

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

June 30, 2014

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5

EXHIBIT

BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position.....A.....	14
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....B.....	16
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....C.....	17
Notes to Financial Statements.....	18

OTHER INFORMATION	27
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds.....	28
Notes to Other Information - Budgetary Reporting.....	29

SUPPLEMENTARY INFORMATION	30
--	----

SCHEDULE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - General Fund.....1.....	31
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds.....2.....	32
Schedule of Indebtedness.....3.....	35
Bond and Note Maturities.....4.....	36
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds.....5.....	37
Schedule of Expenditures of Federal Awards.....6.....	38

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 <i>GOVERNMENT AUDITING STANDARDS</i>.....	39
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133.....	41
Schedule of Findings and Questioned Costs	43

**CITY OF CAMANCHE, IOWA
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>(Before January 2014)</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>(After January 2014)</u>		
Kenneth Fahlbeck	Mayor	January 2016
William Wruck	Mayor Pro-Tem	January 2018
Paul Varner	Council Member	January 2016
Trevor Willis	Council Member	January 2016
Marvin Lind	Council Member	January 2018
Michael McManus	Council Member	January 2018
William Wruck	Council Member	January 2018
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

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, 2014, 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, 2014, 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

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

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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements of the City of Camanche, Iowa for the four years ended June 30, 2008 (which are not presented herein), were audited by other auditors and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. 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 in schedules 1 through 6 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. Such 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 supplementary information in schedules 1 through 6 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Disclaimer of Opinion on Other 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. The management's discussion and analysis and the budgetary comparison information on pages 6 through 13 and 29 through 30, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 9, 2015 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 9, 2015

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The City of Camanche, Iowa 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, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 17.1%, or \$564,969 from fiscal 2013 to fiscal 2014. Charges for services increased \$96,699, operating grants, contributions, and restricted interest increased \$4,782, capital grants, contributions, and restricted interest increased \$408,191 and general receipts increased \$55,297. The large increase in revenue is attributable to increased ambulance revenue, including a bequest of \$95,375. General Fund and Pension Fund property tax receipts increased, as did Road Use Tax receipts. The City received federal road funds (STP) for three capital projects. The City also received donations to pay for the new Christmas decorations.
- Total governmental activities disbursements decreased 18.9%, or \$1,135,173, in fiscal year 2014 from fiscal year 2013. Capital projects disbursements decreased \$1,606,367 due to changes in capital projects from one year to the next.
- The City's total cash basis net position decreased \$961,957 from June 30, 2013 to June 30, 2014. Of this amount, the cash basis net position of the governmental activities decreased \$698,065 and the cash basis net position of the business type activities decreased by \$263,892.

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.

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

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, health and social services, 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.

CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, Edens TIF Rebate, 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.

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

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

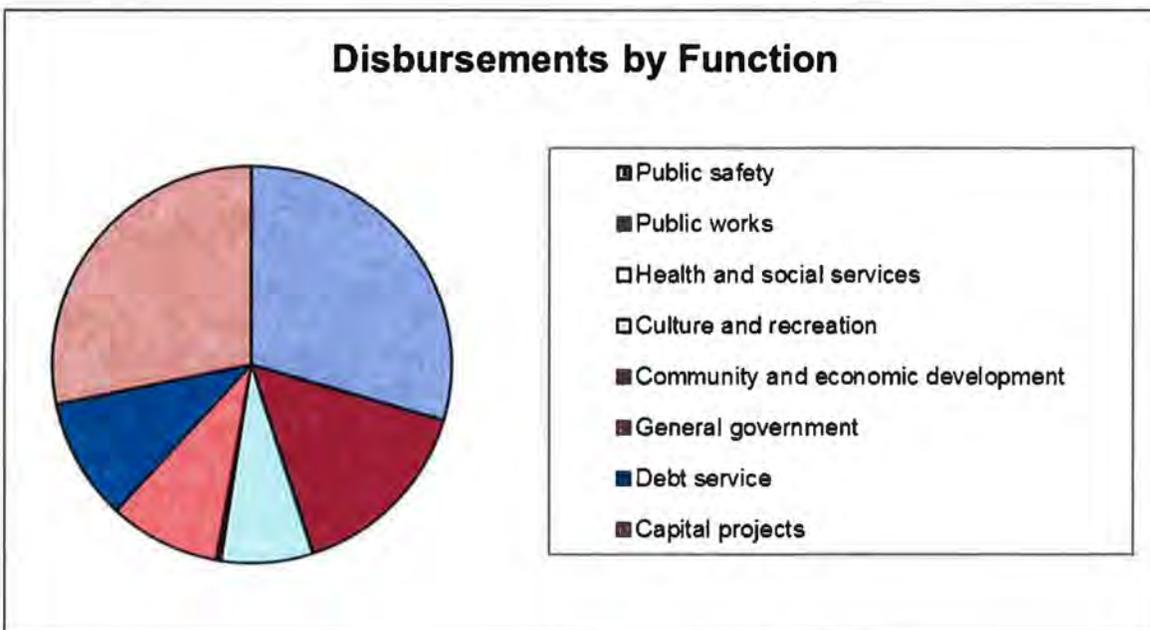
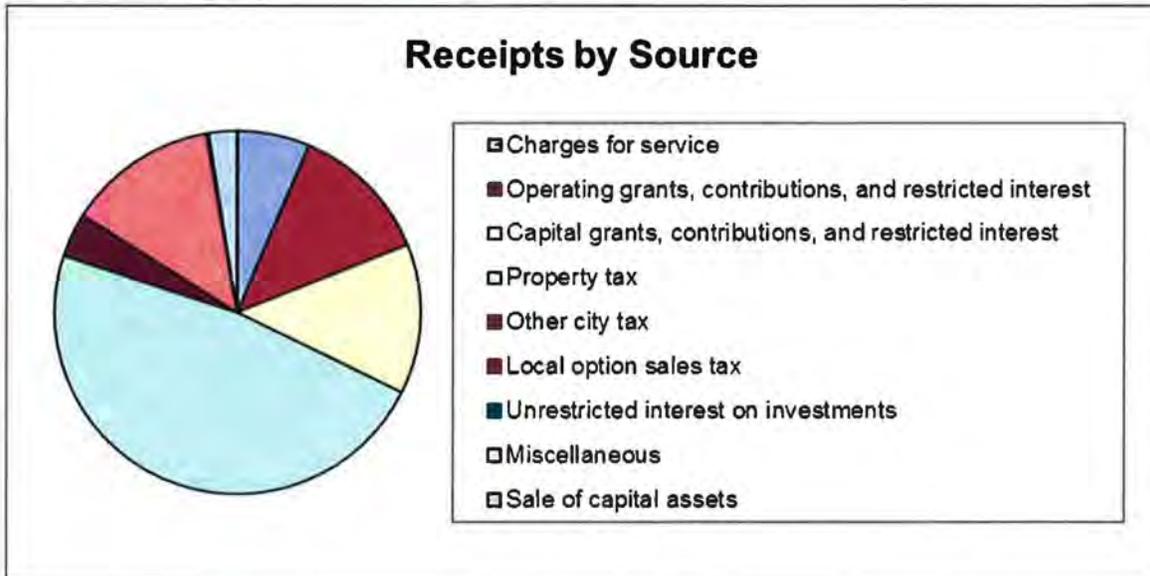
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$2,403,217 to \$1,705,152. 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

