

**CITY OF ELDORA, IOWA**

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

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

## Table of Contents

		<u>Page</u>
Officials		1-2
Independent Auditor’s Report		3-5
Management’s Discussion and Analysis		6-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	14-16
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	17-18
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	19-20
Notes to Financial Statements		21-36
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		37-38
Notes to Other Information – Budgetary Reporting		39
Schedule of the City’s Proportionate Share of the Net Pension Liability		40
Schedule of City Contributions		41-42
Notes to other Information – Pension Liability		43-44
Supplementary Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	45-47
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Proprietary Funds	2	48
Schedule of Indebtedness	3	49-50
Bond and Note Maturities	4	51-52
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	5	53-54

Table of Contents (continued)

	<u>Page</u>
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 <u>Government Auditing Standards</u>	55-57
Schedule of Findings	58-62

## City of Eldora, Iowa

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James Brown	Mayor	Jan 2016
Steve Pence	Mayor Pro Tem	Jan 2016
Jack Brekke	Council Member	Jan 2018
Melody Hoy	Council Member	Jan 2018
Myron Kosanke	Council Member	Jan 2016
Cindy Johns	Council Member	Jan 2018
W. Bruce Bierma	City Administrator/Clerk	Nov 2017
Michael Richards	Attorney	Jan 2016
<u>Library Board</u>		
Dean Stickrod	Chair	Jul 2016
Jerry Trittlen	Member	Jul 2018
Kristin Gehrke	Member	Jul 2018
Jill Stanish	Member	Jul 2018
Mary Swartz	Member	Jul 2016
Jackie Winters	Member	Jul 2016
<u>Board of Adjustment</u>		
Roger Hansen	Chair	May 2018
Brent Ewoldt	Member	May 2018
Sherry Albertson	Member	May 2018
Renee Minter	Member	May 2018
Ike Rooks	Member	May 2018

## City of Eldora, Iowa

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Planning and Zoning Commission</u>		
Annette Fahr	Chair	Jun 2017
Bruce Harvey	Member	Jun 2018
Larry Luiken	Member	Jun 2018
Bill Dagit	Member	Jun 2018
Steve Priske	Member	Jun 2018
Renee Minter	Member	Jun 2018
<u>Theater Board</u>		
Dave Rubow	Member	Jan 2016
Judith Andrews	Member	Jan 2016
Alma Donaldson	Member	Jan 2016
Marsha Pettigrew	Member	Jan 2018

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

714 14<sup>th</sup> Avenue North  
Fort Dodge, IA 50501-7098  
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.  
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.  
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.  
jjmaher@frontiernet.net

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

#### 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 Eldora, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### 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 Eldora 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

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

### Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Eldora 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 and Other Information*

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the City's Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 6 through 13 and 37 through 44 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 March 22, 2016, on our consideration of the City of Eldora'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 Eldora's internal control over financial reporting and compliance.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 22, 2016

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

This discussion and analysis is intended to be an easily readable analysis of the City of Eldora's financial activities for the fiscal year ended June 30, 2015 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements.

**2015 Financial Highlights**

- The City of Eldora purchased an ambulance this fiscal year with assistance from a federal grant.
- There were federal funds received from a Neighborhood Stabilization Program to help finance improvements for slum and blight elimination.
- The streetscape project was completed and construction was started on the 18<sup>th</sup> and 19<sup>th</sup> street project.

**Basis of Accounting**

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **Report Layout**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules or non-major funds and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government administration, debt service, and capital projects. Business-type activities are water, sewer, solid waste and theatre.

## **Statement of Activities**

The focus of the Statement of Activities is to present the major program cost and match major resources with each. To the extent a program's cost is not recovered by grants, donations, and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Following the Statement of Activities is a section containing fund financial statements. In the Statement of Cash Transaction and Changes in Cash Balance the City's major funds are presented in their own column and the remaining funds are combined into a column titled "Non-major Governmental or Proprietary Funds". For each major fund, a Schedule of Cash Transactions is presented. Readers who wish to obtain information on non-major funds can find it in the Combining Schedules of Non-major Funds in the Supplemental Information section of this report. Finally, completing the documents is a series of other financial schedules and the reports by the independent certified public accountants as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eldora, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Eldora can be divided into two categories: governmental funds and proprietary funds.

## **Governmental Funds**

Governmental funds account for most of the City's basic services. These focus on how much flows into and out of those funds, and 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 and Tax Increment Financing, 3) the Debt Service Fund and 4) the Capital Projects 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 City's programs.

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

## **Proprietary Funds**

Proprietary funds account for the City's Enterprise Funds. The City of Eldora maintains six different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Eldora uses enterprise funds to account for its Water, Sewer, Ambulance, Landfill, Utility Deposits, and Theater. The Sewer, Water, and Ambulance Funds are considered to be major funds, while the rest are combined as non-major business activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

## **Note to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

## **Other Information**

This report also presents certain required supplementary information concerning the City of Eldora's progress in funding its obligation to provide pension benefits to its employees.

## **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in cash balances for governmental activities.

- The General Fund Deficit was eliminated changing from -\$24,000 to \$682 due in part to an increase in revenues and a decrease in expenditures. Future increases are expected.
- Capital Projects still have a large deficit in a mostly due to the large deficit in the Downtown Streetscape Fund.
- Long-term debt – At the end of the current fiscal year, the City of Eldora had a debt outstanding of \$7,533,800. This consists of \$2,496,800 of general obligation debt, \$5,037,000 of revenue debt and \$0 in other debt.

