

**CITY OF CAMANCHE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES**

**June 30, 2015**

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**CITY OF CAMANCHE, IOWA  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</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, 2015, 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, 2015, 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.

## **Emphasis of a Matter**

As disclosed in Note 4 to the financial statements, the City of Camanche, Iowa, adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 six years ended June 30, 2014 (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 three 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 5 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 5 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 5 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, the budgetary comparison information, the schedule of the City's

proportionate share of the net pension liability - IPERS, the schedule of City contributions - IPERS, the schedule of the City's proportionate share of the net pension liability - MFPRSI and the schedule of City contributions - MFPRSI on pages 5 through 12 and 34 through 42, 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 19, 2016 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 19, 2016

**CITY OF CAMANCHE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

**2015 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 10.3%, or \$396,096 from fiscal 2014 to fiscal 2015. Contributions and restricted interest decreased \$459,633 and general receipts increased \$107,420. General receipts increased due to the City receiving commercial/industrial replacement claim payments.
- Total governmental activities disbursements decreased 24.8%, or \$1,201,624, in fiscal year 2015 from fiscal year 2014. Capital projects disbursements decreased \$1,010,375 due to changes in capital projects from one year to the next.
- The City's total cash basis net position decreased \$277,679 from June 30, 2014 to June 30, 2015. Of this amount, the cash basis net position of the governmental activities decreased \$57,721 and the cash basis net position of the business type activities decreased by \$219,958.

**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 and the City's proportionate share of the net pension liability and related contributions.

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

**CITY OF CAMANCHE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**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.

**CITY OF CAMANCHE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

*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, Robert Howson Estate, and Edens TIF Rebate 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Fund. 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, 2015**

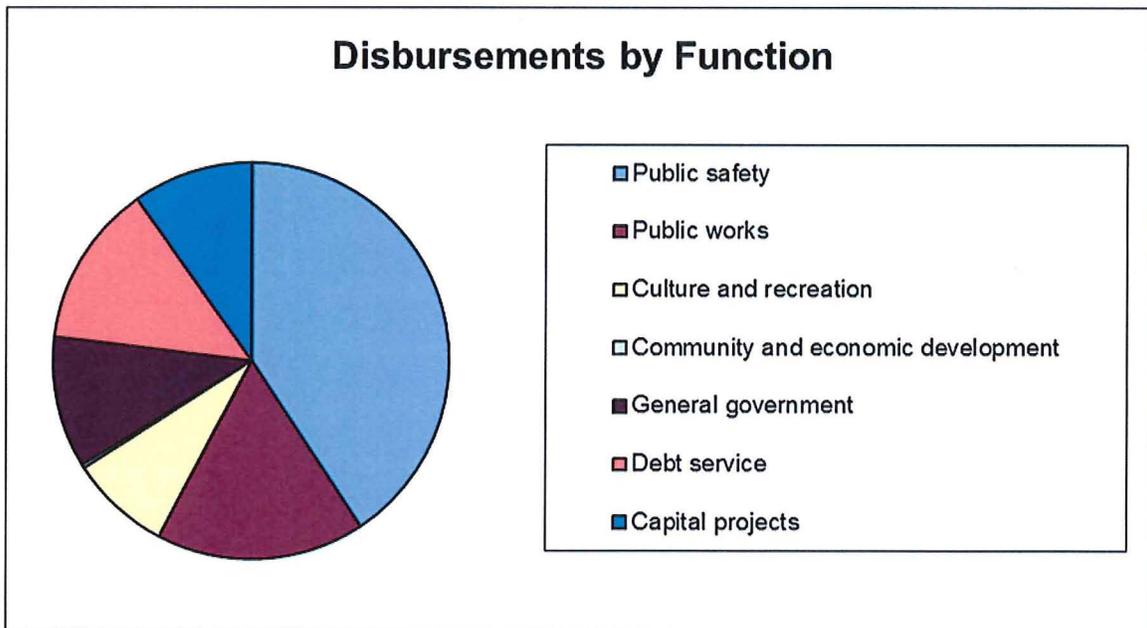
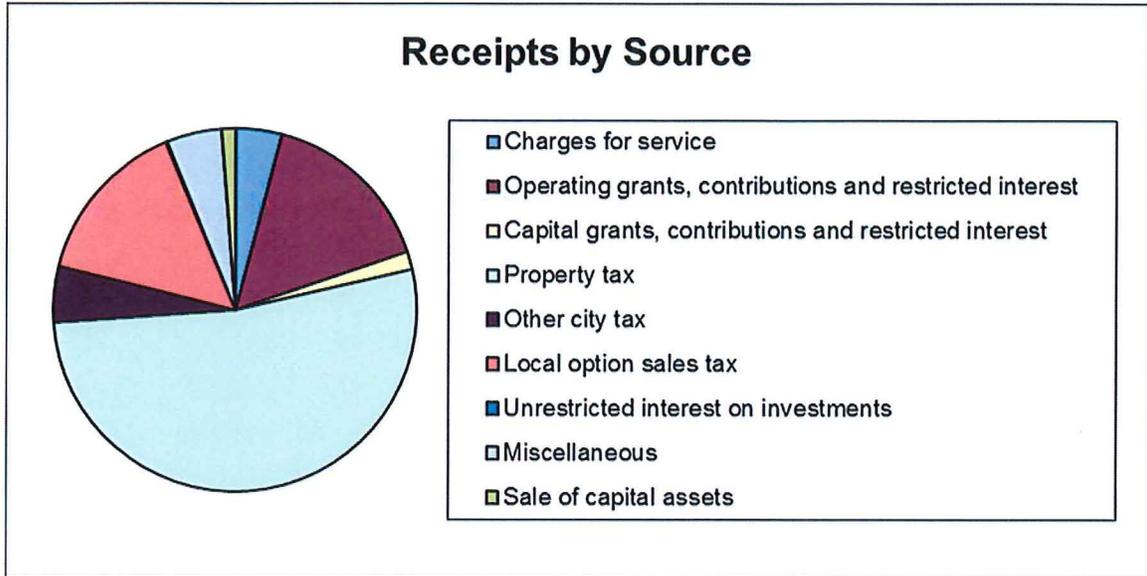
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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 from \$1,705,152 to \$1,647,431. 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>2015</u>	<u>2014</u>
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 141,695	\$ 246,082
Operating grants, contributions and restricted interest	544,252	483,748
Capital grants, contributions and restricted interest	55,503	515,136
General receipts:		
Property tax	1,828,736	1,844,968
Utility tax replacement	110,411	99,855
Utility franchise tax - cablevision	45,666	45,450
Mobile home tax	6,532	6,453
Local option sales tax	512,335	513,185
Unrestricted interest on investments	5,325	8,183
Miscellaneous	169,397	95,888
Sale of capital assets	44,000	1,000
Total receipts	<u>3,463,852</u>	<u>3,859,948</u>
 <b>Disbursements:</b>		
Public safety	1,484,372	1,431,797
Public works	620,994	749,527
Health and social services	-	1,375
Culture and recreation	299,019	359,390
Community and economic development	10,682	18,848
General government	391,926	437,685
Debt service	482,490	482,110
Capital projects	<u>358,248</u>	<u>1,368,623</u>
Total disbursements	<u>3,647,731</u>	<u>4,849,355</u>
 Change in cash basis net position before transfers	(183,879)	(989,407)
Transfers, net	<u>126,158</u>	<u>291,342</u>
Change in cash basis net position	(57,721)	(698,065)
Cash basis net position beginning of year	<u>1,705,152</u>	<u>2,403,217</u>
Cash basis net position end of year	<u>\$1,647,431</u>	<u>\$1,705,152</u>