	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service	\$ 246,082	\$ 149,383
Operating grants, contributions and restricted interest	483,748	478,966
Capital grants, contributions and restricted interest	515,136	106,945
General receipts:		
Property tax	1,844,968	1,781,483
Utility tax replacement	99,855	88,308
Utility franchise tax - cablevision	45,450	46,895
Mobile home tax	6,453	6,567
Local option sales tax	513,185	481,218
Unrestricted interest on investments	8,183	10,427
Miscellaneous	95,888	144,787
Sale of capital assets	1,000	-
Total receipts	<u>3,859,948</u>	<u>3,294,979</u>
 Disbursements:		
Public safety	1,431,797	1,358,397
Public works	749,527	452,068
Health and social services	1,375	-
Culture and recreation	359,390	304,939
Community and economic development	18,848	12,000
General government	437,685	400,328
Debt service	482,110	481,806
Capital projects	<u>1,368,623</u>	<u>2,974,990</u>
Total disbursements	<u>4,849,355</u>	<u>5,984,528</u>
 Change in cash basis net position before transfers	(989,407)	(2,689,549)
 Transfers, net	<u>291,342</u>	<u>122,612</u>
 Change in cash basis net position	(698,065)	(2,566,937)
 Cash basis net position beginning of year	<u>2,403,217</u>	<u>4,970,154</u>
 Cash basis net position end of year	<u>\$1,705,152</u>	<u>\$2,403,217</u>

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**



The City's total receipts for governmental activities increased by 17.1%, or \$564,969. Program receipts increased \$509,672 while general receipts increased \$55,297. The increase in program receipts is due to federal transportation funds (STP) provided to the City for three large projects. General receipts increased because of a \$95,375 bequest for the ambulance operation.

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The cost of all governmental activities this year was \$4,849,355 compared to \$5,984,528 last year. As shown in the Cash Basis Statement of Activities and Net Position on pages 15-16, the amount taxpayers ultimately financed for these activities was \$3,604,389. Some of the cost was paid by those that directly benefited from the programs (\$246,082) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$998,884). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, increased in 2014 from approximately \$3,295,000 to approximately \$3,860,000.

Changes in Cash Basis Net Position of Business Type Activities

	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 276,238	\$ 286,530
Sewer	484,835	508,466
Solid waste	279,461	276,152
General receipts:		
Unrestricted interest on investments	431	538
Bond proceeds	-	1,690,029
Total receipts	<u>1,040,965</u>	<u>2,761,715</u>
 Disbursements:		
Water	333,795	206,718
Sewer	377,133	2,040,254
Solid waste	302,587	275,159
Total disbursements	<u>1,013,515</u>	<u>2,522,131</u>
 Change in cash basis net position before transfers	27,450	239,584
 Transfers, net	<u>(291,342)</u>	<u>(122,612)</u>
 Change in cash basis net position	(263,892)	116,972
 Cash basis net position beginning of year	<u>853,563</u>	<u>736,591</u>
 Cash basis net position end of year	<u>\$ 589,671</u>	<u>\$ 853,563</u>

Total business type activities receipts for the fiscal year were \$1,040,965 compared to \$2,761,715 last year. Total disbursements for the fiscal year decreased from \$2,522,131 to \$1,013,515.