### **Economic Factors and Next Year's Budget and Rates**

- City will reduce its planned 16% sewer increase to 8% in the 2015-16 Fiscal Year as a result of refinancing and smaller but longer term rate increases. Sewer rates were increased 28% in FY 2012-13 and 20% in FY 2013-14. Current projections shows the 20% increase has compensated for loss in use and can sustain the bond payments.
- City used more TIF funds to pay down internal loans under Capital Projects Fund
- City has sold properties to reduce operation and maintenance costs and those revenues from the properties, not under a blight program, are deposited into the General Fund to pay down its debt
- Recent rollback changes will increase residential taxes and reduce commercial taxes
- Stagnant activity in Assessment of taxable property values holds back the general fund, increases the levy and creates disproportion of taxes paid on new construction and development.

These factors were considered in doing the City of Eldora City 2014-15 and/or 2015-16 budget depending on when they were or are to be acted upon. If there are unknowns, they will be considered with the 2014-15 amended budget.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Eldora's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should contact the City of Eldora, City Clerk, Bruce Bierma, 1442 Washington St., Eldora, IA 50627.

## Changes in Net Position of Governmental Activities

	<b><u>Year Ended June 30, 2015</u></b>	<b><u>Year Ended June 30, 2014</u></b>
<b>Receipts and Transfers</b>		
Program Receipts:		
Charges for Service	\$ 135,479	\$ 133,223
Grants and Contributions	422,739	376,232
General Receipts:		
Property Taxes	1,249,509	1,246,601
Tax Increment Financing	128,939	137,201
Other City Taxes	319,835	289,889
Investment Earnings	4,231	4,975
Rent Received	77,641	77,233
Other General Receipts	340,612	133,512
<b>Other Financing Sources</b>		
Transfers net	<u>163,870</u>	<u>(124,990)</u>
<b>Total Receipts and Transfers</b>	<b>2,842,855</b>	<b>2,273,876</b>
<b>Disbursements</b>		
Public Safety	392,042	452,185
Public Works	441,976	396,431
Health and Social Services	42,194	42,513
Culture and Recreation	295,223	352,522
Comm. & Econ Development	13,202	1,713
General Government	433,608	430,606
Debt Service	557,353	556,556
Capital Projects	<u>619,826</u>	<u>598,597</u>
<b>Total Disbursements</b>	<b>2,795,424</b>	<b>2,831,123</b>
Increase (decrease) in cash basis net position	47,431	(557,247)
Cash basis net position beginning of year	<u>397,261</u>	<u>954,508</u>
Cash basis net assets end of year	\$ <u>444,692</u>	\$ <u>397,261</u>

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

	<b><u>Year Ended June 30, 2015</u></b>	<b><u>Year Ended June 30, 2014</u></b>
<b>Receipt and Transfers</b>		
Program Receipts:		
Charges for Service:		
Water	\$ 359,288	\$ 356,317
Sewer	933,629	879,888
Solid Waste	109,635	110,817
Ambulance	590,657	507,555
Other Charges	85,500	129,751
Grants and Contributions	71,000	---
General Receipts		
Interest	14,322	7,388
Bond Proceeds	<u>-----</u>	<u>---</u>
<b>Total Receipts and Transfers</b>	<b>2,164,031</b>	<b>1,991,716</b>
<b>Disbursements</b>		
Water	302,408	312,158
Sewer	767,820	707,935
Solid Waste	104,202	104,998
Other Business Type	66,932	418,605
Ambulance	834,909	394,074
Transfers, (in) out	<u>163,870</u>	<u>(124,990)</u>
<b>Total Disbursements and Transfers</b>	<b>2,240,141</b>	<b>1,812,780</b>
Increase (decrease) in cash basis net position	(76,110)	178,936
Cash basis net position beginning of year	<u>1,690,323</u>	<u>1,511,387</u>
Cash basis net position end of year	<u>\$ 1,614,213</u>	<u>\$ 1,690,323</u>

### **Individual Major Governmental Fund Analysis**

As the City of Eldora completed its year, its governmental funds reported a combined cash balance of \$444,692, an increase of \$47,431 from last year's total. The following are the major reasons for the changes in fund balances from the prior year:

- The General Fund increased \$24,544 due to revenue exceeding expenditures.
- The Road Use Tax Fund increased \$5,626 due to an increase in intergovernmental revenue.
- The Trust & Agency Fund increased \$76,902 due to a decrease in transfers out for employee benefits.
- The Local Option Sales Tax Fund increased \$44,835 due to an increase in other city tax.
- The Debt Service Fund decreased \$1,762 due to expenditures exceeding revenue.

### **Individual Major Business Type Fund Analysis**

As the City of Eldora completed its year, its proprietary funds reported a combined cash balance of \$1,614,213, a decrease of \$76,110 from last year's total. The following are the major reasons for the changes in fund balances from the prior year:

- The Water Fund increased \$47,030 due to an increase in net operating revenue.
- The Sewer fund increased \$53,768 due to an increase in net operating revenue.
- The Ambulance Fund decreased \$184,760 due to purchase of an ambulance.

### **Budgetary Highlights**

The City of Eldora adopts an annual budget for all funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. For the year ended June 30, 2015 the City exceeded the business type activities function due to an oversight of not adding the purchase of the new ambulance to the amended budget.

The explanation of the various budget categories follows on the next page.

