

CITY OF CAMANCHE, IOWA

FINANCIAL STATEMENTS

June 30, 2013

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**CITY OF CAMANCHE
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>City Council</u>		
Kenneth Fahlbeck	Mayor	January 2014
Greg Nelson	Mayor Pro-Tem	January 2014
Gary Kampe	Council Member	January 2014
Linda Kramer	Council Member	January 2014
Greg Nelson	Council Member	January 2016
Paul Varner	Council Member	January 2016
Trevor Willis	Council Member	January 2016
<u>City Officials</u>		
Thomas Roth	City Administrator	Indefinite
Sheryl Jindrich	City Clerk/Treasurer	Indefinite
Thomas Lonergan	Attorney	Indefinite
Robert Houzenga	Chief of Police	Indefinite
David Schutte	Fire Chief	Indefinite
Phyllis Pichon	Library Board Trustee - Chair	July 2014
Linda Foster	Library Board Trustee	July 2016
Abijah Morgan	Library Board Trustee	July 2016
Ron Emerson	Library Board Trustee	July 2018
Gary Haines	Library Board Trustee	July 2018
Lori Bigwood	Board of Recreation - Chair	July 2014
Mike McManus	Board of Recreation Commissioner	July 2013
Jessica Snyder	Board of Recreation Commissioner	July 2013
Judith Dell	Board of Recreation Commissioner	July 2014
Trisha Erne	Board of Recreation Commissioner	July 2014

**CITY OF CAMANCHE
OFFICIALS (CONTINUED)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike McDanel	Board of Adjustment Member - Chair	January 2018
Brian McKenrick	Board of Adjustment Member	January 2014
Frank Grage	Board of Adjustment Member	January 2015
Elaine Everhart	Board of Adjustment Member	January 2017
Bob Jordan	Historical Board - Chair	July 2013
Donna Current	Historical Board Member	July 2013
Julia Leonard	Historical Board Member	July 2013
Christine Leslie	Historical Board Member	July 2013
George Current	Historical Board Member	July 2014
Sherry Emerson	Historical Board Member	July 2014
Ruth Evans	Historical Board Member	July 2014
Karla Morgan	Cemetery Board - Chair	January 2018
Lester Shadle	Cemetery Board Member	January 2014
George Andresen	Cemetery Board Member	January 2015
Luann Borrison	Cemetery Board Member	January 2017
Ann Wiebers	Cemetery Board Member	January 2018
Ray Gruver	Planning Commission - Chair	January 2017
Alan Murphy	Planning Commission Member	January 2014
Melvin Albrecht	Planning Commission Member	January 2015
Tom Hixon	Planning Commission Member	January 2017
Yvonne Henn	Planning Commission Member	January 2018
Amber Metzger	Planning Commission Member	January 2018
Jon Lee	Civil Service Commission - Chair	April 2014
Lisa Abbott	Civil Service Commission Member	April 2016
Grant Henry	Civil Service Commission Member	April 2017

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Camanche, Iowa

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 City of Camanche, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of the City of Camanche, Iowa as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camanche, Iowa's basic financial statements as a whole. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the six years ended June 30, 2008 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on those financial statements in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 6 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 5 through 11 and 25 through 26 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 January 31, 2014 on our consideration of the City of Camanche, Iowa'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 Camanche, Iowa's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 31, 2014

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The City of Camanche provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 61.5%, or \$5,265,268 from fiscal 2012 to fiscal 2013. Charges for services increased \$22,467, operating grants, contributions, and restricted interest increased \$17,519, capital grants, contributions, and restricted interest decreased \$765,992 and general receipts decreased \$4,539,262. The large decrease in revenue is attributable to decreased borrowings in the current year. Charges for services increased because ambulance billings increased from the previous year. Capital grants, contributions, and restricted interest decreased because of changes in capital projects.
- Total governmental activities disbursements increased 0.80%, or \$47,594, in fiscal year 2013 from fiscal year 2012. Capital projects disbursements decreased \$77,360 due to changes in capital projects from one year to the next.
- The City's total cash basis net position decreased \$2,449,965 from June 30, 2012 to June 30, 2013. Of this amount, the cash basis net position of the governmental activities decreased \$2,566,937 and the cash basis net position of the business type activities increased by \$116,972.

USING THIS ANNUAL REPORT

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 financial 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.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

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

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Basis of Accounting

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

Government-wide Financial Statement

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 Cash Basis 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 tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, and solid waste systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) 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: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Police and Fire Pension Accumulation, Employee Benefits, Cemetery Perpetual Care and Robert Howson Estate, 3) the Debt Service Fund, and 4) the Capital Projects 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.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains Enterprise Funds to provide separate information for water, sewer, and solid waste.