**CITY OF CAMANCHE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**



The City's total receipts for governmental activities decreased by 10.3%, or \$396,096. Program receipts decreased \$503,516 while general receipts increased \$107,420. The decrease in program receipts is due to lower grant receipts for fewer projects than the previous year. General receipts increased due to City receiving commercial/industrial replacement claim payments.

**CITY OF CAMANCHE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

The cost of all governmental activities this year was \$3,647,731 compared to \$4,849,355 last year. As shown in the Cash Basis Statement of Activities and Net Position on pages 14-15, the amount taxpayers ultimately financed for these activities was \$2,906,281. Some of the cost was paid by those that directly benefited from the programs (\$141,695) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$599,755). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2015 from \$3,859,948 to \$3,463,852.

**Changes in Cash Basis Net Position of Business Type Activities**

	<u>2015</u>	<u>2014</u>
<b>Receipts:</b>		
Program receipts:		
Charges for service:		
Water	\$ 267,617	\$ 276,238
Sewer	452,164	484,835
Solid waste	273,771	279,461
General receipts:		
Unrestricted interest on investments	406	431
Miscellaneous	13,568	-
Total receipts	<u>1,007,526</u>	<u>1,040,965</u>
 <b>Disbursements:</b>		
Water	250,009	333,795
Sewer	540,361	377,133
Solid waste	<u>310,956</u>	<u>302,587</u>
Total disbursements	<u>1,101,326</u>	<u>1,013,515</u>
 Change in cash basis net position before transfers	(93,800)	27,450
 Transfers, net	<u>(126,158)</u>	<u>(291,342)</u>
 Change in cash basis net position	(219,958)	(263,892)
 Cash basis net position beginning of year	<u>589,671</u>	<u>853,563</u>
 Cash basis net position end of year	<u>\$ 369,713</u>	<u>\$ 589,671</u>

Total business type activities receipts for the fiscal year were \$1,007,526 compared to \$1,040,965 last year. Total disbursements for the fiscal year increased from \$1,013,515 to \$1,101,326.

**CITY OF CAMANCHE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Camanche, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,647,431, a decrease of \$57,721 from last year's total of \$1,705,152. 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 \$37,320 from the prior year to \$1,348,817 due to using General Fund reserves for capital projects.
- The Special Revenue, Road Use Tax Fund cash balance increased \$39,914 to \$320,422. This increase is attributable to higher receipts than anticipated in 2015.
- The Debt Service Fund cash balance increased \$1,360 to \$30,251 during the fiscal year due to higher tax receipts than were anticipated.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$13,827 to \$118,646 due to lower expenditures than were anticipated.
- The Enterprise, Sewer Fund cash balance decreased \$203,708 to \$70,427 due to larger amounts of money being used to make improvements in the collection system and a higher than usual wastewater flow resulting in increased treatment costs.
- The Enterprise, Solid Waste Fund cash balance decreased \$37,185 to \$58,570 due to a planned deferral of a rate increase.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 19, 2015 and resulted in an increase in revenues of \$153,949 due to higher local option sales tax receipts and miscellaneous revenues. There was an increase in expenditures of \$145,000 due unanticipated repairs and improvements with the sanitary sewer lift stations and engineering costs associated with a new residential development.

