

**City of Muscatine, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?
- Noncompliance material to financial statements noted?

Yes  No  
 Yes  None Reported  
 Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes  No  
 Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes  No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

Yes  No

(Continued)

City of Muscatine, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

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II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Controls

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

None reported

B. Compliance Findings

None reported

IV. Other Findings Related to Required Statutory Reporting

**12-IV-A – Certified Budget:** Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

**Response:** The debt service function budget was exceeded due to issuance costs of refunding bonds issued. The budget will be amended for these costs in the future, if applicable.

**12-IV-B – Questionable Expenditures:** No questionable disbursements were noted.

**12-IV-C – Travel Expense:** No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

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

<u>Transaction Description</u>	<u>Amount</u>
Temporary employment services	\$ 345

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, this transaction does not appear to represent a conflict of interest since total transactions with the individual were less than \$1,500 during the fiscal year.

**12-IV-E – Bond Coverage:** Surety bond coverage of City officials and employees is in accordance with statutory provisions.

**12-IV-F – Council Minutes:** No transactions were found that we believe should have been approved in the Council minutes but were not.

**12-IV-G – Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**12-IV-H – Revenue Notes:** No instances of noncompliance with the provisions of the City's revenue bond resolutions.

**City of Muscatine, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2012**

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<b>Current Number</b>	<b>Comment</b>	<b>Corrective Action Plan</b>	<b>Anticipated Date of Completion</b>	<b>Contact Person</b>
<b>Other Findings Related to Required Statutory Reporting</b>				
12-IV-A	Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the debt service function.	See corrective action plan at 12-IV-A	June 30, 2013	Nancy Lueck, Finance Director