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

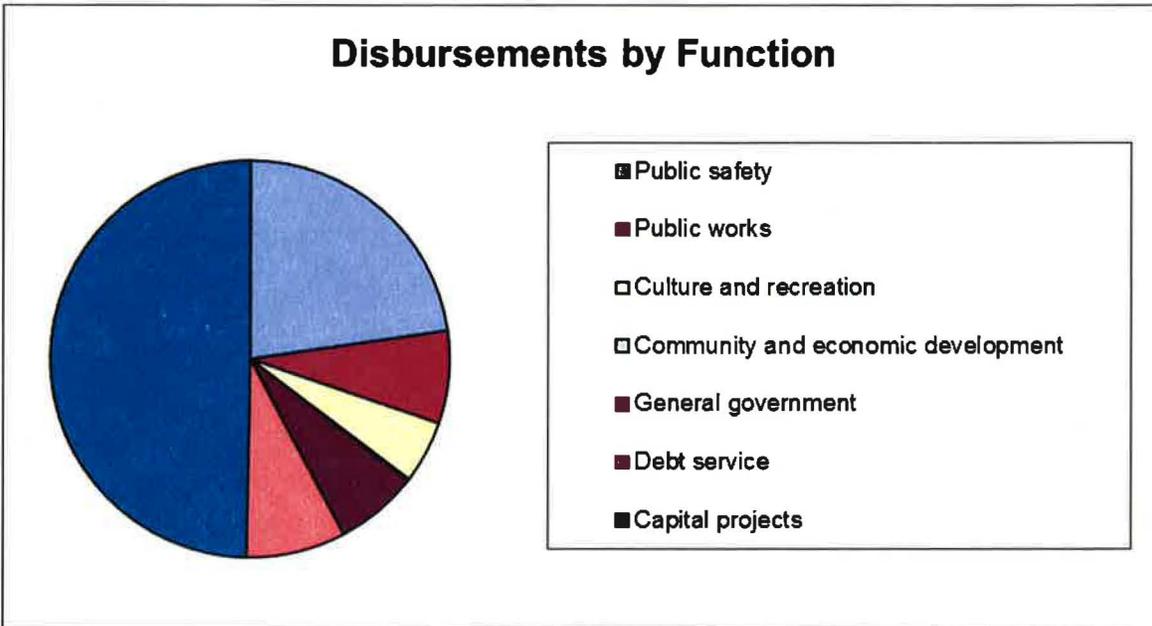
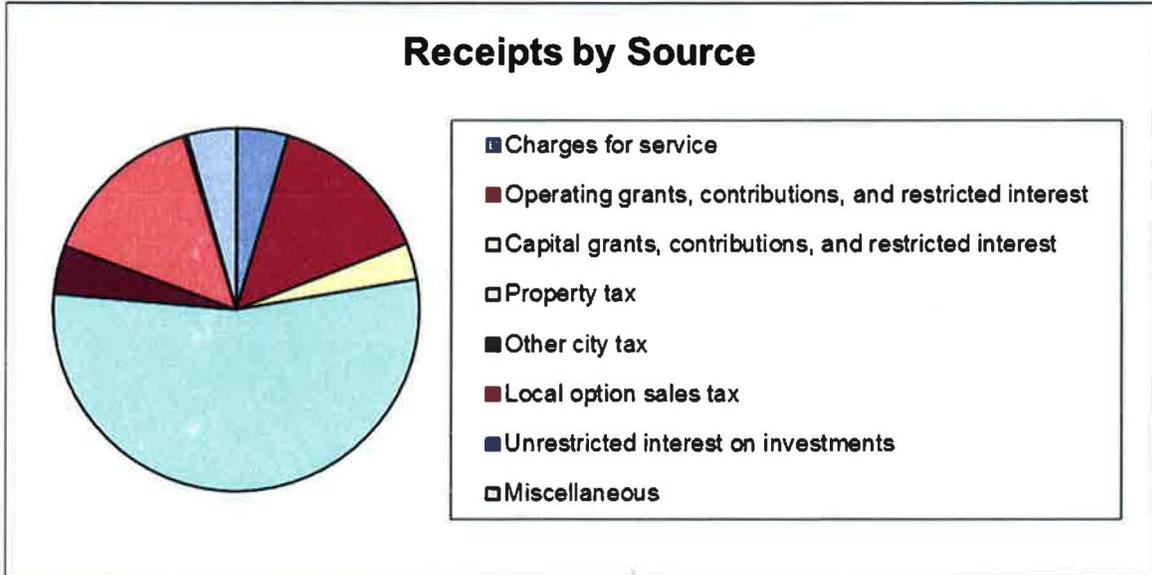
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$4,970,154 to \$2,403,217. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service	\$ 149,383	\$ 126,916
Operating grants, contributions, and restricted interest	478,966	461,447
Capital grants, contributions, and restricted interest	106,945	872,937
General receipts:		
Property tax	1,781,483	1,639,796
Utility tax replacement	88,308	89,447
Utility franchise tax - cablevision	46,895	47,854
Mobile home tax	6,567	6,841
Local option sales tax	481,218	524,198
Unrestricted interest on investments	10,427	17,974
Bond proceeds	-	4,691,741
Miscellaneous	144,787	76,121
Sale of capital assets	-	4,975
Total receipts	<u>3,294,979</u>	<u>8,560,247</u>
Disbursements:		
Public safety	1,358,397	1,376,417
Public works	452,068	662,070
Culture and recreation	304,939	265,757
Community and economic development	12,000	13,050
General government	400,328	403,547
Debt service	481,806	163,743
Capital projects	<u>2,974,990</u>	<u>3,052,350</u>
Total disbursements	<u>5,984,528</u>	<u>5,936,934</u>
Change in cash basis net position before transfers	(2,689,549)	2,623,313
Transfers, net	<u>122,612</u>	<u>62,882</u>
Change in cash basis net position	(2,566,937)	2,686,195
Cash basis net position beginning of year	<u>4,970,154</u>	<u>2,283,959</u>
Cash basis net position end of year	<u>\$ 2,403,217</u>	<u>\$ 4,970,154</u>

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**



The City's total receipts for governmental activities decreased by 61.5%, or \$5,265,268. Program receipts decreased \$726,006 while general receipts decreased \$4,539,262. The decrease in program receipts is due to fewer grants received. The decrease in general receipts is due to decreased borrowing to pay for capital projects.

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The cost of all governmental activities this year was \$5,984,528 compared to \$5,936,934 last year. As shown in the Cash Basis Statement of Activities and Net Position on pages 13-14, the amount taxpayers ultimately financed for these activities was \$5,249,234. Some of the cost was paid by those that directly benefited from the programs (\$149,383) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$585,911). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2013 from approximately \$8,560,000 to approximately \$3,295,000.

Changes in Cash Basis Net Position of Business Type Activities

	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 286,530	\$ 241,785
Sewer	508,466	553,475
Solid waste	276,152	268,986
General receipts:		
Unrestricted interest on investments	538	1,678
Bond proceeds	<u>1,690,029</u>	<u>-</u>
Total receipts	<u>2,761,715</u>	<u>1,065,924</u>
 Disbursements:		
Water	206,718	325,206
Sewer	2,040,254	395,957
Solid waste	<u>275,159</u>	<u>275,897</u>
Total disbursements	<u>2,522,131</u>	<u>997,060</u>
 Change in cash basis net position before transfers	239,584	68,864
 Transfers, net	<u>(122,612)</u>	<u>(62,882)</u>
 Change in cash basis net position	116,972	5,982
 Cash basis net position beginning of year	<u>736,591</u>	<u>730,609</u>
 Cash basis net position end of year	<u>\$ 853,563</u>	<u>\$ 736,591</u>

Total business type activities receipts for the fiscal year were \$2,761,715 compared to \$1,065,924 last year. Total disbursements for the fiscal year increased from \$997,060 to \$2,522,131.