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Camanche, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,705,152, a decrease of \$698,065 from last year's total of \$2,403,217. 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 decreased \$339,276 from the prior year to \$1,386,137 due to using General Fund reserves for capital projects.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$286,933 to \$280,508. This decrease is attributable to using Road Use Tax Fund reserves to fund capital projects or as matching funds for STP funded projects.
- The Debt Service Fund cash balance increased \$1,561 to \$28,891 during the fiscal year due to higher tax receipts than were anticipated.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased \$65,867 to \$104,819 due to system improvements and water main repairs.
- The Enterprise, Sewer Fund cash balance decreased \$174,565 to \$274,135 due to costs related to upgrades to the lift stations as well as using existing cash balances for a portion of the sewer project.
- The Enterprise, Solid Waste Fund cash balance decreased \$23,126 to \$95,755 at year end due to increased costs for garbage collection.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amendment was approved on January 7, 2014 and resulted in an increase in capital projects disbursements of \$375,000 for the purchase of a new building. The second amendment was approved on May 20, 2014 to provide for additional receipts and disbursements in certain City departments.

The City exceeded the amounts budgeted in the debt service function for the year ended June 30, 2014 due to the City not allocating enough for service fees on bond payments.

**CITY OF CAMANCHE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

DEBT ADMINISTRATION

At June 30, 2014, the City had \$5,650,000 in general obligation notes, compared to \$6,010,000 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 \$5,650,000 is significantly below its constitutional debt limit of approximately \$14 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

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 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.

The City will examine utility rates to ensure operations are solvent. It is likely the City will face an increase in water rates in fiscal year 2016.

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, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
As of and for the Year Ended June 30, 2014

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 1,431,797	\$ 224,150	\$ 10,200	\$ -
Public works	749,527	-	444,149	-
Health and social services	1,375	-	-	-
Culture and recreation	359,390	18,545	29,399	-
Community and economic development	18,848	-	-	-
General government	437,685	3,387	-	-
Debt service	482,110	-	-	-
Capital projects	1,368,623	-	-	515,136
Total governmental activities	4,849,355	246,082	483,748	515,136
Business type activities:				
Water	333,795	276,238	-	-
Sewer	377,133	484,835	-	-
Solid waste	302,587	279,461	-	-
Total business type activities	1,013,515	1,040,534	-	-
Total	\$ 5,862,870	\$ 1,286,616	\$ 483,748	\$ 515,136

GENERAL RECEIPTS AND TRANSFERS:

Property and other city tax levied for:

- General purposes
- Debt service

Tax increment financing
Utility tax replacement
Utility franchise tax - cablevision
Mobile home tax
Local option sales tax
Unrestricted interest on investments
Miscellaneous
Sale of capital assets
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**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,197,447)	\$ -	\$ (1,197,447)
(305,378)	-	(305,378)
(1,375)	-	(1,375)
(311,446)	-	(311,446)
(18,848)	-	(18,848)
(434,298)	-	(434,298)
(482,110)	-	(482,110)
(853,487)	-	(853,487)
<u>(3,604,389)</u>	<u>-</u>	<u>(3,604,389)</u>
-	(57,557)	(57,557)
-	107,702	107,702
-	(23,126)	(23,126)
<u>-</u>	<u>27,019</u>	<u>27,019</u>
<u>(3,604,389)</u>	<u>27,019</u>	<u>(3,577,370)</u>
1,493,838	-	1,493,838
351,130	-	351,130
8,848	-	8,848
91,007	-	91,007
45,450	-	45,450
6,453	-	6,453
513,185	-	513,185
8,183	431	8,614
95,888	-	95,888
1,000	-	1,000
<u>291,342</u>	<u>(291,342)</u>	<u>-</u>
<u>2,906,324</u>	<u>(290,911)</u>	<u>2,615,413</u>
(698,065)	(263,892)	(961,957)
<u>2,403,217</u>	<u>853,563</u>	<u>3,256,780</u>
\$ <u>1,705,152</u>	\$ <u>589,671</u>	\$ <u>2,294,823</u>
\$ 67,095	\$ -	\$ 67,095
28,891	-	28,891
280,508	-	280,508
97,898	-	97,898
37,894	-	37,894
<u>1,192,866</u>	<u>589,671</u>	<u>1,782,537</u>
\$ <u>1,705,152</u>	\$ <u>589,671</u>	\$ <u>2,294,823</u>