The City exceeded the amounts budgeted in the public safety and general government functions for the year ended June 30, 2015. The over expenditure in public safety was due to a bookkeeping error at year end. The over expenditure in the general government area was due to a mistake in the preparation of the budget.

**CITY OF CAMANCHE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**DEBT ADMINISTRATION**

At June 30, 2015, the City had \$5,285,000 in general obligation bonds, compared to \$5,650,000 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 \$5,285,000 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 major capital projects in recent years. As mentioned in last year's report, the pace of those large projects will slow down in the immediate future. These large projects have been accomplished through a combination of grants, borrowed funds, and by spending down cash reserves. The effect of this has been that the City's cash reserves have been reduced. It would be prudent for the City to make efforts to replenish those cash reserves.

The State of Iowa increased the fuel tax in 2015. The City plans to use the increased revenues to make major repairs to a number of roadways, including Anamosa Road and two areas of 21st Street. Those projects will cost about one million dollars and the City plans to borrow the money and use the increased Road Use Tax to make payments on the debt.

There is significant pressure to increase user fees for all of the City's proprietary operations. Water rates must be increased and sewer and garbage rates should be closely monitored to ensure revenues are sufficient to sustain operations. The City's garbage collection contract will expire April 1, 2016. Depending on the cost of the new contract, it is possible garbage rates will have to be increased.

This is the last year the State will adjust the amount of "backfill" they provide to the City to make up for lost taxable valuation due to the recently enacted commercial property tax legislation. Going forward, property tax valuations for certain classes of commercial property will continue to be "rolled back" while the state funds to reimburse the City for the lost tax revenue will be frozen at the FYE 2017 level. This will put significant pressure on the City to increase property taxes, identify alternative revenues, or reduce the budget.

**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, 818 7<sup>th</sup> Avenue, 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, 2015**

	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<b>FUNCTIONS/PROGRAMS</b>				
Governmental activities:				
Public safety	\$ 1,484,372	\$ 113,974	\$ 68,704	\$ -
Public works	620,994	-	462,514	-
Culture and recreation	299,019	19,069	11,034	-
Community and economic development	10,682	-	-	-
General government	391,926	8,652	2,000	-
Debt service	482,490	-	-	-
Capital projects	358,248	-	-	55,503
Total governmental activities	<u>3,647,731</u>	<u>141,695</u>	<u>544,252</u>	<u>55,503</u>
Business type activities:				
Water	250,009	267,617	-	-
Sewer	540,361	452,164	-	-
Solid waste	310,956	273,771	-	-
Total business type activities	<u>1,101,326</u>	<u>993,552</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,749,057</u>	<u>\$ 1,135,247</u>	<u>\$ 544,252</u>	<u>\$ 55,503</u>

**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.

EXHIBIT A

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,301,694)	\$ -	\$ (1,301,694)
(158,480)	-	(158,480)
(268,916)	-	(268,916)
(10,682)	-	(10,682)
(381,274)	-	(381,274)
(482,490)	-	(482,490)
<u>(302,745)</u>	<u>-</u>	<u>(302,745)</u>
<u>(2,906,281)</u>	<u>-</u>	<u>(2,906,281)</u>
-	17,608	17,608
-	(88,197)	(88,197)
-	<u>(37,185)</u>	<u>(37,185)</u>
<u>-</u>	<u>(107,774)</u>	<u>(107,774)</u>
<u>(2,906,281)</u>	<u>(107,774)</u>	<u>(3,014,055)</u>
1,476,429	-	1,476,429
341,625	-	341,625
10,682	-	10,682
110,411	-	110,411
45,666	-	45,666
6,532	-	6,532
512,335	-	512,335
5,325	406	5,731
169,397	13,568	182,965
44,000	-	44,000
<u>126,158</u>	<u>(126,158)</u>	<u>-</u>
<u>2,848,560</u>	<u>(112,184)</u>	<u>2,736,376</u>
(57,721)	(219,958)	(277,679)
<u>1,705,152</u>	<u>589,671</u>	<u>2,294,823</u>
<u>\$ 1,647,431</u>	<u>\$ 369,713</u>	<u>\$ 2,017,144</u>
\$ 68,096	\$ -	\$ 68,096
30,251	-	30,251
320,422	-	320,422
6,000	-	6,000
31,144	-	31,144
<u>1,191,518</u>	<u>369,713</u>	<u>1,561,231</u>
<u>\$ 1,647,431</u>	<u>\$ 369,713</u>	<u>\$ 2,017,144</u>

**CITY OF CAMANCHE, IOWA**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS**  
**AND CHANGES IN CASH BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**As of and for the Year Ended June 30, 2015**