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As City of Camanche completed the year, its governmental funds reported a combined fund balance of \$2,403,217, a decrease of \$2,566,937 from last year's total of \$4,970,154. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$49,552 from the prior year to \$1,725,413. This increase is attributed to miscellaneous revenue.
- The Special Revenue, Road Use Tax Fund cash balance increased \$156,689 to \$567,441. This increase is attributable to allocated road use tax funds that were not spent in FY13.
- The Debt Service Fund cash balance decreased \$372 to \$27,330 during the fiscal year due to service fees charged by the paying agent.
- The Washington Boulevard Fund cash balance decreased \$2,472,641 to \$294,717 during the fiscal year. This decrease is attributable to construction expenses.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$316,466 to \$170,686 due to transfers from the Sewer Fund and increased water rates.
- The Enterprise, Sewer Fund cash balance decreased \$41,941 to \$448,700 due to a transfer of \$250,000 from the Water Fund.
- The Enterprise, Solid Waste Fund cash balance increased \$993 to \$118,881 at year end due to revenues in excess of expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The budget was approved on May 21, 2013. Revenues were amended to provide for increases in reimbursements from the City of Clinton and borrowing to refinance the SRF loan. Expenditures were amended to provide for increased costs due workers compensation premiums, SRF loan payoff, purchase of fire truck, special election, culvert project, finish capital projects (bridge, sewer, and MRT), repair well, and purchase hydrants.

The City exceeded the amounts budgeted in the business type activities function for the year ended June 30, 2013 due to the City not allocating enough during refinancing of the SRF loan to include accrued interest.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$6,010,000 in general obligation notes, compared to \$4,665,000 last year.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$6,010,000 is significantly below its constitutional debt limit of \$13 million.

**CITY OF CAMANCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City has accomplished a number of capital projects and has spent down accumulated reserves in the Road Use Tax Fund and the General Fund. We have addressed major infrastructure areas in recent years such as Washington Boulevard and the water and sewer systems. We have purchased the former Camanche Pharmacy to be used as the new City Hall. The pace of capital projects will certainly slowdown in future years.

We are concerned about the effects of the comprehensive property tax reform bill adopted last year by the State of Iowa. It is likely that the City's taxable valuation will decrease due to rollback of commercial values, increasing the challenge of balancing revenues and expenditures. The City will likely be forced to look for alternative revenue streams such as utility franchise fees.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 questions about this report or need additional financial information, contact Sheryl Jindrich, City Clerk, 917 Third Street, Camanche, Iowa 52730.

BASIC FINANCIAL STATEMENTS

CITY OF CAMANCHE
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
As of and for the Year Ended June 30, 2013

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 1,358,397	\$ 117,431	\$ 45,137	\$ -
Public works	452,068	-	425,967	-
Culture and recreation	304,939	25,487	7,862	-
Community and economic development	12,000	-	-	-
General government	400,328	6,465	-	-
Debt service	481,806	-	-	-
Capital projects	2,974,990	-	-	106,945
Total governmental activities	<u>5,984,528</u>	<u>149,383</u>	<u>478,966</u>	<u>106,945</u>
Business type activities:				
Water	206,718	286,530	-	-
Sewer	2,040,254	508,466	-	-
Solid waste	275,159	276,152	-	-
Total business type activities	<u>2,522,131</u>	<u>1,071,148</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,506,659</u>	<u>\$ 1,220,531</u>	<u>\$ 478,966</u>	<u>\$ 106,945</u>

GENERAL RECEIPTS AND TRANSFERS:

Property and other city tax levied for:
 General purposes
 Debt service
Utility tax replacement
Utility franchise tax - cablevision
Mobile home tax
Local option sales tax
Unrestricted interest on investments
Bond proceeds
Miscellaneous
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

CASH BASIS NET POSITION

Restricted:
 Nonexpendable:
 Cemetery perpetual care
 Expendable:
 Debt service
 Streets
 Capital improvements
 Other purposes
Unrestricted

Total cash basis net position

See notes to financial statements.

**Net (Disbursements) Receipts and
Changes in Cash Basis Net Position**

Governmental Activities	Business Type Activities	Total
\$ (1,195,829)	\$ -	\$ (1,195,829)
(26,101)	-	(26,101)
(271,590)	-	(271,590)
(12,000)	-	(12,000)
(393,863)	-	(393,863)
(481,806)	-	(481,806)
<u>(2,868,045)</u>	<u>-</u>	<u>(2,868,045)</u>
<u>(5,249,234)</u>	<u>-</u>	<u>(5,249,234)</u>
-	79,812	79,812
-	(1,531,788)	(1,531,788)
-	993	993
<u>-</u>	<u>(1,450,983)</u>	<u>(1,450,983)</u>
<u>(5,249,234)</u>	<u>(1,450,983)</u>	<u>(6,700,217)</u>
1,432,181	-	1,432,181
349,302	-	349,302
88,308	-	88,308
46,895	-	46,895
6,567	-	6,567
481,218	-	481,218
10,427	538	10,965
-	1,690,029	1,690,029
144,787	-	144,787
<u>122,612</u>	<u>(122,612)</u>	<u>-</u>
<u>2,682,297</u>	<u>1,567,955</u>	<u>4,250,252</u>
(2,566,937)	116,972	(2,449,965)
<u>4,970,154</u>	<u>736,591</u>	<u>5,706,745</u>
<u>\$ 2,403,217</u>	<u>\$ 853,563</u>	<u>\$ 3,256,780</u>
\$ 65,294	\$ -	\$ 65,294
27,330	-	27,330
567,441	-	567,441
323,957	-	323,957
45,482	-	45,482
<u>1,373,713</u>	<u>853,563</u>	<u>2,227,276</u>
<u>\$ 2,403,217</u>	<u>\$ 853,563</u>	<u>\$ 3,256,780</u>