CITY OF CAMANCHE, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014

EXHIBIT B

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
RECEIPTS:					
Property tax	\$ 1,249,064	\$ -	\$ 351,130	\$ 244,774	\$ 1,844,968
Other city tax	626,587	-	17,383	20,973	664,943
Licenses and permits	9,195	-	-	-	9,195
Use of money and property	21,113	-	-	2,179	23,292
Intergovernmental	44,639	444,149	-	515,136	1,003,924
Charges for service	119,593	-	-	-	119,593
Miscellaneous	186,561	-	-	6,472	193,033
Total receipts	<u>2,256,752</u>	<u>444,149</u>	<u>368,513</u>	<u>789,534</u>	<u>3,858,948</u>
DISBURSEMENTS:					
Operating:					
Public safety	1,222,189	-	-	209,608	1,431,797
Public works	328,285	395,091	-	26,151	749,527
Health and social services	1,375	-	-	-	1,375
Culture and recreation	336,515	-	-	22,875	359,390
Community and economic development	10,000	-	-	8,848	18,848
General government	413,720	-	-	23,965	437,685
Debt service	-	-	482,110	-	482,110
Capital projects	-	-	-	1,368,623	1,368,623
Total disbursements	<u>2,312,084</u>	<u>395,091</u>	<u>482,110</u>	<u>1,660,070</u>	<u>4,849,355</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(55,332)</u>	<u>49,058</u>	<u>(113,597)</u>	<u>(870,536)</u>	<u>(990,407)</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	-	-	1,000	1,000
Operating transfers in	452,951	-	115,158	829,162	1,397,271
Operating transfers out	(736,895)	(335,991)	-	(33,043)	(1,105,929)
Total other financing sources (uses)	<u>(283,944)</u>	<u>(335,991)</u>	<u>115,158</u>	<u>797,119</u>	<u>292,342</u>
CHANGE IN CASH BALANCES	(339,276)	(286,933)	1,561	(73,417)	(698,065)
CASH BALANCES BEGINNING OF YEAR	<u>1,725,413</u>	<u>567,441</u>	<u>27,330</u>	<u>83,033</u>	<u>2,403,217</u>
CASH BALANCES END OF YEAR	<u>\$ 1,386,137</u>	<u>\$ 280,508</u>	<u>\$ 28,891</u>	<u>\$ 9,616</u>	<u>\$ 1,705,152</u>
CASH BASIS FUND BALANCES					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 67,095	\$ 67,095
Restricted for:					
Debt service	-	-	28,891	-	28,891
Streets	-	280,508	-	-	280,508
Capital improvements	-	-	-	97,898	97,898
Other purposes	-	-	-	37,894	37,894
Assigned for:					
Cemetery	31,100	-	-	-	31,100
Library	64,346	-	-	-	64,346
Unassigned	1,290,691	-	-	(193,271)	1,097,420
Total cash basis fund balances	<u>\$ 1,386,137</u>	<u>\$ 280,508</u>	<u>\$ 28,891</u>	<u>\$ 9,616</u>	<u>\$ 1,705,152</u>

See notes to financial statements.

CITY OF CAMANCHE, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2014

EXHIBIT C

	Enterprise				Total
	Water Utility	Sewer Utility	Solid Waste	Nonmajor Water Meter Deposit	
OPERATING RECEIPTS:					
Charges for service	\$ 264,473	\$ 484,833	\$ 279,461	\$ -	\$ 1,028,767
Miscellaneous	11,765	2	-	-	11,767
Total operating receipts	<u>276,238</u>	<u>484,835</u>	<u>279,461</u>	<u>-</u>	<u>1,040,534</u>
OPERATING DISBURSEMENTS:					
Business type activities:					
Water	333,461	-	-	334	333,795
Sewer	-	377,133	-	-	377,133
Solid waste	-	-	302,587	-	302,587
Total operating disbursements	<u>333,461</u>	<u>377,133</u>	<u>302,587</u>	<u>334</u>	<u>1,013,515</u>
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	<u>(57,223)</u>	<u>107,702</u>	<u>(23,126)</u>	<u>(334)</u>	<u>27,019</u>
NON-OPERATING RECEIPTS:					
Interest on investments	356	75	-	-	431
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(56,867)</u>	<u>107,777</u>	<u>(23,126)</u>	<u>(334)</u>	<u>27,450</u>
OTHER FINANCING USES:					
Transfers out	(9,000)	(282,342)	-	-	(291,342)
CHANGE IN CASH BALANCES	(65,867)	(174,565)	(23,126)	(334)	(263,892)
CASH BALANCES BEGINNING OF YEAR	<u>170,686</u>	<u>448,700</u>	<u>118,881</u>	<u>115,296</u>	<u>853,563</u>
CASH BALANCES END OF YEAR	<u>\$ 104,819</u>	<u>\$ 274,135</u>	<u>\$ 95,755</u>	<u>\$ 114,962</u>	<u>\$ 589,671</u>
CASH BASIS FUND BALANCES					
Unrestricted	\$ 104,819	\$ 274,135	\$ 95,755	\$ 114,962	\$ 589,671
Total cash basis fund balances	<u>\$ 104,819</u>	<u>\$ 274,135</u>	<u>\$ 95,755</u>	<u>\$ 114,962</u>	<u>\$ 589,671</u>

See notes to financial statements.

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Camanche, Iowa 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, health and social services, 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, the City of Camanche, Iowa 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. 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, 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 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.

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The 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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014, disbursements exceeded the amounts budgeted in the debt service function.

F. Subsequent Events

Management has evaluated subsequent events through January 9, 2015, the date the financial statements were available to be issued.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 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.