**EXHIBIT B**

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>RECEIPTS</b>					
Property tax	\$ 1,230,043	\$ -	\$ 341,625	\$ 246,386	\$ 1,818,054
Other city tax	639,098	-	20,806	25,722	685,626
Licenses and permits	12,795	-	-	-	12,795
Use of money and property	21,655	-	-	15	21,670
Intergovernmental	109,547	462,514	7,760	61,112	640,933
Charges for service	122,549	-	-	-	122,549
Miscellaneous	102,359	-	-	15,866	118,225
Total receipts	<u>2,238,046</u>	<u>462,514</u>	<u>370,191</u>	<u>349,101</u>	<u>3,419,852</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	1,265,197	-	-	219,175	1,484,372
Public works	359,825	232,780	-	28,389	620,994
Culture and recreation	276,344	-	-	22,675	299,019
Community and economic development	-	-	-	10,682	10,682
General government	367,578	-	-	24,348	391,926
Debt service	-	-	482,490	-	482,490
Capital projects	-	-	-	358,248	358,248
Total disbursements	<u>2,268,944</u>	<u>232,780</u>	<u>482,490</u>	<u>663,517</u>	<u>3,647,731</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(30,898)</u>	<u>229,734</u>	<u>(112,299)</u>	<u>(314,416)</u>	<u>(227,879)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	44,000	44,000
Operating transfers in	523,124	-	113,659	240,424	877,207
Operating transfers out	(529,546)	(189,820)	-	(31,683)	(751,049)
Total other financing sources (uses)	<u>(6,422)</u>	<u>(189,820)</u>	<u>113,659</u>	<u>252,741</u>	<u>170,158</u>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	<u>(37,320)</u>	<u>39,914</u>	<u>1,360</u>	<u>(61,675)</u>	<u>(57,721)</u>
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>1,386,137</u>	<u>280,508</u>	<u>28,891</u>	<u>9,616</u>	<u>1,705,152</u>
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ 1,348,817</u>	<u>\$ 320,422</u>	<u>\$ 30,251</u>	<u>\$ (52,059)</u>	<u>\$ 1,647,431</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 68,096	\$ 68,096
Restricted for:					
Debt service	-	-	30,251	-	30,251
Streets	-	320,422	-	-	320,422
Capital improvements	-	-	-	6,000	6,000
Other purposes	-	-	-	31,144	31,144
Assigned for:					
Cemetery	32,628	-	-	-	32,628
Library	60,316	-	-	-	60,316
Park and recreation	49,156	-	-	-	49,156
Unassigned	1,206,717	-	-	(157,299)	1,049,418
Total cash basis fund balances (deficits)	<u>\$ 1,348,817</u>	<u>\$ 320,422</u>	<u>\$ 30,251</u>	<u>\$ (52,059)</u>	<u>\$ 1,647,431</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, 2015

EXHIBIT C

	Enterprise				Total
	Water Utility	Sewer Utility	Solid Waste	Nonmajor Water Meter Deposit	
<b>OPERATING RECEIPTS</b>					
Charges for service	\$ 267,617	\$ 452,164	\$ 273,771	\$ -	\$ 993,552
Miscellaneous	4,862	1,598	-	7,108	13,568
Total operating receipts	<u>272,479</u>	<u>453,762</u>	<u>273,771</u>	<u>7,108</u>	<u>1,007,120</u>
<b>OPERATING DISBURSEMENTS</b>					
Business type activities:					
Water	250,009	-	-	-	250,009
Sewer	-	540,361	-	-	540,361
Solid waste	-	-	310,956	-	310,956
Total operating disbursements	<u>250,009</u>	<u>540,361</u>	<u>310,956</u>	<u>-</u>	<u>1,101,326</u>
<b>EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS</b>	<u>22,470</u>	<u>(86,599)</u>	<u>(37,185)</u>	<u>7,108</u>	<u>(94,206)</u>
<b>NON-OPERATING RECEIPTS</b>					
Interest on investments	357	49	-	-	406
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>22,827</u>	<u>(86,550)</u>	<u>(37,185)</u>	<u>7,108</u>	<u>(93,800)</u>
<b>OTHER FINANCING USES</b>					
Operating transfers out	(9,000)	(117,158)	-	-	(126,158)
<b>CHANGE IN CASH BALANCES</b>	13,827	(203,708)	(37,185)	7,108	(219,958)
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>104,819</u>	<u>274,135</u>	<u>95,755</u>	<u>114,962</u>	<u>589,671</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 118,646</u>	<u>\$ 70,427</u>	<u>\$ 58,570</u>	<u>\$ 122,070</u>	<u>\$ 369,713</u>
<b>CASH BASIS FUND BALANCES</b>					
Unrestricted	\$ 118,646	\$ 70,427	\$ 58,570	\$ 122,070	\$ 369,713
Total cash basis fund balances	<u>\$ 118,646</u>	<u>\$ 70,427</u>	<u>\$ 58,570</u>	<u>\$ 122,070</u>	<u>\$ 369,713</u>

See notes to financial statements.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 service.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Debt Service:

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, 2015**

**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, 2015, disbursements exceeded the amounts budgeted in the public safety and general government disbursement functions.

**F. Subsequent Events**

Management has evaluated subsequent events through January 19, 2016, 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, 2015 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, 2015**

**NOTE 3 - BONDS PAYABLE**

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

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 365,000	\$ 110,686
2017	375,000	104,646
2018	380,000	99,948
2019	385,000	94,598
2020	390,000	88,576
2021-2025	2,070,000	326,323
2026-2030	1,210,000	90,998
2031	110,000	3,465
<b>Total</b>	<b>\$ 5,285,000</b>	<b>\$ 919,240</b>

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, 2015 was \$120,000. The current refunding decreased total debt service payments over the next 6 years by \$55,128. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$51,741.