CITY OF CAMANCHE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2013

EXHIBIT B

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>Washington Boulevard</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
RECEIPTS:						
Property tax	\$ 1,206,110	\$ -	\$ 349,302	\$ -	\$ 226,071	\$ 1,781,483
Other city tax	594,354	-	17,452	-	11,182	622,988
Licenses and permits	9,104	-	-	-	-	9,104
Use of money and property	34,419	-	-	2,114	-	36,533
Intergovernmental	64,680	425,967	-	-	106,945	597,592
Charges for service	107,284	-	-	-	-	107,284
Miscellaneous	44,124	-	-	-	95,871	139,995
Total receipts	<u>2,060,075</u>	<u>425,967</u>	<u>366,754</u>	<u>2,114</u>	<u>440,069</u>	<u>3,294,979</u>
DISBURSEMENTS:						
Operating:						
Public safety	1,187,062	-	-	-	171,335	1,358,397
Public works	167,665	260,210	-	-	24,193	452,068
Culture and recreation	283,546	-	-	-	21,393	304,939
Community and economic development	12,000	-	-	-	-	12,000
General government	377,250	-	-	-	23,078	400,328
Debt service	-	-	481,806	-	-	481,806
Capital projects	-	-	-	2,474,755	500,235	2,974,990
Total disbursements	<u>2,027,523</u>	<u>260,210</u>	<u>481,806</u>	<u>2,474,755</u>	<u>740,234</u>	<u>5,984,528</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>32,552</u>	<u>165,757</u>	<u>(115,052)</u>	<u>(2,472,641)</u>	<u>(300,165)</u>	<u>(2,689,549)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	451,646	-	114,680	-	-	566,326
Operating transfers out	(434,646)	(9,068)	-	-	-	(443,714)
Total other financing sources (uses)	<u>17,000</u>	<u>(9,068)</u>	<u>114,680</u>	<u>-</u>	<u>-</u>	<u>122,612</u>
CHANGE IN CASH BALANCES	49,552	156,689	(372)	(2,472,641)	(300,165)	(2,566,937)
CASH BALANCES BEGINNING OF YEAR	<u>1,675,861</u>	<u>410,752</u>	<u>27,702</u>	<u>2,767,358</u>	<u>88,481</u>	<u>4,970,154</u>
CASH BALANCES END OF YEAR	<u>\$ 1,725,413</u>	<u>\$ 567,441</u>	<u>\$ 27,330</u>	<u>\$ 294,717</u>	<u>\$ (211,684)</u>	<u>\$ 2,403,217</u>
CASH BASIS FUND BALANCES						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 65,294	\$ 65,294
Restricted for:						
Debt service	-	-	27,330	-	-	27,330
Streets	-	567,441	-	-	-	567,441
Capital improvements	-	-	-	294,717	29,240	323,957
Other purposes	-	-	-	-	45,482	45,482
Assigned for:						
Cemetery	26,981	-	-	-	-	26,981
Library	51,676	-	-	-	-	51,676
Park and recreation	55,744	-	-	-	-	55,744
Unassigned	1,591,012	-	-	-	(351,700)	1,239,312
Total cash basis fund balances	<u>\$ 1,725,413</u>	<u>\$ 567,441</u>	<u>\$ 27,330</u>	<u>\$ 294,717</u>	<u>\$ (211,684)</u>	<u>\$ 2,403,217</u>

See notes to financial statements.

CITY OF CAMANCHE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2013

EXHIBIT C

	Enterprise				Total
	Water Utility	Sewer Utility	Solid Waste	Nonmajor Proprietary Funds	
OPERATING RECEIPTS:					
Charges for service	\$ 270,096	\$ 507,740	\$ 276,152	\$ 8,871	\$ 1,062,859
Miscellaneous	7,563	726	-	-	8,289
Total operating receipts	<u>277,659</u>	<u>508,466</u>	<u>276,152</u>	<u>8,871</u>	<u>1,071,148</u>
OPERATING DISBURSEMENTS:					
Business type activities:					
Water	206,718	-	-	-	206,718
Sewer	-	354,699	-	-	354,699
Solid waste	-	-	275,159	-	275,159
Total operating disbursements	<u>206,718</u>	<u>354,699</u>	<u>275,159</u>	<u>-</u>	<u>836,576</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>70,941</u>	<u>153,767</u>	<u>993</u>	<u>8,871</u>	<u>234,572</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):					
Interest on investments	457	81	-	-	538
Bond proceeds	-	-	-	1,690,029	1,690,029
Debt service	-	-	-	(1,685,555)	(1,685,555)
Net non-operating receipts (disbursements)	<u>457</u>	<u>81</u>	<u>-</u>	<u>4,474</u>	<u>5,012</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>71,398</u>	<u>153,848</u>	<u>993</u>	<u>13,345</u>	<u>239,584</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	250,068	176,371	-	4,480	430,919
Operating transfers out	(5,000)	(372,160)	-	(176,371)	(553,531)
Total other financing sources (uses)	<u>245,068</u>	<u>(195,789)</u>	<u>-</u>	<u>(171,891)</u>	<u>(122,612)</u>
CHANGE IN CASH BALANCES	316,466	(41,941)	993	(158,546)	116,972
CASH BALANCES BEGINNING OF YEAR	<u>(145,780)</u>	<u>490,641</u>	<u>117,888</u>	<u>273,842</u>	<u>736,591</u>
CASH BALANCES END OF YEAR	<u>\$ 170,686</u>	<u>\$ 448,700</u>	<u>\$ 118,881</u>	<u>\$ 115,296</u>	<u>\$ 853,563</u>
CASH BASIS FUND BALANCES					
Unrestricted	<u>\$ 170,686</u>	<u>\$ 448,700</u>	<u>\$ 118,881</u>	<u>\$ 115,296</u>	<u>\$ 853,563</u>

See notes to financial statements.

CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Camanche is a political subdivision of the State of Iowa located in Clinton County. It operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Camanche has included all funds, organizations, account groups, 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Clinton County Area Solid Waste Agency, Clinton County Emergency Management Commission, Clinton County Communications Board, Clinton County Joint E911 Service Board, and East Central Intergovernmental Association Eastern Iowa Regional Housing Authority and Regional Planning Authority.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental 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. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

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.

CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position consists of 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 funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

Capital Projects Fund:

The Washington Boulevard Fund is used to account for receipts and disbursements related to the Washington Boulevard capital project.

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Solid Waste Fund accounts for the operation and maintenance of the City's waste disposal.

CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. 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.

Assigned - Amounts the City Council intends to use for specific purposes.

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, 2013, disbursements exceeded the amounts budgeted in the business type activities function.

F. Subsequent Events

Management has evaluated subsequent events through January 31, 2014, the date the financial statements were available to be issued.

**CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No.3, as amended by Statement No.40.

NOTE 3 - BONDS PAYABLE

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

Year Ending June 30	General Obligation Bonds	
	Principal	Interest
2014	\$ 360,000	\$ 120,611
2015	365,000	115,991
2016	365,000	110,686
2017	375,000	104,646
2018	380,000	99,948
2019-2023	1,990,000	405,486
2024-2028	1,855,000	178,418
2029-2031	320,000	20,055
Total	<u>\$ 6,010,000</u>	<u>\$ 1,155,841</u>

On September 17, 2012, the City issued \$1,695,000 of General Obligation Refunding Bonds, with interest rates ranging from 2.00% to 3.15%. The City issued the bonds to refund the City's 2009 Sewer Revenue Bonds, dated November 18, 2009 with interest rates of 3.00%.