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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
2015	\$ 365,000	\$ 115,991
2016	365,000	110,686
2017	375,000	104,646
2018	380,000	99,948
2019	385,000	94,598
2020-2024	2,025,000	367,731
2025-2029	1,540,000	131,445
2030-2031	215,000	10,185
Total	<u>\$ 5,650,000</u>	<u>\$ 1,035,230</u>

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, 2014 was \$240,000.

**CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 5.95% of their annual covered salary and the City is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$50,436, \$47,525 and \$46,466 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 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$198,122, \$160,702, \$157,853, 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 for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 87,267
Sick leave	351,188
Total	<u>\$ 438,455</u>

This liability has been computed based on rates of pay as of June 30, 2014.

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 452,951	\$ 736,895
Road Use Tax Fund	-	335,991
Debt Service Fund	115,158	-
Nonmajor Governmental Funds	829,162	33,043
Water Utility Fund	-	9,000
Sewer Utility Fund	-	282,342
	<hr/>	<hr/>
Total	\$ <u>1,397,271</u>	\$ <u>1,397,271</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 active member and retiree monthly premiums for the City and plan members vary and are based on age, number of dependents and other various factors. For the year ended June 30, 2014, the City contributed \$300,130 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, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 - DEFICIT BALANCES

The Employee Benefits Fund, the 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund, the 9th Avenue Anamosa Fund, and the Washington Blvd Enhancement Fund all had deficit balances at June 30, 2014.

The Employee Benefits Fund had a deficit balance of \$31,897, the 9th Street Improvement Fund had a deficit balance of \$38,903, the 9th Street Curb Fund had a deficit balance of \$42,990, the 3rd Street Mill Fund had a deficit balance of \$37,706, the 9th Avenue Anamosa Fund had a deficit balance of \$14,227, and the Washington Blvd Enhancement Fund had a deficit balance of \$27,548. 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, 2014, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Committed June 30, 2014</u>
9 th Street Recreational Trail	\$ 165,664	\$ 4,970
9 th Avenue Curb and Reconstruction	321,485	44,223
	<u>\$ 487,149</u>	<u>\$ 49,193</u>

NOTE 12 - DEVELOPMENT AND REBATE AGREEMENT

The City has entered into a development agreement 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 under this agreement totals \$240,000.

During the year ended June 30, 2014, the City rebated \$8,848.

CITY OF CAMANCHE, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 - SUBSEQUENT EVENTS

In August 2014, the City accepted the bid and entered into a contract with Determann Asphalt Paving, LLC for \$312,342 for the completion of the Washington Boulevard Enhancement Project.

In September 2014, the City accepted the bid with Determann Asphalt Paving, LLC for \$103,505 for the reconstruction of 9th Avenue from US 67 to the Union Pacific railroad tracks.

NOTE 14 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

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

OTHER INFORMATION

CITY OF CAMANCHE, IOWA
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, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
RECEIPTS:						
Property tax	\$ 1,844,968	\$ -	\$ 1,844,968	\$ 1,832,904	\$ 1,832,904	\$ 12,064
Other city tax	664,943	-	664,943	655,008	705,008	(40,065)
Licenses and permits	9,195	-	9,195	10,900	10,900	(1,705)
Use of money and property	23,292	431	23,723	41,050	41,050	(17,327)
Intergovernmental	1,003,924	-	1,003,924	1,789,202	1,804,202	(800,278)
Charges for service	119,593	1,028,767	1,148,360	1,192,750	1,192,750	(44,390)
Miscellaneous	193,033	11,767	204,800	24,500	36,500	168,300
Total receipts	<u>3,858,948</u>	<u>1,040,965</u>	<u>4,899,913</u>	<u>5,546,314</u>	<u>5,623,314</u>	<u>(723,401)</u>
DISBURSEMENTS:						
Public safety	1,431,797	-	1,431,797	1,536,881	1,536,881	105,084
Public works	749,527	-	749,527	677,747	784,435	34,908
Health and social services	1,375	-	1,375	1,375	1,375	-
Culture and recreation	359,390	-	359,390	394,900	394,900	35,510
Community and economic development	18,848	-	18,848	22,000	22,000	3,152
General government	437,685	-	437,685	434,421	546,031	108,346
Debt service	482,110	-	482,110	481,211	481,361	(749)
Capital projects	1,368,623	-	1,368,623	1,684,878	2,059,878	691,255
Business-type activities	-	1,013,515	1,013,515	949,433	1,091,848	78,333
Total disbursements	<u>4,849,355</u>	<u>1,013,515</u>	<u>5,862,870</u>	<u>6,182,846</u>	<u>6,918,709</u>	<u>1,055,839</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(990,407)	27,450	(962,957)	(636,532)	(1,295,395)	332,438
OTHER FINANCING SOURCES (USES), NET	<u>292,342</u>	<u>(291,342)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES (USES) OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(698,065)	(263,892)	(961,957)	(636,532)	(1,295,395)	333,438
BALANCES BEGINNING OF YEAR	<u>2,403,217</u>	<u>853,563</u>	<u>3,256,780</u>	<u>3,347,995</u>	<u>3,347,995</u>	<u>(91,215)</u>
BALANCES END OF YEAR	<u>\$ 1,705,152</u>	<u>\$ 589,671</u>	<u>\$ 2,294,823</u>	<u>\$ 2,711,463</u>	<u>\$ 2,052,600</u>	<u>\$ 242,223</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING
June 30, 2014

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted receipts by \$77,000 and increased disbursements by \$735,863. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the debt service function.