On September 17, 2012, the City issued \$1,695,000 of General Obligation Refunding Bonds for the purpose of refunding the City's 2009 Sewer Revenue Bonds, dated November 18, 2009 with interest rates of 3.00%. The bonds bear interest at rates ranging from 2.00% to 3.15%, payable semi-annually, and principal is payable in annual installments due on June 1st of each year. The principal balance of the bonds at June 30, 2015 was \$1,460,000. 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.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION AND RETIREMENT BENEFITS**

**Iowa Public Employee Retirement System (IPERS)**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employee' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent of each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with the regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the members accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year by 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$50,398.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$342,308. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was 0.008631 percent, which was an increase of 0.000273 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$25,621, \$18,827 and \$130,547 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

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

<u>Asset Class</u>	<u>Asset Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
<b>Total</b>	<b>100%</b>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
City's proportionate share of the net pension liability	\$646,782	\$342,308	\$ 85,301

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Camanche, Iowa are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #301, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

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

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

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)**

enrollment for 24 months. At the member's actual date of retirement, the members DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the members average final compensation or the members service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the members average final compensation, for those with 5 or more years of service, or the members service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

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

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)**

The City's contributions to MFPRSI for the year ended June 30, 2015 were \$208,873.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the net pension liability totaled \$933,714. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers.

At June 30, 2014, the City's proportion was .002576% which was an increase of .000116% from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015 the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$77,499, \$69,011 and \$441,556 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0%	3.8%
Emerging Markets Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
International Equities	<u>12.5</u>	7.0
<b>Core Investments</b>	<b>40.0%</b>	
<b>Tactical Asset Allocation</b>	<b>35.0</b>	6.0
<b>Private Equity</b>	<b>15.0</b>	9.8
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	<u>5.0</u>	6.8
<b>Real Estate</b>	<b>10.0</b>	
<b>Total</b>	<b><u>100.0%</u></b>	

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

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

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)**

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$1,790,321	\$933,714	\$ 221,950

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

**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, 2015, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 77,425
Sick leave	355,516
<b>Total</b>	<b>\$ 432,941</b>

This liability has been computed based on rates of pay as of June 30, 2015.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 523,124	\$ 529,546
Road Use Tax Fund	-	189,820
Debt Service Fund	113,659	-
Nonmajor Governmental Funds	240,424	31,683
Water Utility Fund	-	9,000
Sewer Utility Fund	-	117,158
Total	<u>\$ 877,207</u>	<u>\$ 877,207</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 18 active and 5 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, 2015, the City contributed \$357,618 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, 2015**

**NOTE 9 - DEFICIT BALANCES**

The Employee Benefits Fund, the Washington Blvd Enhancement Fund and the City Hall Project Fund all had deficit balances at June 30, 2015.

The Employee Benefits Fund had a deficit balance of \$52,699, the Washington Blvd Enhancement Fund had a deficit balance of \$78,756 and the City Hall Project Fund had a deficit balance of \$25,844. 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, 2015, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Committed June 30, 2015</u>
Washington Blvd Enhancement	\$ 312,342	\$ 273,461
City Hall	141,517	2,589
	<u>\$ 453,859</u>	<u>\$ 276,050</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, 2015, the City rebated \$10,682.

**NOTE 13 - SUBSEQUENT EVENT**

On July 21, 2015 the City entered into a contract with Determann Asphalt Paving in the amount of \$173,455 for the Dunn Road Project.

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, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Total Variance
	Funds Actual	Funds Actual		Original	Final	
<b>RECEIPTS</b>						
Property tax	\$ 1,818,054	\$ -	\$ 1,818,054	\$ 1,844,351	\$ 1,836,032	\$ (17,978)
Other city tax	685,626	-	685,626	660,592	675,592	10,034
Licenses and permits	12,795	-	12,795	9,950	9,950	2,845
Use of money and property	21,670	406	22,076	23,150	23,150	(1,074)
Intergovernmental	640,933	-	640,933	765,387	820,655	(179,722)
Charges for service	122,549	993,552	1,116,101	1,168,150	1,168,150	(52,049)
Miscellaneous	118,225	13,568	131,793	50,866	142,866	(11,073)
Total receipts	<u>3,419,852</u>	<u>1,007,526</u>	<u>4,427,378</u>	<u>4,522,446</u>	<u>4,676,395</u>	<u>(249,017)</u>
<b>DISBURSEMENTS</b>						
Public safety	1,484,372	-	1,484,372	1,480,924	1,480,924	(3,448)
Public works	620,994	-	620,994	745,661	745,661	124,667
Health and social services	-	-	-	1,375	1,375	1,375
Culture and recreation	299,019	-	299,019	303,838	303,838	4,819
Community and economic development	10,682	-	10,682	21,000	21,000	10,318
General government	391,926	-	391,926	220,595	220,595	(171,331)
Debt service	482,490	-	482,490	482,491	482,491	1
Capital projects	358,248	-	358,248	826,000	826,000	467,752
Business-type activities	-	1,101,326	1,101,326	969,197	1,114,197	12,871
Total disbursements	<u>3,647,731</u>	<u>1,101,326</u>	<u>4,749,057</u>	<u>5,051,081</u>	<u>5,196,081</u>	<u>447,024</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(227,879)	(93,800)	(321,679)	(528,635)	(519,686)	198,007
<b>OTHER FINANCING SOURCES (USES), NET</b>	<u>170,158</u>	<u>(126,158)</u>	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>44,000</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES</b>	(57,721)	(219,958)	(277,679)	(528,635)	(519,686)	242,007
<b>BALANCES BEGINNING OF YEAR</b>	<u>1,705,152</u>	<u>589,671</u>	<u>2,294,823</u>	<u>2,643,563</u>	<u>2,643,563</u>	<u>(348,740)</u>
<b>BALANCES END OF YEAR</b>	<u>\$ 1,647,431</u>	<u>\$ 369,713</u>	<u>\$ 2,017,144</u>	<u>\$ 2,114,928</u>	<u>\$ 2,123,877</u>	<u>\$ (106,733)</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO OTHER INFORMATION - BUDGETARY REPORTING**  
**June 30, 2015**

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 \$153,949 and increased disbursements by \$145,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the public safety and general government functions.