The current refunding decreased total debt service payments over the next 18 years by \$74,480. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$61,667.

On March 9, 2010, the City executed an agreement with Ruan Securities Corporation, Des Moines, Iowa, for a loan of up to \$695,000 for the purpose of refunding the outstanding 2011-2016 maturities of the Series 2001 Bonds. The loan bears interest at rates from 0.85% to 2.65% per annum, payable semi-annually, and principal is payable in six annual installments due on June 1st of each year. The principal balance of this loan at June 30, 2013 was \$355,000.

CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 - PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$47,525, \$46,466 and \$41,477 respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa - The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report which includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 26.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$160,702, \$157,853, \$122,725, respectively, which met the required minimum contribution for each year.

NOTE 5 - COMPENSATED ABSENCES

City employees accumulate earned but unused vacation and sick leave hours for subsequent use or payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 69,963
Sick leave	322,651
Total	\$ 392,614

This liability has been computed based on rates of pay as of June 30, 2013.

**CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 451,646	\$ 434,646
Road Use Tax Fund	-	9,068
Debt Service Fund	114,680	-
Water Utility Fund	250,068	5,000
Sewer Utility Fund	176,371	372,160
Nonmajor Proprietary Funds	<u>4,480</u>	<u>176,371</u>
Total	<u>\$ 997,245</u>	<u>\$ 997,245</u>

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

NOTE 7 - 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 19 active and 4 retired members in the plan. Civil service participants must be age 55 or older at retirement. All other participants must be age 60 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Health Care of the River Valley. 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 \$467 for single coverage, \$886 for a member with dependents, \$932 for a member and spouse, and \$1,398 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, the City contributed \$279,349 to the plan.

NOTE 8 - RISK MANAGEMENT

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

CITY OF CAMANCHE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 - DEFICIT BALANCES

The Employee Benefits Fund, the Sanitary Sewer Improvement Fund, the 9th Street Bridge Fund, the 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund and the 21st Street Culvert Fund all had deficit balances at June 30, 2013.

The Employee Benefits Fund had a deficit balance of \$13,785, the Sanitary Sewer Improvement Fund had a deficit balance of \$163,507, the 9th Street Bridge Fund had a deficit balance of \$3,676, the 9th Street Improvement Fund had a deficit balance of \$25,791, the 9th Street Curb Fund had a deficit balance of \$28,301, the 3rd Street Mill Fund had a deficit balance of \$19,701 and the 21st Street Culvert Fund had a deficit balance of \$96,939. It is expected that revenues for the next year will provide a positive fund balance.

NOTE 10 - CONTINGENT LIABILITY

In accordance with Iowa Code, the City has elected to reimburse the Iowa Employment Security Commission for benefits paid by the commission to former employees of the City. This election is in lieu of the City making deposits with the Commission based on a predetermined contribution rate. The amount of the contingent liability for future payments is indeterminable.

NOTE 11 - COMMITTED CONSTRUCTION

As of June 30, 2013, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Committed June 30, 2013</u>
Washington Boulevard	\$ 3,695,018	\$ 492,196
9 th Street Bridge Replacement	131,153	515
9 th Street Bridge Replacement	449,095	8,635
9 th Street Recreational Trail	153,900	153,900
9 th Avenue Curb and Reconstruction	269,870	269,870
3 rd Street Overlay	185,925	185,925
	<u>\$ 4,884,961</u>	<u>\$ 1,111,041</u>

NOTE 12 - DEVELOPMENT AND REBATE AGREEMENTS

The City has entered into development agreements authorizing the payment of economic development rebate payments, pursuant to Chapters 15A and 403 of the Code of Iowa. The maximum amount to be paid to recipients under these agreements totals \$240,000.

During the year ended June 30, 2013, the City rebated \$0.

This information is an integral part of the accompanying financial statements.

OTHER INFORMATION

CITY OF CAMANCHE
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION
Year Ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
RECEIPTS:						
Property tax	\$ 1,781,483	\$ -	\$ 1,781,483	\$ 1,766,175	\$ 1,766,175	\$ 15,308
Other city tax	622,988	-	622,988	609,954	609,954	13,034
Licenses and permits	9,104	-	9,104	11,275	11,275	(2,171)
Use of money and property	36,533	538	37,071	40,002	40,002	(2,931)
Intergovernmental	597,592	-	597,592	1,107,908	1,309,515	(711,923)
Charges for service	107,284	1,062,859	1,170,143	1,235,900	1,235,900	(65,757)
Miscellaneous	139,995	8,289	148,284	36,450	66,450	81,834
Total receipts	<u>3,294,979</u>	<u>1,071,686</u>	<u>4,366,665</u>	<u>4,807,664</u>	<u>5,039,271</u>	<u>(672,606)</u>
DISBURSEMENTS:						
Public safety	1,358,397	-	1,358,397	1,467,224	1,557,224	198,827
Public works	452,068	-	452,068	608,840	628,840	176,772
Culture and recreation	304,939	-	304,939	330,206	350,206	45,267
Community and economic development	12,000	-	12,000	43,000	43,000	31,000
General government	400,328	-	400,328	467,994	517,994	117,666
Debt service	481,806	-	481,806	573,363	573,363	91,557
Capital projects	2,974,990	-	2,974,990	2,942,378	3,392,378	417,388
Business type activities	-	2,522,131	2,522,131	927,043	2,464,043	(58,088)
Total disbursements	<u>5,984,528</u>	<u>2,522,131</u>	<u>8,506,659</u>	<u>7,360,048</u>	<u>9,527,048</u>	<u>1,020,389</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,689,549)	(1,450,445)	(4,139,994)	(2,552,384)	(4,487,777)	347,783
OTHER FINANCING SOURCES (USES), NET	<u>122,612</u>	<u>1,567,417</u>	<u>1,690,029</u>	<u>-</u>	<u>1,695,000</u>	<u>(4,971)</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES (USES) OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(2,566,937)	116,972	(2,449,965)	(2,552,384)	(2,792,777)	342,812
BALANCES BEGINNING OF YEAR	<u>4,970,154</u>	<u>736,591</u>	<u>5,706,745</u>	<u>4,725,727</u>	<u>4,725,727</u>	<u>981,018</u>
BALANCES END OF YEAR	<u>\$ 2,403,217</u>	<u>\$ 853,563</u>	<u>\$ 3,256,780</u>	<u>\$ 2,173,343</u>	<u>\$ 1,932,950</u>	<u>\$ 1,323,830</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING
June 30, 2013

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$1,926,607 and increased disbursements by \$2,167,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the business type activities function.