**Public Safety** – This category includes police operations, civil service commissions, emergency management, and fire protection.

**Public Works** – This category includes roads, bridges, and sidewalks, equipment replacement, street lighting, traffic safety and snow removal.

**Culture and Recreation** – This category includes library services, park, recreation and cemetery.

**Community and Economic Development** – This category includes trees forever, TIF, planning and zoning, and community activities.

**General Government** – This category includes mayor/administrator, city council, city clerk, deputy city clerk, legal services city hall, insurance, cemetery, hospital, and safety programs.

**Debt Service** – This category includes general, TIF, and road use debt service.

**Capital Projects** – This category includes lease purchase, property acquisition, blight, right-of-way, and street resurfacing.

**Business Type Activities** – This category includes water, sewer, solid waste, ambulance and theater operations.

## **Basic Financial Statements**

City of Eldora, Iowa

Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2015

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts Operating Grants, Contributions, and Restricted Interest</u>
<b>Functions/Programs:</b>			
Governmental activities:			
Public safety	\$ 392,042	31,473	12,458
Public works	441,976	31,313	307,801
Health and social services	42,194	-	-
Culture and recreation	295,223	43,501	33,660
Community and economic development	13,202	-	-
General government	433,608	10,021	-
Debt service	557,353	-	-
Capital projects	619,826	19,171	-
Total governmental activities	<u>2,795,424</u>	<u>135,479</u>	<u>353,919</u>
Business type activities:			
Water	302,408	359,288	-
Sewer	767,820	933,629	-
Ambulance	834,909	590,657	-
Other nonmajor	171,134	195,135	-
Total business type activities	<u>2,076,271</u>	<u>2,078,709</u>	<u>-</u>
<b>Total</b>	<u>\$ 4,871,695</u>	<u>2,214,188</u>	<u>353,919</u>

Exhibit A

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

Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
-	(348,111)	-	(348,111)
-	(102,862)	-	(102,862)
-	(42,194)	-	(42,194)
68,070	(149,992)	-	(149,992)
-	(13,202)	-	(13,202)
-	(423,587)	-	(423,587)
-	(557,353)	-	(557,353)
750	(599,905)	-	(599,905)
<u>68,820</u>	<u>(2,237,206)</u>	<u>-</u>	<u>(2,237,206)</u>
-	-	56,880	56,880
-	-	165,809	165,809
71,000	-	(173,252)	(173,252)
-	-	24,001	24,001
<u>71,000</u>	<u>-</u>	<u>73,438</u>	<u>73,438</u>
<u>139,820</u>	<u>(2,237,206)</u>	<u>73,438</u>	<u>(2,163,768)</u>

(continued)

## City of Eldora, Iowa

## Statement of Activities and Net Position - Cash Basis

As of and for the year ended June 30, 2015

	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
<b>General Receipts:</b>			
Property tax and other city tax levied for:			
General purposes	\$ 931,118	-	931,118
Tax increment financing	128,939	-	128,939
Debt service	318,391	-	318,391
Local option sales tax	319,835	-	319,835
Unrestricted interest on investments	4,231	14,322	18,553
Rents received	77,641	-	77,641
Miscellaneous	338,312	-	338,312
Sale of assets	2,300	-	2,300
Transfers	163,870	(163,870)	-
Total general receipts and transfers	2,284,637	(149,548)	2,135,089
Change in cash basis net position	47,431	(76,110)	(28,679)
Cash basis net position beginning of year	397,261	1,690,323	2,087,584
Cash basis net position end of year	\$ 444,692	1,614,213	2,058,905
<b>Cash Basis Net Position</b>			
Restricted:			
Nonexpendable:			
Cemetery perpetual care	\$ 104,882	-	104,882
Expendable:			
Streets	220,571	-	220,571
Debt service	21,274	560,000	581,274
Other purposes	487,926	-	487,926
Unrestricted	(389,961)	1,054,213	664,252
<b>Total cash basis net position</b>	\$ 444,692	1,614,213	2,058,905

See notes to financial statements.

City of Eldora, Iowa  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds  
As of and for the year ended June 30, 2015

	General	Special Revenue		
		Road Use Tax	Trust & Agency	LOST
Receipts:				
Property tax	\$ 424,980	-	305,944	-
Tax increment financing	-	-	-	-
Other city tax	108,646	-	15,015	319,835
Licenses and permits	9,817	-	-	-
Use of money and property	81,720	-	-	-
Intergovernmental	61,902	293,639	4,866	-
Charges for service	46,791	21,754	-	-
Special assessments	-	-	-	-
Miscellaneous	88,518	30,845	-	-
Total receipts	<u>822,374</u>	<u>346,238</u>	<u>325,825</u>	<u>319,835</u>
Disbursements:				
Operating:				
Public safety	377,924	-	-	-
Public works	-	441,976	-	-
Health and social services	42,194	-	-	-
Culture and recreation	266,348	-	-	-
Community and economic development	-	-	-	-
General government	333,036	-	-	-
Debt service	-	-	-	-
Capital projects	55,731	-	-	-
Total disbursements	<u>1,075,233</u>	<u>441,976</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(252,859)</u>	<u>(95,738)</u>	<u>325,825</u>	<u>319,835</u>
Other financing sources (uses):				
Operating transfers in	295,229	101,364	-	-
Operating transfers out	(17,826)	-	(248,923)	(275,000)
Total other financing sources (uses)	<u>277,403</u>	<u>101,364</u>	<u>(248,923)</u>	<u>(275,000)</u>
Net change in cash balances	24,544	5,626	76,902	44,835
Cash balances beginning of year	(23,862)	214,945	55,835	496
Cash balances end of year	<u>\$ 682</u>	<u>220,571</u>	<u>132,737</u>	<u>45,331</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetery perpetual care	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Streets	-	220,571	-	-
Other purposes	-	-	132,737	45,331
Unassigned	682	-	-	-
Total cash basis fund balances	<u>\$ 682</u>	<u>220,571</u>	<u>132,737</u>	<u>45,331</u>

See notes to financial statements.