**CITY OF CAMANCHE, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FISCAL YEAR\***

**OTHER INFORMATION**

	<b><u>2015</u></b>
City's proportion of the net pension liability	0.008631%
City's proportionate share of the net pension liability	\$ 342,308
City's covered-employee payroll	\$ 564,793
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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

**CITY OF CAMANCHE, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

**OTHER INFORMATION**

	<u>2015</u>	<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>
Statutorily required contributions	\$ 50,398	\$ 50,436	\$ 47,525	\$ 46,466	\$ 41,477	\$ 39,420	\$ 35,548	\$ 34,431	\$ 28,797	\$ 28,324
Contributions in relation to the statutorily required contribution	<u>(50,398)</u>	<u>(50,436)</u>	<u>(47,525)</u>	<u>(46,466)</u>	<u>(41,477)</u>	<u>(39,420)</u>	<u>(35,548)</u>	<u>(34,431)</u>	<u>(28,797)</u>	<u>(28,324)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 564,367	\$ 564,793	\$ 548,155	\$ 575,787	\$ 596,791	\$ 592,782	\$ 559,811	\$ 569,107	\$ 500,817	\$ 492,591
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA**  
**NOTES TO OTHER INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year Ended June 30, 2015**

Changes of benefit terms:

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

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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

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

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

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

**CITY OF CAMANCHE, IOWA**  
**NOTES TO OTHER INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year Ended June 30, 2015**

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**CITY OF CAMANCHE, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST FISCAL YEAR\***

**OTHER INFORMATION**

	<u><b>2015</b></u>
City's proportion of the net pension liability	0.002576%
City's proportionate share of the net pension liability	\$ 933,714
City's covered-employee payroll	\$ 657,776
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.95%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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

**CITY OF CAMANCHE, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST 10 FISCAL YEARS**

**OTHER INFORMATION**

	<u>2015</u>	<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>
Statutorily required contributions	\$ 208,873	\$ 198,122	\$ 160,702	\$ 157,853	\$ 122,725	\$ 95,586	\$ 93,043	\$ 118,533	\$ 112,354	\$ 115,221
Contributions in relation to the statutorily required contribution	<u>(208,873)</u>	<u>(198,122)</u>	<u>(160,702)</u>	<u>(157,853)</u>	<u>(122,725)</u>	<u>(95,586)</u>	<u>(93,043)</u>	<u>(118,533)</u>	<u>(112,354)</u>	<u>(115,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
City's covered-employee payroll	\$ 686,856	\$ 657,776	\$ 615,245	\$ 637,532	\$ 616,709	\$ 562,271	\$ 496,229	\$ 465,200	\$ 404,879	\$ 408,440
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.12%	24.76%	19.90%	17.00%	18.75%	25.48%	27.75%	28.21%

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA  
NOTES TO OTHER INFORMATION - PENSION LIABILITY  
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
Year Ended June 30, 2015**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**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, 2015

SCHEDULE 1

	<u>General</u>	<u>Cemetery</u>	<u>Library</u>	<u>Park and Recreation</u>	<u>Total</u>
<b>RECEIPTS</b>					
Property tax	\$ 1,230,043	\$ -	\$ -	\$ -	\$ 1,230,043
Other city tax	639,098	-	-	-	639,098
Licenses and permits	12,795	-	-	-	12,795
Use of money and property	18,673	116	-	2,866	21,655
Intergovernmental	98,514	-	11,033	-	109,547
Charges for service	109,831	7,750	4,968	-	122,549
Miscellaneous	82,379	4,089	2,502	13,389	102,359
Total receipts	<u>2,191,333</u>	<u>11,955</u>	<u>18,503</u>	<u>16,255</u>	<u>2,238,046</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	1,265,197	-	-	-	1,265,197
Public works	359,825	-	-	-	359,825
Culture and recreation	-	37,427	141,109	97,808	276,344
General government	367,578	-	-	-	367,578
Total disbursements	<u>1,992,600</u>	<u>37,427</u>	<u>141,109</u>	<u>97,808</u>	<u>2,268,944</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>198,733</u>	<u>(25,472)</u>	<u>(122,606)</u>	<u>(81,553)</u>	<u>(30,898)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	240,183	27,000	121,076	134,865	523,124
Operating transfers out	(527,046)	-	(2,500)	-	(529,546)
Total other financing sources (uses)	<u>(286,863)</u>	<u>27,000</u>	<u>118,576</u>	<u>134,865</u>	<u>(6,422)</u>
<b>CHANGE IN CASH BALANCES</b>	(88,130)	1,528	(4,030)	53,312	(37,320)
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	<u>1,294,847</u>	<u>31,100</u>	<u>64,346</u>	<u>(4,156)</u>	<u>1,386,137</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 1,206,717</u>	<u>\$ 32,628</u>	<u>\$ 60,316</u>	<u>\$ 49,156</u>	<u>\$ 1,348,817</u>
<b>CASH BASIS FUND BALANCES</b>					
Assigned for:					
Cemetery	\$ -	\$ 32,628	\$ -	\$ -	\$ 32,628
Library	-	-	60,316	-	60,316
Park and recreation	-	-	-	49,156	49,156
Unassigned	1,206,717	-	-	-	1,206,717
Total cash basis fund balances	<u>\$ 1,206,717</u>	<u>\$ 32,628</u>	<u>\$ 60,316</u>	<u>\$ 49,156</u>	<u>\$ 1,348,817</u>

See accompanying independent auditor's report.