SUPPLEMENTARY INFORMATION

CITY OF CAMANCHE
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GENERAL FUND
As of and for the Year Ended June 30, 2013

SCHEDULE 1

	<u>General</u>	<u>Cemetery</u>	<u>Library</u>	<u>Park and Recreation</u>	<u>Total</u>
RECEIPTS:					
Property tax	\$ 1,206,110	\$ -	\$ -	\$ -	\$ 1,206,110
Other city tax	594,354	-	-	-	594,354
Licenses and permits	9,104	-	-	-	9,104
Use of money and property	32,044	131	-	2,244	34,419
Intergovernmental	45,137	-	19,543	-	64,680
Charges for service	99,286	5,600	2,398	-	107,284
Miscellaneous	29,715	5,997	2,561	5,851	44,124
Total receipts	<u>2,015,750</u>	<u>11,728</u>	<u>24,502</u>	<u>8,095</u>	<u>2,060,075</u>
DISBURSEMENTS:					
Operating:					
Public safety	1,187,062	-	-	-	1,187,062
Public works	167,665	-	-	-	167,665
Culture and recreation	-	38,093	170,572	74,881	283,546
Community and economic development	12,000	-	-	-	12,000
General government	377,250	-	-	-	377,250
Total disbursements	<u>1,743,977</u>	<u>38,093</u>	<u>170,572</u>	<u>74,881</u>	<u>2,027,523</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>271,773</u>	<u>(26,365)</u>	<u>(146,070)</u>	<u>(66,786)</u>	<u>32,552</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	205,000	33,908	132,969	79,769	451,646
Operating transfers out	(432,646)	-	(2,000)	-	(434,646)
Total other financing sources (uses)	<u>(227,646)</u>	<u>33,908</u>	<u>130,969</u>	<u>79,769</u>	<u>17,000</u>
CHANGE IN CASH BALANCES	44,127	7,543	(15,101)	12,983	49,552
CASH BALANCES BEGINNING OF YEAR	<u>1,546,885</u>	<u>19,438</u>	<u>66,777</u>	<u>42,761</u>	<u>1,675,861</u>
CASH BALANCES END OF YEAR	<u>\$ 1,591,012</u>	<u>\$ 26,981</u>	<u>\$ 51,676</u>	<u>\$ 55,744</u>	<u>\$ 1,725,413</u>
CASH BASIS FUND BALANCES					
Assigned for:					
Cemetery	\$ -	\$ 26,981	\$ -	\$ -	\$ 26,981
Library	-	-	51,676	-	51,676
Park and recreation	-	-	-	55,744	55,744
Unassigned	1,591,012	-	-	-	1,591,012
Total cash basis fund balances	<u>\$ 1,591,012</u>	<u>\$ 26,981</u>	<u>\$ 51,676</u>	<u>\$ 55,744</u>	<u>\$ 1,725,413</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2013

SCHEDULE 2

	Special Revenue			Permanent Cemetery Perpetual Care	Capital Projects		
	Police and Fire Pension Accumulation	Employee Benefits	Robert Howson Estate		CDBG	MRT	Sanitary Sewer Improvement
RECEIPTS:							
Property tax	\$ 155,182	\$ 70,889	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	7,716	3,466	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	37,010
Miscellaneous	-	-	-	900	-	-	-
Total receipts	<u>162,898</u>	<u>74,355</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>-</u>	<u>37,010</u>
DISBURSEMENTS:							
Operating:							
Public safety	160,702	10,633	-	-	-	-	-
Public works	-	24,193	-	-	-	-	-
Culture and recreation	-	21,376	-	17	-	-	-
General government	-	23,078	-	-	-	-	-
Capital projects	-	-	-	-	-	14,464	130,399
Total disbursements	<u>160,702</u>	<u>79,280</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>14,464</u>	<u>130,399</u>
CHANGE IN CASH BALANCES	2,196	(4,925)	-	883	-	(14,464)	(93,389)
CASH BALANCES BEGINNING OF YEAR	<u>42,446</u>	<u>(8,860)</u>	<u>840</u>	<u>64,411</u>	<u>6,000</u>	<u>37,704</u>	<u>(70,118)</u>
CASH BALANCES END OF YEAR	<u>\$ 44,642</u>	<u>\$ (13,785)</u>	<u>\$ 840</u>	<u>\$ 65,294</u>	<u>\$ 6,000</u>	<u>\$ 23,240</u>	<u>\$ (163,507)</u>
CASH BASIS FUND BALANCES							
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 65,294	\$ -	\$ -	\$ -
Restricted for:							
Capital improvements	-	-	-	-	6,000	23,240	-
Other purposes	44,642	-	840	-	-	-	-
Unassigned	-	(13,785)	-	-	-	-	(163,507)
Total cash basis fund balances	<u>\$ 44,642</u>	<u>\$ (13,785)</u>	<u>\$ 840</u>	<u>\$ 65,294</u>	<u>\$ 6,000</u>	<u>\$ 23,240</u>	<u>\$ (163,507)</u>

CITY OF CAMANCHE
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2013

SCHEDULE 2
(CONTINUED)