Exhibit B

<u>Debt Service</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
300,134	61,009	1,092,067
-	128,939	128,939
13,789	2,995	460,280
-	-	9,817
-	24,587	106,307
24,468	11,323	396,198
-	1,770	70,315
-	19,171	19,171
-	276,528	395,891
<u>338,391</u>	<u>526,322</u>	<u>2,678,985</u>
-	14,118	392,042
-	-	441,976
-	-	42,194
-	28,875	295,223
-	13,202	13,202
-	100,572	433,608
557,353	-	557,353
-	564,095	619,826
<u>557,353</u>	<u>720,862</u>	<u>2,795,424</u>
<u>(218,962)</u>	<u>(194,540)</u>	<u>(116,439)</u>
217,200	244,826	858,619
-	(153,000)	(694,749)
<u>217,200</u>	<u>91,826</u>	<u>163,870</u>
(1,762)	(102,714)	47,431
23,036	126,811	397,261
<u>21,274</u>	<u>24,097</u>	<u>444,692</u>
-	104,882	104,882
21,274	-	21,274
-	-	220,571
-	309,858	487,926
-	(390,643)	(389,961)
<u>21,274</u>	<u>24,097</u>	<u>444,692</u>

City of Eldora, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2015

	<u>Enterprise</u>	
	<u>Water</u>	<u>Sewer</u>
Operating receipts:		
Charges for service	\$ 359,288	928,593
Use of money and property	-	-
Miscellaneous	-	5,036
Total operating receipts	<u>359,288</u>	<u>933,629</u>
Operating disbursements:		
Business type activities	<u>287,695</u>	<u>372,970</u>
Total operating disbursements	<u>287,695</u>	<u>372,970</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>71,593</u>	<u>560,659</u>
Non-operating receipts (disbursements):		
Interest on investments	230	11,239
Intergovernmental	-	-
Debt service	(13,363)	(376,100)
Capital projects	(1,350)	(18,750)
Total non-operating receipts (disbursements)	<u>(14,483)</u>	<u>(383,611)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>57,110</u>	<u>177,048</u>
Other financing sources (uses):		
Operating transfers in (out)	<u>(10,080)</u>	<u>(123,280)</u>
Net change in cash balances	47,030	53,768
Cash balances beginning of year	<u>77,950</u>	<u>896,305</u>
Cash balances end of year	<u>124,980</u>	<u>950,073</u>
<b>Cash Basis Fund Balances</b>		
Restricted for debt service	-	560,000
Unrestricted	<u>124,980</u>	<u>390,073</u>
Total cash basis fund balances	<u>\$ 124,980</u>	<u>950,073</u>

See notes to financial statements.

Exhibit C

Funds		
<u>Ambulance</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
579,468	140,365	2,007,714
-	-	-
<u>11,189</u>	<u>54,770</u>	<u>70,995</u>
<u>590,657</u>	<u>195,135</u>	<u>2,078,709</u>
834,909	171,134	1,666,708
<u>834,909</u>	<u>171,134</u>	<u>1,666,708</u>
(244,252)	24,001	412,001
1,552	1,301	14,322
71,000	-	71,000
-	-	(389,463)
-	-	(20,100)
<u>72,552</u>	<u>1,301</u>	<u>(324,241)</u>
(171,700)	25,302	87,760
(13,060)	(17,450)	(163,870)
(184,760)	7,852	(76,110)
<u>473,665</u>	<u>242,403</u>	<u>1,690,323</u>
<u>288,905</u>	<u>250,255</u>	<u>1,614,213</u>
-	-	560,000
<u>288,905</u>	<u>250,255</u>	<u>1,054,213</u>
<u>288,905</u>	<u>250,255</u>	<u>1,614,213</u>

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies**

The City of Eldora, Iowa is a political subdivision of the State of Iowa located in Hardin County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City 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 and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Eldora, 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 a jointly governed organization that provides 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 board: Hardin County Assessor's Conference Board.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

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 are 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 are 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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

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 or enterprise funds are aggregated and reported as nonmajor governmental or enterprise 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 maintenances.

The Trust and Agency Fund is used to account for the property tax levied to finance the payment of employee benefits.

The Local Option Sales Tax Fund is used to account for the local option sales tax collected and expended in accordance with the ballot passed by the citizens.

The Debt Service Fund is utilized to account for property tax and other receipts 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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

The Enterprise, Ambulance Fund is used to account for the operation of the ambulance service.

C. Measurement Focus and Basis of Accounting

The City of Eldora 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.

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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

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 business type activities function.