SUPPLEMENTARY INFORMATION

CITY OF CAMANCHE, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GENERAL FUND
As of and for the Year Ended June 30, 2014

SCHEDULE 1

	<u>General</u>	<u>Cemetery</u>	<u>Library</u>	<u>Park and Recreation</u>	<u>Total</u>
RECEIPTS:					
Property tax	\$ 1,249,064	\$ -	\$ -	\$ -	\$ 1,249,064
Other city tax	626,587	-	-	-	626,587
Licenses and permits	9,195	-	-	-	9,195
Use of money and property	18,321	243	-	2,549	21,113
Intergovernmental	10,200	-	10,439	24,000	44,639
Charges for service	109,096	7,865	2,632	-	119,593
Miscellaneous	152,596	5,345	2,888	25,732	186,561
Total receipts	<u>2,175,059</u>	<u>13,453</u>	<u>15,959</u>	<u>52,281</u>	<u>2,256,752</u>
DISBURSEMENTS:					
Operating:					
Public safety	1,222,189	-	-	-	1,222,189
Public works	328,285	-	-	-	328,285
Health and social services	1,375	-	-	-	1,375
Culture and recreation	-	40,539	134,308	161,668	336,515
Community and economic development	10,000	-	-	-	10,000
General government	413,720	-	-	-	413,720
Total disbursements	<u>1,975,569</u>	<u>40,539</u>	<u>134,308</u>	<u>161,668</u>	<u>2,312,084</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>199,490</u>	<u>(27,086)</u>	<u>(118,349)</u>	<u>(109,387)</u>	<u>(55,332)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	238,740	31,205	133,519	49,487	452,951
Operating transfers out	(734,395)	-	(2,500)	-	(736,895)
Total other financing sources (uses)	<u>(495,655)</u>	<u>31,205</u>	<u>131,019</u>	<u>49,487</u>	<u>(283,944)</u>
CHANGE IN CASH BALANCES	(296,165)	4,119	12,670	(59,900)	(339,276)
CASH BALANCES BEGINNING 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 BALANCES END OF YEAR	<u>\$ 1,294,847</u>	<u>\$ 31,100</u>	<u>\$ 64,346</u>	<u>\$ (4,156)</u>	<u>\$ 1,386,137</u>
CASH BASIS FUND BALANCES					
Assigned for:					
Cemetery	\$ -	\$ 31,100	\$ -	\$ -	\$ 31,100
Library	-	-	64,346	-	64,346
Unassigned	1,294,847	-	-	(4,156)	1,290,691
Total cash basis fund balances	<u>\$ 1,294,847</u>	<u>\$ 31,100</u>	<u>\$ 64,346</u>	<u>\$ (4,156)</u>	<u>\$ 1,386,137</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 As of and for the Year Ended June 30, 2014

SCHEDULE 2

	Special Revenue				Permanent Cemetery Perpetual Care	Capital Projects CDBG
	Police and Fire Pension Accumulation	Employee Benefits	Robert Howson Estate	Edens TIF Rebate		
RECEIPTS:						
Property tax	\$ 183,473	\$ 61,301	\$ -	\$ -	\$ -	\$ -
Other city tax	9,094	3,031	-	8,848	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,801	-
Total receipts	<u>192,567</u>	<u>64,332</u>	<u>-</u>	<u>8,848</u>	<u>1,801</u>	<u>-</u>
DISBURSEMENTS:						
Operating:						
Public safety	200,155	9,453	-	-	-	-
Public works	-	26,151	-	-	-	-
Culture and recreation	-	22,875	-	-	-	-
Community and economic development	-	-	-	8,848	-	-
General government	-	23,965	-	-	-	-
Capital projects	-	-	-	-	-	-
Total disbursements	<u>200,155</u>	<u>82,444</u>	<u>-</u>	<u>8,848</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(7,588)</u>	<u>(18,112)</u>	<u>-</u>	<u>-</u>	<u>1,801</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN CASH BALANCES	(7,588)	(18,112)	-	-	1,801	-
CASH BALANCES BEGINNING OF YEAR	<u>44,642</u>	<u>(13,785)</u>	<u>840</u>	<u>-</u>	<u>65,294</u>	<u>6,000</u>
CASH BALANCES END OF YEAR	<u>\$ 37,054</u>	<u>\$ (31,897)</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 67,095</u>	<u>\$ 6,000</u>
CASH BASIS FUND BALANCES						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 67,095	\$ -
Restricted for:						
Capital improvements	-	-	-	-	-	6,000
Other purposes	37,054	-	840	-	-	-
Unassigned	-	(31,897)	-	-	-	-
Total cash basis fund balances	<u>\$ 37,054</u>	<u>\$ (31,897)</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 67,095</u>	<u>\$ 6,000</u>

CITY OF CAMANCHE, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 As of and for the Year Ended June 30, 2014