CITY OF CAMANCHE, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES (DEFICITS)  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2015

SCHEDULE 2

	Special Revenue				Permanent Cemetery Perpetual Care
	Police and Fire Pension Accumulation	Employee Benefits	Robert Howson Estate	Edens TIF Rebate	
<b>RECEIPTS</b>					
Property tax	\$ 187,239	\$ 59,147	\$ -	\$ -	\$ -
Other city tax	11,430	3,610	-	10,682	-
Use of money and property	-	-	-	-	-
Intergovernmental	4,263	1,346	-	-	-
Miscellaneous	-	-	-	-	1,001
Total receipts	<u>202,932</u>	<u>64,103</u>	<u>-</u>	<u>10,682</u>	<u>1,001</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	209,682	9,493	-	-	-
Public works	-	28,389	-	-	-
Culture and recreation	-	22,675	-	-	-
Community and economic development	-	-	-	10,682	-
General government	-	24,348	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>209,682</u>	<u>84,905</u>	<u>-</u>	<u>10,682</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(6,750)</u>	<u>(20,802)</u>	<u>-</u>	<u>-</u>	<u>1,001</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
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>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	(6,750)	(20,802)	-	-	1,001
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	<u>37,054</u>	<u>(31,897)</u>	<u>840</u>	<u>-</u>	<u>67,095</u>
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ 30,304</u>	<u>\$ (52,699)</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 68,096</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 68,096
Restricted for:					
Capital improvements	-	-	-	-	-
Other purposes	30,304	-	840	-	-
Unassigned	-	(52,699)	-	-	-
Total cash basis fund balances (deficits)	<u>\$ 30,304</u>	<u>\$ (52,699)</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 68,096</u>

CITY OF CAMANCHE, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES (DEFICITS)  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2015

SCHEDULE 2  
(CONTINUED)

	Capital Projects				
	<u>CDBG</u>	<u>9th Street Improvement</u>	<u>9th Street Curb</u>	<u>3rd Street Mill</u>	<u>Washington Boulevard</u>
<b>RECEIPTS</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	-	-	-	-	-
Use of money and property	-	-	-	-	15
Intergovernmental	-	10,404	26,153	13,786	-
Miscellaneous	-	1,000	-	-	13,865
Total receipts	<u>-</u>	<u>11,404</u>	<u>26,153</u>	<u>13,786</u>	<u>13,880</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Capital projects	-	5,970	22,110	-	2,728
Total disbursements	<u>-</u>	<u>5,970</u>	<u>22,110</u>	<u>-</u>	<u>2,728</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>-</u>	<u>5,434</u>	<u>4,043</u>	<u>13,786</u>	<u>11,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	-	-
Operating transfers in	-	33,469	38,947	23,920	-
Operating transfers out	-	-	-	-	(31,683)
Total other financing sources (uses)	<u>-</u>	<u>33,469</u>	<u>38,947</u>	<u>23,920</u>	<u>(31,683)</u>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	<u>-</u>	<u>38,903</u>	<u>42,990</u>	<u>37,706</u>	<u>(20,531)</u>
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	<u>6,000</u>	<u>(38,903)</u>	<u>(42,990)</u>	<u>(37,706)</u>	<u>20,531</u>
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Capital improvements	6,000	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total cash basis fund balances (deficits)	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CAMANCHE, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES (DEFICITS)  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2015

SCHEDULE 2  
(CONTINUED)

	Capital Projects			<u>Total</u>
	<u>9th Avenue Anamosa</u>	<u>Washington Blvd Enhancement</u>	<u>City Hall Project</u>	
<b>RECEIPTS</b>				
Property tax	\$ -	\$ -	\$ -	\$ 246,386
Other city tax	-	-	-	25,722
Use of money and property	-	-	-	15
Intergovernmental	-	5,160	-	61,112
Miscellaneous	-	-	-	15,866
Total receipts	-	5,160	-	349,101
<b>DISBURSEMENTS</b>				
Operating:				
Public safety	-	-	-	219,175
Public works	-	-	-	28,389
Culture and recreation	-	-	-	22,675
Community and economic development	-	-	-	10,682
General government	-	-	-	24,348
Capital projects	112,726	56,368	158,346	358,248
Total disbursements	112,726	56,368	158,346	663,517
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(112,726)	(51,208)	(158,346)	(314,416)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	44,000	44,000
Operating transfers in	126,953	-	17,135	240,424
Operating transfers out	-	-	-	(31,683)
Total other financing sources (uses)	126,953	-	61,135	252,741
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	14,227	(51,208)	(97,211)	(61,675)
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	(14,227)	(27,548)	71,367	9,616
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	\$ -	\$ (78,756)	\$ (25,844)	\$ (52,059)
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>				
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 68,096
Restricted for:				
Capital improvements	-	-	-	6,000
Other purposes	-	-	-	31,144
Unassigned	-	(78,756)	(25,844)	(157,299)
Total cash basis fund balances (deficits)	\$ -	\$ (78,756)	\$ (25,844)	\$ (52,059)