**(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 at June 30, 2015. During the year ended June 30, 2015, the City invested its excess funds in savings accounts and certificates of deposit.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	365,000	55,780	343,000	97,930	708,000	153,710
2017	305,000	48,263	389,000	94,340	694,000	142,603
2018	315,000	41,945	394,000	89,700	709,000	131,645
2019	330,000	35,115	399,000	84,425	729,000	119,540
2020	335,000	27,747	404,000	78,305	739,000	106,052
2021-2025	846,800	37,810	2,142,000	271,535	2,988,800	309,345
2026-2030	-	-	966,000	40,685	966,000	40,685
Total	<u>\$2,496,800</u>	<u>246,660</u>	<u>5,037,000</u>	<u>756,920</u>	<u>7,533,800</u>	<u>1,003,580</u>

**Revenue Notes/Bonds**

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$5,660,000 in sewer revenue bonds issued in 2012. Proceeds from the bonds provided refinancing for sewer revenue bonds issued in prior years for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2027. Annual principal and interest payments on the notes are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$5,596,390. For the current year, principal and interest paid and total customer net receipts were \$376,100 and \$560,659, respectively.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay water revenue bonds issued in 2011 for \$210,000. Proceeds from the bonds provided financing for the construction of water improvements. The bonds are payable solely from water customer net receipts and are payable through 2030. Annual principal and interest payments on the notes are expected to require less than 90 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$197,530. For the

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

current year, principal and interest paid and total customer net receipts were \$12,950 and \$71,593, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the sewer fund, water fund or day care facility.
- (b) Sufficient monthly transfers shall be made to a separate revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) The City shall establish and provide for the collection of rates to be charged to customers of the sewer and water utilities to produce gross revenues at least sufficient pay the expenses of operation and maintenance of the Utilities and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding sewer notes due in such fiscal year.
- (d) The City shall maintain a reserve of \$560,000 restricted for the payment of principal and interest on the sewer revenue loan.

**(4) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive 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 plan documents for more information.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early- retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years 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 formulas 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<sup>th</sup>, 2012, the highest three-year average salary as of the 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 July 1, 2012, the reduction is .025 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012 the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

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

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

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 to 1 percentage point IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 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 \$110,044.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions -  
At June 30, 2015, the City's liability for its proportionate share collective net pension liability totaled \$ 357,593. The collective net pension liability was measured as of June 30, 2014, and 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 position liability was based on the City's share of contributions to the pension plan relative to the contribution of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.0090167 percent, which was a decrease of 0.0024101 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$41,139, \$24,418 and \$262,179 respectively.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

Actuarial Assumptions – The total pension liability in 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 per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.5 percent, compounded annually, net investment expense, including inflation

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

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

The long-term expected rate of return on 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 Allocation</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)
Total	100%	

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee 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 plan's 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 position liability calculated using discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City's proportionate share of the net pension liability	\$ 929,922	\$ 357,593	\$ (125,251)

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).

**(5) Other Postemployment Benefits (OPEB)**

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 20 active no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Hardin County. 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 benefit plan on a pay-as-you-go basis. The

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

most recent active member monthly premiums for the City and plan members are \$476 for single coverage and \$1,377 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the City contributed \$220,997 and plan members eligible for benefits contributed \$25,129 to the plan.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation or compensatory time 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 compensatory time, and payments payable to employees at June 30, 2015, primarily relating to the General and Proprietary Funds, are as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 50,200
Compensatory time	<u>600</u>
Total	\$ <u>50,800</u>

This liability has been computed based on rates of pay in effect at June 30, 2015.

**(7) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local option sales tax	\$ 60,500
	Trust & Agency	160,059
	TIF	5,000
	Capital Projects	18,000
	Enterprise:	
	Theatre	3,650
	Ambulance	13,060
	Water	10,080
	Sewer	11,080
	Solid waste	<u>13,800</u>
		295,229

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

Debt Service	Enterprise:	
	Sewer	112,200
	Special Revenue:	
	Local Option Sales Tax	15,000
	TIF	<u>90,000</u>
		217,200
Special Revenue:		
Road use	General	12,500
	Special Revenue:	
	Trust & Agency	<u>88,864</u>
		101,364
Special Revenue:	Special Revenue:	
Park Trust	Local option sales tax	<u>2,000</u>
Capital Projects	General	5,326
	Special Revenue:	
	Local option sales tax	197,500
	TIF	<u>40,000</u>
		<u>242,826</u>
Total		\$ <u>858,619</u>

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

**(8) Risk Management**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, loss and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were \$98,448.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

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

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation; this was paid in the prior year so there were no payments in the current year. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Deficit Fund Balances**

The Capital Projects Fund had a deficit balance of \$379,220 at June 30, 2015. The council plans to eliminate this deficit upon receipt of special assessments and transfer of local option and tax increment financing taxes.

The Special Revenue Fund, Fire Trust had a deficit balance of \$11,423 at June 30, 2015. The council plans to eliminate this deficit with donations.

The Special Revenue Fund, Tax Increment Financing had a deficit balance of \$3,860 at June 30, 2015. The council plans to eliminate this deficit upon receipt of taxes.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2015

**(10) Economic Development Loans Receivable**

The City has various long-term loans receivable totaling \$55,000 as of June 30, 2015 due from various businesses in Eldora. The loans were financed with the loan proceeds of an USDA Rural Development Grant, matching contributions from the City and repayments from businesses. Interest rates on these loans vary from 3.0% to 6.0% with monthly payments varying from \$248 - \$890.

**(11) Construction and Other Commitments**

The City of Eldora has a construction commitment for the Washington Street project for approximately \$1.5-1.75 million. The City has also approved a bid for \$130,000 for a park project and approved purchasing equipment for \$280,000.