	<u>Capital Projects</u>						
	<u>9th Street Bridge</u>	<u>9th Street Improvement</u>	<u>Emergency Generators</u>	<u>9th Street Curb</u>	<u>3rd Street Mill</u>	<u>21st Street Culvert</u>	<u>Total</u>
RECEIPTS:							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,071
Other city tax	-	-	-	-	-	-	11,182
Intergovernmental	50,824	-	19,111	-	-	-	106,945
Miscellaneous	-	-	564	-	-	94,407	95,871
Total receipts	<u>50,824</u>	<u>-</u>	<u>19,675</u>	<u>-</u>	<u>-</u>	<u>94,407</u>	<u>440,069</u>
DISBURSEMENTS:							
Operating:							
Public safety	-	-	-	-	-	-	171,335
Public works	-	-	-	-	-	-	24,193
Culture and recreation	-	-	-	-	-	-	21,393
General government	-	-	-	-	-	-	23,078
Capital projects	64,857	25,791	25,376	28,301	19,701	191,346	500,235
Total disbursements	<u>64,857</u>	<u>25,791</u>	<u>25,376</u>	<u>28,301</u>	<u>19,701</u>	<u>191,346</u>	<u>740,234</u>
CHANGE IN CASH BALANCES	(14,033)	(25,791)	(5,701)	(28,301)	(19,701)	(96,939)	(300,165)
CASH BALANCES BEGINNING OF YEAR	10,357	-	5,701	-	-	-	88,481
CASH BALANCES END OF YEAR	<u>\$ (3,676)</u>	<u>\$ (25,791)</u>	<u>\$ -</u>	<u>\$ (28,301)</u>	<u>\$ (19,701)</u>	<u>\$ (96,939)</u>	<u>\$ (211,684)</u>
CASH BASIS FUND BALANCES							
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,294
Restricted for:							
Capital improvements	-	-	-	-	-	-	29,240
Other purposes	-	-	-	-	-	-	45,482
Unassigned	(3,676)	(25,791)	-	(28,301)	(19,701)	(96,939)	(351,700)
Total cash basis fund balances	<u>\$ (3,676)</u>	<u>\$ (25,791)</u>	<u>\$ -</u>	<u>\$ (28,301)</u>	<u>\$ (19,701)</u>	<u>\$ (96,939)</u>	<u>\$ (211,684)</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2013

SCHEDULE 3

	<u>Enterprise</u>			<u>Total</u>
	<u>Sewer Sinking</u>	<u>Sewer Reserve</u>	<u>Water Meter Deposit</u>	
OPERATING RECEIPTS:				
Charges for service:				
Customer deposits	\$ -	\$ -	\$ 8,871	\$ 8,871
OPERATING DISBURSEMENTS:				
None	-	-	-	-
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>8,871</u>	<u>8,871</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS)				
Debt service	(1,685,555)	-	-	(1,685,555)
General obligation bond proceeds	<u>1,690,029</u>	<u>-</u>	<u>-</u>	<u>1,690,029</u>
Net non-operating receipts (disbursements)	<u>4,474</u>	<u>-</u>	<u>-</u>	<u>4,474</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>4,474</u>	<u>-</u>	<u>8,871</u>	<u>13,345</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,480	-	-	4,480
Operating transfers out	<u>(76,371)</u>	<u>(100,000)</u>	<u>-</u>	<u>(176,371)</u>
Total other financing sources (uses)	<u>(71,891)</u>	<u>(100,000)</u>	<u>-</u>	<u>(171,891)</u>
CHANGE IN CASH BALANCES	(67,417)	(100,000)	8,871	(158,546)
CASH BALANCES BEGINNING OF YEAR	<u>67,417</u>	<u>100,000</u>	<u>106,425</u>	<u>273,842</u>
CASH BALANCES END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,296</u>	<u>\$ 115,296</u>
CASH BASIS FUND BALANCES				
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,296</u>	<u>\$ 115,296</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2013**

SCHEDULE 4

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance, Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance, End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General Obligation Bonds:									
Refunding Bonds Series 2010	3/9/10	0.85% to 2.65%	\$ 695,000	\$ 470,000	\$ -	\$ 115,000	\$ 355,000	\$ 9,790	\$ -
Street Improvement Bonds Series 2012	3/5/12	0.45% to 2.60%	4,195,000	4,195,000	-	150,000	4,045,000	91,136	-
Refunding Bonds Series 2012	9/17/12	2.00% to 3.15%	<u>1,695,000</u>	<u>-</u>	<u>1,695,000</u>	<u>85,000</u>	<u>1,610,000</u>	<u>29,180</u>	<u>-</u>
Total			<u>\$ 6,585,000</u>	<u>\$ 4,665,000</u>	<u>\$ 1,695,000</u>	<u>\$ 350,000</u>	<u>\$ 6,010,000</u>	<u>\$ 130,106</u>	<u>\$ -</u>
Revenue Notes:									
Sewer	11/18/09	3.00%	<u>\$ 2,000,000</u>	<u>\$ 1,648,843</u>	<u>\$ -</u>	<u>\$ 1,648,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE
BOND AND NOTE MATURITIES
 June 30, 2013

SCHEDULE 5

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>						<u>Total</u>
	<u>Street Improvement Bonds</u>		<u>Refunding Bonds</u>		<u>Refunding Bonds</u>		
	<u>Issued</u>		<u>Issued</u>		<u>Issued</u>		
	<u>March 5, 2012</u>		<u>March 9, 2010</u>		<u>September 17, 2012</u>		
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	
2014	0.55%	\$ 170,000	1.90%	\$ 115,000	2.00%	\$ 75,000	\$ 360,000
2015	0.65%	170,000	2.25%	120,000	2.00%	75,000	365,000
2016	0.80%	170,000	2.65%	120,000	2.00%	75,000	365,000
2017	1.05%	295,000		-	2.00%	80,000	375,000
2018	1.25%	300,000		-	2.00%	80,000	380,000
2019	1.45%	305,000		-	2.00%	80,000	385,000
2020	1.65%	305,000		-	2.00%	85,000	390,000
2021	1.85%	310,000		-	2.00%	85,000	395,000
2022	2.05%	320,000		-	2.10%	85,000	405,000
2023	2.20%	325,000		-	2.30%	90,000	415,000
2024	2.25%	330,000		-	2.50%	90,000	420,000
2025	2.40%	340,000		-	2.60%	95,000	435,000
2026	2.55%	350,000		-	2.75%	95,000	445,000
2027	2.60%	355,000		-	2.90%	100,000	455,000
2028		-		-	3.00%	100,000	100,000
2029		-		-	3.00%	105,000	105,000
2030		-		-	3.10%	105,000	105,000
2031		-		-	3.15%	110,000	110,000
TOTAL		<u>\$ 4,045,000</u>		<u>\$ 355,000</u>		<u>\$ 1,610,000</u>	<u>\$ 6,010,000</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years**