CITY OF CAMANCHE, IOWA  
 SCHEDULE OF INDEBTEDNESS  
 Year Ended June 30, 2015

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	\$ 240,000	\$ -	\$ 120,000	\$ 120,000	\$ 5,880	\$ -
Street Improvement Bonds Series 2012	3/5/12	0.45% to 2.60%	4,195,000	3,875,000	-	170,000	3,705,000	71,953	-
Refunding Bonds Series 2012	9/17/12	2.00% to 3.15%	<u>1,695,000</u>	<u>1,535,000</u>	<u>-</u>	<u>75,000</u>	<u>1,460,000</u>	<u>38,157</u>	<u>-</u>
Total			<u>\$6,585,000</u>	<u>\$5,650,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 5,285,000</u>	<u>\$ 115,990</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**CITY OF CAMANCHE, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2015**

**SCHEDULE 4**

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>						<b>Total</b>
	<b>Street Improvement Bonds</b>		<b>Refunding Bonds</b>		<b>Refunding Bonds</b>		
	<b>Issued March 5, 2012</b>		<b>Issued March 9, 2010</b>		<b>Issued September 17, 2012</b>		
	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	
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
<b>TOTAL</b>		<b><u>\$ 3,705,000</u></b>		<b><u>\$ 120,000</u></b>		<b><u>\$ 1,460,000</u></b>	<b><u>\$ 5,285,000</u></b>

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>2015</u>	<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>
<b>RECEIPTS</b>										
Property tax	\$ 1,818,054	\$ 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
Other city tax	685,626	664,943	622,988	668,340	630,478	608,796	713,462	605,647	703,928	534,735
Licenses and permits	12,795	9,195	9,104	7,110	7,393	16,841	10,201	9,080	11,832	1,492
Use of money and property	21,670	23,292	36,533	33,457	41,208	27,408	57,098	70,928	71,095	53,507
Intergovernmental	640,933	1,003,924	597,592	1,164,001	733,244	673,598	644,333	391,603	435,172	660,766
Charges for service	122,549	119,593	107,284	101,738	134,632	61,771	9,177	10,962	9,432	7,195
Miscellaneous	118,225	193,033	139,995	249,089	1,289,743	3,960,337	72,170	425,459	101,334	146,999
<b>TOTAL RECEIPTS</b>	<b>\$ 3,419,852</b>	<b>\$ 3,858,948</b>	<b>\$ 3,294,979</b>	<b>\$ 3,863,531</b>	<b>\$ 4,436,464</b>	<b>\$ 6,840,967</b>	<b>\$ 2,954,763</b>	<b>\$ 2,931,497</b>	<b>\$ 2,758,360</b>	<b>\$ 2,447,833</b>
<b>DISBURSEMENTS</b>										
Operating:										
Public safety	\$ 1,484,372	\$ 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
Public works	620,994	749,527	452,068	662,070	425,954	641,000	590,005	498,240	494,600	598,934
Health and social services	-	1,375	-	-	-	-	-	-	-	-
Culture and recreation	299,019	359,390	304,939	265,757	298,393	241,329	229,736	212,056	213,114	200,975
Community and economic development	10,682	18,848	12,000	13,050	12,000	12,250	10,000	10,000	10,000	226,863
General government	391,926	437,685	400,328	403,547	434,158	376,203	394,017	384,852	330,811	411,967
Debt service	482,490	482,110	481,806	163,743	164,057	187,306	225,018	193,060	199,015	200,723
Capital projects	358,248	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
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 3,647,731</b>	<b>\$ 4,849,355</b>	<b>\$ 5,984,528</b>	<b>\$ 5,936,934</b>	<b>\$ 4,754,731</b>	<b>\$ 7,934,600</b>	<b>\$ 3,336,305</b>	<b>\$ 2,738,080</b>	<b>\$ 2,314,703</b>	<b>\$ 2,684,380</b>

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, 2015, 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 19, 2016. 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency.

## **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 responses as item 2015-002.

Comments involving statutory and other legal matters about the City of Camanche, Iowa's operations for the year ended June 30, 2015 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 19, 2016

**CITY OF CAMANCHE, IOWA  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

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

**CITY OF CAMANCHE, IOWA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2015-001 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 RESPONSES  
Year Ended June 30, 2015**

**Part II: Findings Related to the Financial Statements: (continued)**

**INSTANCES OF NON-COMPLIANCE:**

2015-002 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 other financing sources) and deductions (disbursements and other financing uses). A fund is in a deficit status if the disbursements and other financing uses exceed receipts and other financing sources.

Condition - The Employee Benefits Fund, the Washington Blvd Enhancement Fund and the City Hall Project Fund all had deficit balances at June 30, 2015.

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 Washington Blvd Enhancement Fund and the City Hall Project 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 RESPONSES**  
**Year Ended June 30, 2015**

**Part III: Other Findings Related to Required Statutory Reporting:**

2015-003 Certified Budget - Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the public safety and general government functions. 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.

2015-004 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.

2015-005 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2015-006 Business Transactions - We noted no business transactions between the City and City officials or employees.

2015-007 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.

2015-008 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.

2015-009 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.

2015-010 Annual Urban Renewal Report - The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.