**(12) Operating Lease**

The City entered into an operating lease for two copiers in October of 2012 for a period of 60 months. The monthly payment is \$430 per month plus copies. The amount paid for the fiscal year ended June 30, 2015 was \$5,160. The fixed future payments are as follows:

<u>Year Ending June 30,</u>	
2016	5,160
2017	5,160
2018	<u>1,290</u>
	<u>\$ 11,610</u>

**(13) Subsequent Events**

Subsequent events have been evaluated through March 22, 2016, which is the date the financial statements were available to be issued.

On November 5, 2015, the City approved issuing G.O. Capital Loan Notes in the amount of \$1,155,000, which will help finance the construction commitments noted above.

## **Other Information**

City of Eldora, 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 Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>
Receipts:		
Property tax	\$ 1,092,067	-
Tax increment financing	128,939	-
Other city tax	460,280	-
Licenses and permits	9,817	-
Use of money and property	106,307	-
Intergovernmental	396,198	71,000
Charges for service	70,315	2,007,714
Special assessments	19,171	-
Miscellaneous	395,891	85,317
Total receipts	<u>2,678,985</u>	<u>2,164,031</u>
Disbursements:		
Public safety	392,042	-
Public works	441,976	-
Health and social services	42,194	-
Culture and recreation	295,223	-
Community and economic development	13,202	-
General government	433,608	-
Debt service	557,353	-
Capital projects	619,826	-
Business type activities	-	2,076,271
Total disbursements	<u>2,795,424</u>	<u>2,076,271</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(116,439)</u>	<u>87,760</u>
Other financing sources, net	<u>163,870</u>	<u>(163,870)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	47,431	(76,110)
Balances beginning of year	<u>397,261</u>	<u>1,690,323</u>
Balances end of year	<u>\$ 444,692</u>	<u>1,614,213</u>

See accompanying independent auditor's report.

<u>Net</u>	<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
	<u>Original</u>	<u>Final</u>	
1,092,067	1,099,019	1,099,019	(6,952)
128,939	135,000	135,000	(6,061)
460,280	431,935	431,935	28,345
9,817	13,500	13,500	(3,683)
106,307	123,100	123,100	(16,793)
467,198	680,626	680,626	(213,428)
2,078,029	2,142,904	2,142,904	(64,875)
19,171	50,000	50,000	(30,829)
481,208	179,455	179,455	301,753
<u>4,843,016</u>	<u>4,855,539</u>	<u>4,855,539</u>	<u>(12,523)</u>
392,042	485,626	500,000	107,958
441,976	518,691	450,000	8,024
42,194	55,225	55,225	13,031
295,223	479,220	479,220	183,997
13,202	21,000	21,000	7,798
433,608	407,336	475,000	41,392
557,353	557,500	557,500	147
619,826	662,000	662,000	42,174
2,076,271	1,770,905	1,910,000	(166,271)
<u>4,871,695</u>	<u>4,957,503</u>	<u>5,109,945</u>	<u>238,250</u>
<u>(28,679)</u>	<u>(101,964)</u>	<u>(254,406)</u>	<u>225,727</u>
<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>(12,500)</u>
(28,679)	(89,464)	(241,906)	213,227
<u>2,087,584</u>	<u>2,151,275</u>	<u>2,151,275</u>	<u>(63,691)</u>
<u>2,058,905</u>	<u>2,061,811</u>	<u>1,909,369</u>	<u>149,536</u>

City of Eldora, 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 except Internal Service 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, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent 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 disbursements by \$152,442. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the business type activities function.

City of Eldora, Iowa

Schedule of City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

Last Fiscal Year\*

(In Thousands)

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.009017%
City's proportionate share of the net pension liability	\$ 358
City's covered-employee payroll	\$ 1,233
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.03%
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 Eldora, Iowa  
Schedule of City's Contributions

Iowa Public Employees' Retirement System  
Last 4 Fiscal Years  
(In Thousands)

Other Information

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 110	101
Contributions in relation to the statutorily required contribution	<u>(110)</u>	<u>(101)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
City's covered-employee payroll	\$ 1233	1147
Contributions as a percentage of covered-employee payroll	8.92%	8.81%

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.

<u>2013</u>	<u>2012</u>
98	89
<u>(98)</u>	<u>(89)</u>
<u><u>-</u></u>	<u><u>-</u></u>
1096	1050
8.94%	8.48%

City of Eldora, Iowa

Notes to Other Information – Pension Liability

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 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 ages 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.

City of Eldora, Iowa

Notes to Other Information – Pension Liability

June 30, 2015

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.

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.