SCHEDULE 2
 (CONTINUED)

	Capital Projects					
	MRT	Sanitary Sewer Improvement	9th Street Bridge	9th Street Improvement	9th Street Curb	3rd Street Mill
RECEIPTS:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	-	-	20,947	122,128	209,611	162,450
Miscellaneous	-	-	4,182	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>25,129</u>	<u>122,128</u>	<u>209,611</u>	<u>162,450</u>
DISBURSEMENTS:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
General government	-	-	-	-	-	-
Capital projects	-	177	11,650	211,924	344,785	301,825
Total disbursements	<u>-</u>	<u>177</u>	<u>11,650</u>	<u>211,924</u>	<u>344,785</u>	<u>301,825</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>-</u>	<u>(177)</u>	<u>13,479</u>	<u>(89,796)</u>	<u>(135,174)</u>	<u>(139,375)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Operating transfers in	-	163,684	-	76,684	120,485	121,370
Operating transfers out	(23,240)	-	(9,803)	-	-	-
Total other financing sources	<u>(23,240)</u>	<u>163,684</u>	<u>(9,803)</u>	<u>76,684</u>	<u>120,485</u>	<u>121,370</u>
CHANGE IN CASH BALANCES	(23,240)	163,507	3,676	(13,112)	(14,689)	(18,005)
CASH BALANCES BEGINNING OF YEAR	<u>23,240</u>	<u>(163,507)</u>	<u>(3,676)</u>	<u>(25,791)</u>	<u>(28,301)</u>	<u>(19,701)</u>
CASH BALANCES END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,903)</u>	<u>\$ (42,990)</u>	<u>\$ (37,706)</u>
CASH BASIS FUND BALANCES						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Capital improvements	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unassigned	-	-	-	(38,903)	(42,990)	(37,706)
Total cash basis fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,903)</u>	<u>\$ (42,990)</u>	<u>\$ (37,706)</u>

CITY OF CAMANCHE, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014

SCHEDULE 2
(CONTINUED)

	<u>Capital Projects</u>					
	<u>Washington Boulevard</u>	<u>21st Street Culvert</u>	<u>9th Avenue Anamosa</u>	<u>Washington Blvd Enhancement</u>	<u>City Hall Project</u>	<u>Total</u>
RECEIPTS:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,774
Other city tax	-	-	-	-	-	20,973
Use of money and property	178	-	-	-	2,001	2,179
Intergovernmental	-	-	-	-	-	515,136
Miscellaneous	489	-	-	-	-	6,472
Total receipts	<u>667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001</u>	<u>789,534</u>
DISBURSEMENTS:						
Operating:						
Public safety	-	-	-	-	-	209,608
Public works	-	-	-	-	-	26,151
Culture and recreation	-	-	-	-	-	22,875
Community and economic development	-	-	-	-	-	8,848
General government	-	-	-	-	-	23,965
Capital projects	274,853	-	14,227	27,548	181,634	1,368,623
Total disbursements	<u>274,853</u>	<u>-</u>	<u>14,227</u>	<u>27,548</u>	<u>181,634</u>	<u>1,660,070</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(274,186)</u>	<u>-</u>	<u>(14,227)</u>	<u>(27,548)</u>	<u>(179,633)</u>	<u>(870,536)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	1,000	1,000
Operating transfers in	-	96,939	-	-	250,000	829,162
Operating transfers out	-	-	-	-	-	(33,043)
Total other financing sources (uses)	<u>-</u>	<u>96,939</u>	<u>-</u>	<u>-</u>	<u>251,000</u>	<u>797,119</u>
CHANGE IN CASH BALANCES	<u>(274,186)</u>	<u>96,939</u>	<u>(14,227)</u>	<u>(27,548)</u>	<u>71,367</u>	<u>(73,417)</u>
CASH BALANCES BEGINNING OF YEAR	<u>294,717</u>	<u>(96,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,033</u>
CASH BALANCES END OF YEAR	<u>\$ 20,531</u>	<u>\$ -</u>	<u>\$ (14,227)</u>	<u>\$ (27,548)</u>	<u>\$ 71,367</u>	<u>\$ 9,616</u>
CASH BASIS FUND BALANCES						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,095
Restricted for:						
Capital improvements	20,531	-	-	-	71,367	97,898
Other purposes	-	-	-	-	-	37,894
Unassigned	-	-	(14,227)	(27,548)	-	(193,271)
Total cash basis fund balances	<u>\$ 20,531</u>	<u>\$ -</u>	<u>\$ (14,227)</u>	<u>\$ (27,548)</u>	<u>\$ 71,367</u>	<u>\$ 9,616</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2014**

SCHEDULE 3

<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	\$ 355,000	\$ -	\$ 115,000	\$ 240,000	\$ 8,065	\$ -
Street Improvement Bonds Series 2012	3/5/12	0.45% to 2.60%	4,195,000	4,045,000	-	170,000	3,875,000	72,887	-
Refunding Bonds Series 2012	9/17/12	2.00% to 3.15%	<u>1,695,000</u>	<u>1,610,000</u>	<u>-</u>	<u>75,000</u>	<u>1,535,000</u>	<u>39,658</u>	<u>-</u>
Total			<u>\$6,585,000</u>	<u>\$6,010,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ 5,650,000</u>	<u>\$ 120,610</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA
BOND AND NOTE MATURITIES
June 30, 2014**

SCHEDULE 4

Year Ending June 30,	General Obligation Bonds						Total
	Street Improvement Bonds		Refunding Bonds		Refunding Bonds		
	Issued		Issued		Issued		
	March 5, 2012		March 9, 2010		September 17, 2012		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
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
		<u>\$ 3,875,000</u>		<u>\$ 240,000</u>		<u>\$ 1,535,000</u>	<u>\$ 5,650,000</u>
TOTAL							

See accompanying independent auditor's report.

