\$1,265	\$1,226	\$1,191
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%	26.12%	24.76%	19.90%

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

**CITY OF SPENCER
NOTES TO OTHER INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2017**

Changes of Benefit Terms

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**CITY OF SPENCER
NOTES TO OTHER INFORMATION - PENSION LIABILITY - Continued
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
YEAR ENDED JUNE 30, 2017**

Changes of Benefit Terms

There were no significant changes of benefit terms.

Changes of Assumptions

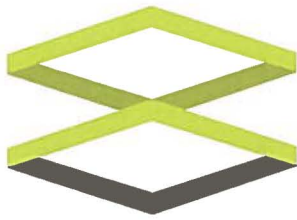
Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year, and disableds set-forward one year (male only rates), with no projection of future mortality improvement.

CITY OF SPENCER
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
RECEIPTS:				
Property taxes	\$ 5,624,241	\$ 5,085,638	\$ 5,079,366	\$ 4,972,177
Tax increment financing revenues	835,048	687,244	695,254	524,142
Other city taxes	2,727,248	2,615,039	2,478,156	2,309,189
Licenses and permits	62,666	70,121	63,500	66,000
Use of money and property	139,064	131,492	120,978	137,076
Intergovernmental	3,154,713	2,752,796	2,633,718	3,104,374
Charges for services	195,541	276,423	245,956	259,864
Special assessments	408,425	161,268	148,630	219,308
Miscellaneous	<u>788,070</u>	<u>627,625</u>	<u>1,174,940</u>	<u>685,782</u>
 TOTAL RECEIPTS	 <u>\$13,935,016</u>	 <u>\$12,407,646</u>	 <u>\$12,640,498</u>	 <u>\$12,277,912</u>
 DISBURSEMENTS:				
Public safety	\$ 3,186,696	\$ 3,010,045	\$ 3,289,444	\$ 2,893,767
Public works.....	1,528,724	1,482,858	1,386,951	1,382,115
Culture and recreation	1,610,387	1,516,305	1,514,083	1,359,564
Community and economic development	1,718,764	1,617,387	1,933,571	1,671,969
General government	2,720,445	2,295,139	2,314,559	2,519,300
Debt service	1,763,497	1,544,948	1,159,849	1,226,883
Capital projects	<u>1,823,307</u>	<u>1,385,932</u>	<u>2,609,423</u>	<u>3,078,688</u>
 TOTAL DISBURSEMENTS	 <u>\$14,351,820</u>	 <u>\$12,852,614</u>	 <u>\$14,207,880</u>	 <u>\$14,132,286</u>

Schedule 9

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,930,379	\$ 4,664,393	\$ 4,474,342	\$ 4,419,065	\$ 4,240,304	\$ 4,019,998
442,736	685,113	708,215	730,804	706,603	527,404
2,345,925	2,193,063	2,069,431	1,620,843	1,879,749	2,201,724
58,659	53,417	49,076	61,752	53,830	67,745
160,088	216,400	299,985	366,406	479,729	474,723
2,670,257	2,096,682	2,627,643	2,789,625	2,073,283	2,004,270
278,030	314,719	277,177	304,060	311,873	882,840
190,218	240,557	283,385	493,349	236,308	310,385
<u>1,004,429</u>	<u>1,275,826</u>	<u>2,320,639</u>	<u>2,270,949</u>	<u>2,007,211</u>	<u>830,300</u>
<u>\$12,080,721</u>	<u>\$11,740,170</u>	<u>\$13,109,893</u>	<u>\$13,056,853</u>	<u>\$11,988,890</u>	<u>\$11,319,389</u>
\$ 2,628,742	\$ 2,549,797	\$ 2,343,685	\$ 2,285,294	\$ 2,461,524	\$ 2,175,503
1,488,739	1,194,773	1,249,718	1,420,977	1,459,165	1,523,922
1,426,172	1,430,033	1,415,736	1,425,791	1,369,796	1,656,305
1,716,338	1,964,859	2,384,116	2,289,495	2,776,842	1,578,325
1,883,162	2,073,102	2,065,131	1,478,420	1,465,448	1,409,325
2,691,798	3,193,101	2,106,313	2,584,260	1,485,111	1,413,780
<u>3,131,125</u>	<u>662,897</u>	<u>3,299,247</u>	<u>5,828,337</u>	<u>1,820,672</u>	<u>1,630,181</u>
<u>\$14,966,076</u>	<u>\$13,068,562</u>	<u>\$14,863,946</u>	<u>\$17,312,574</u>	<u>\$12,838,558</u>	<u>\$11,387,341</u>



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**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and
Members of the City Council
City of Spencer
Spencer, IA 51301

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the primary government of the City of Spencer, Iowa, as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated November 17, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2017 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's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 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.

Winter, Stave & Co., LLP

November 17, 2017
Spencer, Iowa

**CITY OF SPENCER
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Part I: Findings Related to the Financial Statements

Internal Control Deficiency:

No findings were noted.

Instances of Non-Compliance:

No findings were noted.

CITY OF SPENCER
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2017

Part II: Other Findings Related to Required Statutory Reporting

- II-A-17 Certified Budget - Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the debt service function. In addition, disbursements in the capital projects function exceeded the amounts budgeted prior to the budget amendment. 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 - 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 an effort to amend the budget before disbursements are exceeded, if applicable in the future.

Conclusion - Response accepted.

- II-B-17 Questionable Disbursements - No expenditures that did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- II-C-17 Travel Expense - No expenditures of the City for travel expenses of spouses of City officials or employees were noted.
- II-D-17 Business Transactions - The City purchased supplies totaling \$742 from Audio Video Connection, a business owned by Council Member Randy Swanson. The transactions do not represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.
- II-E-17 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 that the coverage is adequate for current operations.
- II-F-17 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-17 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- II-H-17 Revenue Notes - No instances of noncompliance with the revenue bond and note resolutions were noted.
- II-I-17 Financial Assurance - As of June 30, 2017, the City has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567.113.14(6) of the Iowa Administrative Code.
- II-J-17 Urban Renewal Annual Report - The urban renewal annual report for the fiscal year ended June 30, 2016 was approved and certified to the Iowa Department of Management on or before December 1, 2016.