SCHEDULE 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
RECEIPTS:										
Property tax	\$ 1,781,483	\$ 1,639,796	\$ 1,599,766	\$ 1,492,216	\$ 1,448,322	\$ 1,417,818	\$ 1,425,567	\$ 1,043,139	\$ 1,030,851	\$ 1,062,383
Other city tax	622,988	668,340	630,478	608,796	713,462	605,647	703,928	534,735	529,694	547,174
Licenses and permits	9,104	7,110	7,393	16,841	10,201	9,080	11,832	1,492	10,090	8,650
Use of money and property	36,533	33,457	41,208	27,408	57,098	70,928	71,095	53,507	29,787	41,611
Intergovernmental	597,592	1,164,001	733,244	673,598	644,333	391,603	435,172	660,766	507,298	362,574
Charges for service	107,284	101,738	134,632	61,771	9,177	10,962	9,432	7,195	10,156	28,395
Miscellaneous	139,995	249,089	1,289,743	3,960,337	72,170	425,459	101,334	146,999	60,570	57,682
TOTAL	\$ 3,294,979	\$ 3,863,531	\$ 4,436,464	\$ 6,840,967	\$ 2,954,763	\$ 2,931,497	\$ 2,758,360	\$ 2,447,833	\$ 2,178,446	\$ 2,108,469
DISBURSEMENTS:										
Operating:										
Public safety	\$ 1,358,397	\$ 1,376,417	\$ 1,374,837	\$ 1,291,436	\$ 1,213,809	\$ 1,368,424	\$ 1,054,362	\$ 1,041,629	\$ 1,097,986	\$ 925,217
Public works	452,068	662,070	425,954	641,000	590,005	498,240	494,600	598,934	461,459	504,269
Culture and recreation	304,939	265,757	298,393	241,329	229,736	212,056	213,114	200,975	197,935	201,997
Community and economic development	12,000	13,050	12,000	12,250	10,000	10,000	10,000	226,863	4,000	5,084
General government	400,328	403,547	434,158	376,203	394,017	384,852	330,811	411,967	301,113	256,520
Debt service	481,806	163,743	164,057	187,306	225,018	193,060	199,015	200,723	197,246	245,716
Capital projects	2,974,990	3,052,350	2,045,332	5,185,076	163,566	68,928	10,205	-	-	-
Business type activities	-	-	-	-	506,297	-	-	-	-	-
Solid waste	-	-	-	-	3,857	2,520	2,596	3,289	2,305	-
TOTAL	\$ 5,984,528	\$ 5,936,934	\$ 4,754,731	\$ 7,934,600	\$ 3,336,305	\$ 2,738,080	\$ 2,314,703	\$ 2,684,380	\$ 2,262,044	\$ 2,138,803

See accompanying independent auditor's report.

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

To the Honorable Mayor and
Members of the City Council
City of Camanche, Iowa

We have audited, in accordance with the 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 City of Camanche, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Camanche, Iowa's basic financial statements and have issued our report thereon dated January 31, 2014. 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 U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Camanche, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Camanche, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Camanche, Iowa'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 that a material misstatement of the entity'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 that 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items II-A-13 and II-B-13 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Camanche, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items II-C-13 and II-D-13.

Comments involving statutory and other legal matters about the City of Camanche, Iowa's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Camanche, Iowa. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Camanche, Iowa's Responses to Findings

The City of Camanche, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Camanche, Iowa'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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Camanche, Iowa 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 31, 2014

**CITY OF CAMANCHE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Financial Statement Preparation

Criteria - The City engages Winkel, Parker & Foster, CPA PC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster, CPA PC cannot be considered part of the entity's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the entity should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate.

Condition - The City has not implemented procedures, to the degree necessary, to perform a comprehensive review of the City's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Effect - Management or employees in the normal course of performing their assigned functions may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause - The entity has relied on independent auditor's to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Recommendation - Management should perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Response - Management will perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Conclusion - Response accepted.

CITY OF CAMANCHE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements: (Continued)

II-B-13 Segregation of Duties

Criteria - The City does not have effective internal controls to safeguard assets, and prevent or detect and correct misstatements on a timely basis, as a result of a lack of segregation of duties. Internal controls should be in place to reduce to a relatively low level the likelihood of a material misstatement in the financial statements that is not detected and corrected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the small number of people employed in administrative functions, the City may not be able to fully achieve an ideal segregation of duties.

Condition - Although there are two individuals with accounting and financial duties in the Business Office, at various times employees have the ability to initiate, authorize and record transactions. The City Clerk is able to accept payments, record payments received and reconcile accounts. In addition, the City Clerk has complete control over the general ledger. The Utility Billing Clerk prepares billings and is also able to post payments to customer accounts. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause - The City has a limited number of personnel performing accounting functions.

Recommendation - The City should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected and corrected within a timely period.

Response - The City concurs with the recommendations; however, believes the supervision by the Mayor and members of the City Council are considered mitigating factors in the lack of segregation of duties condition. The City recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to the size of the City. The City is aware of the condition and will continue to monitor and implement compensating controls.

Conclusion - Response accepted.

**CITY OF CAMANCHE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Part II: Findings Related to the Financial Statements: (Continued)

INSTANCES OF NON-COMPLIANCE:

II-C-13 Deficit Balances

Criteria - The fundamental purpose of fund accounting is to properly account for all resources received and used. A change in fund balance represents the difference between fund additions (receipts and transfers in) and deductions (disbursements and transfers out). A fund is in a deficit status if the disbursements and transfers out exceed receipts and transfers in.

Condition - The Employee Benefits Fund, the Sanitary Sewer Improvement Fund, the 9th Street Bridge Fund, the 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund and the 21st Street Culvert Fund all had deficit balances at June 30, 2013.

Effect - Fund balance deficits could continue to increase if spending levels are not adjusted to correspond with the timing of receipts in each of these funds.

Cause - The deficit balances in the Employee Benefits Fund, the Sanitary Sewer Improvement Fund, the 9th Street Bridge Fund, the 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund and the 21st Street Culvert Fund are all due to project costs incurred prior to receipt of funds.

Recommendation - The City should investigate alternatives to eliminate these deficits and return the funds to a sound financial condition.

Response - The deficit balances will be eliminated upon the receipt of funds owed to the City.

Conclusion - Response accepted.

II-D-13 Certified Budget

Criteria - Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the business type activities 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."

Condition - Expenditures for the year ended June 30, 2013 exceeded the amended certified budget amounts in the business type activities function.

Effect - The City is not in compliance with statutory requirements.

Cause - The budget was amended to account for the refinancing of the SRF sewer loan with general obligation debt to take advantage of a lower interest rate, however, the City failed to account for the accrued interest. This caused disbursements to exceed amounts budgeted in the business type activities function.

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

**CITY OF CAMANCHE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Part II: Findings Related to the Financial Statements: (Continued)

II-D-13 Certified Budget (Continued)

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-13 Certified Budget - See II-D-13.

III-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-13 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-13 Business Transactions - We noted no business transactions between the City and City officials or employees.

III-E-13 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.

III-F-13 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.

III-G-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.