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

SCHEDULE 5

	<u>2014</u>	<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>
RECEIPTS:										
Property tax	\$ 1,844,968	\$ 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
Other city tax	664,943	622,988	668,340	630,478	608,796	713,462	605,647	703,928	534,735	529,694
Licenses and permits	9,195	9,104	7,110	7,393	16,841	10,201	9,080	11,832	1,492	10,090
Use of money and property	23,292	36,533	33,457	41,208	27,408	57,098	70,928	71,095	53,507	29,787
Intergovernmental	1,003,924	597,592	1,164,001	733,244	673,598	644,333	391,603	435,172	660,766	507,298
Charges for service	119,593	107,284	101,738	134,632	61,771	9,177	10,962	9,432	7,195	10,156
Miscellaneous	193,033	139,995	249,089	1,289,743	3,960,337	72,170	425,459	101,334	146,999	60,570
TOTAL	\$ 3,858,948	\$ 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
DISBURSEMENTS:										
Operating:										
Public safety	\$ 1,431,797	\$ 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
Public works	749,527	452,068	662,070	425,954	641,000	590,005	498,240	494,600	598,934	461,459
Health and social services	1,375	-	-	-	-	-	-	-	-	-
Culture and recreation	359,390	304,939	265,757	298,393	241,329	229,736	212,056	213,114	200,975	197,935
Community and economic development	18,848	12,000	13,050	12,000	12,250	10,000	10,000	10,000	226,863	4,000
General government	437,685	400,328	403,547	434,158	376,203	394,017	384,852	330,811	411,967	301,113
Debt service	482,110	481,806	163,743	164,057	187,306	225,018	193,060	199,015	200,723	197,246
Capital projects	1,368,623	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	\$ 4,849,355	\$ 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

See accompanying independent auditor's report.

CITY OF CAMANCHE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

SCHEDULE 6

<u>GRANTOR/PROGRAM</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	06-05-HBRR-10	\$ 7,591
Highway Planning and Construction	20.205	STP-E-104(605)-8V-2	122,128
Highway Planning and Construction	20.205	STP-U-1040(603)-70	210,719
Highway Planning and Construction	20.205	STP-U-104(604)-70	<u>162,450</u>
 Total			 <u>\$ 502,888</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Camanche, Iowa and is presented on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, 2014, 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 9, 2015. 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 questioned costs as items II-A-14 and II-B-14 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item II-C-14.

Comments involving statutory and other legal matters about the City of Camanche, Iowa's operations for the year ended June 30, 2014 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 questioned costs. 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 9, 2015

**Independent Auditor's Report on Compliance
For Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Camanche, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Camanche, Iowa's major federal program for the year ended June 30, 2014. The City of Camanche, Iowa's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Camanche, Iowa's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Camanche, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Camanche, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Camanche, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Camanche, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Camanche, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Camanche, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 9, 2015

CITY OF CAMANCHE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Part I: Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

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

Auditee qualified as low-risk auditee? yes no

CITY OF CAMANCHE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 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, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

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

INTERNAL CONTROL DEFICIENCIES: (Continued)

II-B-14 Contractor Payments

Criteria - Disbursements to Langman Construction for the Washington Boulevard Project did not agree to contractor invoices.

Condition - During the course of our audit, we noted that the City was charged \$13,865 more for the contract with Langman Construction for the Washington Boulevard Project than was credited to their account.

Effect - The City was overcharged for the Washington Boulevard Project.

Cause - The City has not implemented procedures to ensure all expenses paid on capital projects are being credited by the contractor.

Recommendation - We recommend that the City implement procedures to ensure that all payments made on capital improvement projects are being credited by the contractor.

Response - The City will review current procedures and adjust accordingly.

Conclusion - Response accepted.

CITY OF CAMANCHE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

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

INSTANCES OF NON-COMPLIANCE:

II-C-14 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 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund, the 9th Avenue Anamosa Fund and the Washington Blvd Enhancement Fund all had deficit balances at June 30, 2014.

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 9th Street Improvement Fund, the 9th Street Curb Fund, the 3rd Street Mill Fund, the 9th Avenue Anamosa Fund and the Washington Blvd Enhancement 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.

**CITY OF CAMANCHE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

CITY OF CAMANCHE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts 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 budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-14 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.

IV-C-14 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-14 Business Transactions - We noted no business transactions between the City and City officials or employees.

IV-E-14 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.

IV-F-14 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.

IV-G-14 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.

IV-H-14 Annual Urban Renewal Report - The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.