## **Supplementary Information**

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2015

	Special					Revenue		
	Insurance	Housing	Trust & Agency	Parks Trust	Fire Trust	Library Trust	Special Library Trust	Police Trust
<b>Receipts:</b>								
Property tax	\$ 61,009	-	-	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	-
Other city tax	2,995	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	23	23	-	-
Intergovernmental	971	-	-	-	7,500	2,852	-	-
Charges for service	-	-	-	-	1,500	-	-	270
Special assessments	-	-	-	-	-	-	-	-
Miscellaneous	34,905	-	-	68,070	4,958	8,265	-	1,458
Total receipts	<u>99,880</u>	<u>-</u>	<u>-</u>	<u>68,070</u>	<u>13,981</u>	<u>11,140</u>	<u>-</u>	<u>1,728</u>
<b>Disbursements:</b>								
Operating:								
Public safety	-	-	-	-	12,085	-	-	517
Culture and recreation	-	-	-	11,675	-	14,429	-	-
Community and economic development	-	-	-	-	-	-	-	-
General government	100,572	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>100,572</u>	<u>-</u>	<u>-</u>	<u>11,675</u>	<u>12,085</u>	<u>14,429</u>	<u>-</u>	<u>517</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(692)</u>	<u>-</u>	<u>-</u>	<u>56,395</u>	<u>1,896</u>	<u>(3,289)</u>	<u>-</u>	<u>1,211</u>
<b>Other financing sources (uses):</b>								
Bond proceeds	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	2,000	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash balances	(692)	-	-	58,395	1,896	(3,289)	-	1,211
Cash balances beginning of year	37,066	-	-	2,736	(13,319)	13,671	60,000	6,024
Cash balances end of year	<u>36,374</u>	<u>-</u>	<u>-</u>	<u>61,131</u>	<u>(11,423)</u>	<u>10,382</u>	<u>60,000</u>	<u>7,235</u>
<b>Cash Basis Fund Balances</b>								
Nonspendable - Cemetery perpetual care	-	-	-	-	-	-	-	-
Restricted for:								
Other purposes	36,374	-	-	61,131	-	10,382	60,000	7,235
Unassigned	-	-	-	-	(11,423)	-	-	-
Total cash basis fund balances	<u>\$ 36,374</u>	<u>\$ -</u>	<u>-</u>	<u>61,131</u>	<u>(11,423)</u>	<u>10,382</u>	<u>60,000</u>	<u>7,235</u>

See accompanying independent auditor's report.

(continued)

City of Eldora, Iowa

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2015

	Special					Revenue	
	Theater Trust	Visitors Center	Ambulance Trust	Ambulance Trust	LOST	TIF	Economic Development
Receipts:							
Property tax	\$ -	-	-	-	-	-	-
Tax increment financing collections	-	-	-	-	-	128,939	-
Other city tax	-	-	-	-	-	-	-
Use of money and property	54	-	-	19	-	-	24,468
Intergovernmental	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Miscellaneous	2,555	-	-	1,750	-	-	200
Total receipts	<u>2,609</u>	<u>-</u>	<u>-</u>	<u>1,769</u>	<u>-</u>	<u>128,939</u>	<u>24,668</u>
Disbursements:							
Operating:							
Public safety	-	-	-	1,516	-	-	-
Culture and recreation	2,771	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	13,202
General government	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total disbursements	<u>2,771</u>	<u>-</u>	<u>-</u>	<u>1,516</u>	<u>-</u>	<u>-</u>	<u>13,202</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(162)</u>	<u>-</u>	<u>-</u>	<u>253</u>	<u>-</u>	<u>128,939</u>	<u>11,466</u>
Other financing sources (uses):							
Loan proceeds	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(135,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>
Change in cash balances	(162)	-	-	253	-	(6,061)	11,466
Cash balances beginning of year	16,816	-	-	13,659	-	2,201	96,564
Cash balances end of year	<u>16,654</u>	<u>-</u>	<u>-</u>	<u>13,912</u>	<u>-</u>	<u>(3,860)</u>	<u>108,030</u>
<b>Cash Basis Fund Balances</b>							
Nonspendable - cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Other purposes	16,654	-	-	13,912	-	(3,860)	108,030
Unassigned	-	-	-	-	-	-	-
	<u>\$ 16,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u># 13,912</u>	<u>-</u>	<u>(3,860)</u>	<u>108,030</u>

See accompanying independent auditor's report.

(continued)

Schedule 1

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
-	-	-	61,009
-	-	-	128,939
-	-	-	2,995
-	-	-	24,587
-	-	-	11,323
-	-	-	1,770
19,171	-	-	19,171
<u>153,917</u>	<u>-</u>	<u>450</u>	<u>276,528</u>
<u>173,088</u>	<u>-</u>	<u>450</u>	<u>526,322</u>
-	-	-	14,118
-	-	-	28,875
-	-	-	13,202
-	-	-	100,572
-	-	-	-
<u>564,095</u>	<u>-</u>	<u>-</u>	<u>564,095</u>
<u>564,095</u>	<u>-</u>	<u>-</u>	<u>720,862</u>
<u>(391,007)</u>	<u>-</u>	<u>450</u>	<u>(194,540)</u>
-	-	-	-
242,826	-	-	244,826
<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>(153,000)</u>
<u>224,826</u>	<u>-</u>	<u>-</u>	<u>91,826</u>
(166,181)	-	450	(102,714)
<u>(213,039)</u>	<u>-</u>	<u>104,432</u>	<u>126,811</u>
<u>(379,220)</u>	<u>-</u>	<u>104,882</u>	<u>24,097</u>
-	-	104,882	104,882
-	-	-	309,858
<u>(379,220)</u>	<u>-</u>	<u>-</u>	<u>(390,643)</u>
<u>(379,220)</u>	<u>-</u>	<u>104,882</u>	<u>24,097</u>

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2015

	<u>Theater</u>	<u>Utility Deposit</u>	<u>Solid Waste</u>	<u>Total</u>
Operating receipts:				
Charges for service	\$ 30,730	-	109,635	140,365
Use of money and property	-	-	-	-
Miscellaneous	<u>50,796</u>	<u>3,974</u>	<u>-</u>	<u>54,770</u>
Total operating receipts	<u>81,526</u>	<u>3,974</u>	<u>109,635</u>	<u>195,135</u>
Operating disbursements:				
Business type activities	<u>66,932</u>	<u>-</u>	<u>104,202</u>	<u>171,134</u>
Total operating disbursements	<u>66,932</u>	<u>-</u>	<u>104,202</u>	<u>171,134</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>14,594</u>	<u>3,974</u>	<u>5,433</u>	<u>24,001</u>
Non-operating receipts:				
Interest on investments	828	473	-	1,301
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating receipts	<u>828</u>	<u>473</u>	<u>-</u>	<u>1,301</u>
Excess (deficiency) of receipts over (under) disbursements	15,422	4,447	5,433	25,302
Operating transfers in (out)	<u>(3,650)</u>	<u>-</u>	<u>(13,800)</u>	<u>(17,450)</u>
Net change in cash balances	11,772	4,447	(8,367)	7,852
Cash balances beginning of year	<u>123,903</u>	<u>58,008</u>	<u>60,492</u>	<u>242,403</u>
Cash balances end of year	<u>135,675</u>	<u>62,455</u>	<u>52,125</u>	<u>250,255</u>
<b>Cash Basis Fund Balances</b>				
Unreserved	<u>135,675</u>	<u>62,455</u>	<u>52,125</u>	<u>250,255</u>
Total cash basis fund balances	<u>\$ 135,675</u>	<u>62,455</u>	<u>52,125</u>	<u>250,255</u>

See accompanying independent auditor's report.

City of Eldora, Iowa

Schedule of Indebtedness

Year ended June 30, 2015

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes:			
Disaster Relief	8-25-10	0.00%	\$ 196,800
General loan note	6-12-13	3.15%	340,000
Total			
General obligation bonds:			
GO Corporate purpose and refund bonds	8-15-11	2.00-3.25%	\$ 2,260,000
Street improvement and refunding bonds	12-6-12	2.00%	1,230,000
Total			
Revenue bonds:			
Water - Series A 2010	1-27-10	3.00%	210,000
Sewer revenue refunding bonds	12-19-12	0.6-2.60%	5,660,000
Total			

See accompanying independent auditor's report.

## Schedule 3

<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>
176,800	-	10,000	166,800	-	-
<u>315,000</u>	<u>-</u>	<u>25,000</u>	<u>290,000</u>	<u>9,978</u>	<u>-</u>
<u>\$ 491,800</u>	<u>-</u>	<u>35,000</u>	<u>456,800</u>	<u>9,978</u>	<u>-</u>
1,420,000	-	295,000	1,125,000	34,875	-
<u>1,075,000</u>	<u>-</u>	<u>160,000</u>	<u>915,000</u>	<u>21,500</u>	<u>-</u>
<u>\$ 2,495,000</u>	<u>-</u>	<u>455,000</u>	<u>2,040,000</u>	<u>56,375</u>	<u>-</u>
165,000	-	8,000	157,000	4,950	-
<u>5,160,000</u>	<u>-</u>	<u>280,000</u>	<u>4,880,000</u>	<u>96,100</u>	<u>-</u>
<u>\$ 5,325,000</u>	<u>-</u>	<u>288,000</u>	<u>5,037,000</u>	<u>101,050</u>	<u>-</u>

Bond and Note Maturities

June 30, 2015

General Obligation Notes/Bonds									
Year Ending <u>June 30,</u>	Disaster Relief Issued Aug 25, 2010		Corporate Purpose and Refund Bonds Issued Aug 15, 2011		Street Improvement and Refunding Bonds Issued Dec 6, 2012		General Fund Loan Agreement Issued Jun 12, 2013		<u>Total</u>
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2016	0.00	15,000	2.00	190,000	2.00	115,000	3.15	45,000	365,000
2017	0.00	15,000	2.00	125,000	2.00	120,000	3.15	45,000	305,000
2018	0.00	15,000	2.25	125,000	2.00	130,000	3.15	45,000	315,000
2019	0.00	20,000	2.50	130,000	2.00	135,000	3.15	45,000	330,000
2020	0.00	20,000	2.70	135,000	2.00	135,000	3.15	45,000	335,000
2021	0.00	20,000	2.90	135,000	2.00	140,000	3.15	45,000	340,000
2022	0.00	20,000	3.10	140,000	2.00	140,000	3.15	20,000	320,000
2023	0.00	20,000	3.25	145,000	-	-	-	-	165,000
2024	0.00	21,800	-	-	-	-	-	-	21,800
Total		<u>\$ 166,800</u>		<u>\$ 1,125,000</u>		<u>\$ 915,000</u>		<u>\$ 290,000</u>	<u>2,496,800</u>

## City of Eldora, Iowa

## Bond and Note Maturities

June 30, 2015

Year Ending <u>June 30,</u>	Revenue Bonds				
	Water Revenue Issued Jan 27, 2010		Sewer Refunding Bonds Issued Dec 19, 2012		Total
	Interest Rates	Amount	Interest Rates	Amount	
2016	3.00	8,000	1.00	335,000	343,000
2017	3.00	9,000	1.15	380,000	389,000
2018	3.00	9,000	1.30	385,000	394,000
2019	3.00	9,000	1.50	390,000	399,000
2020	3.00	9,000	1.70	395,000	404,000
2021	3.00	10,000	1.85	400,000	410,000
2022	3.00	10,000	2.00	410,000	420,000
2023	3.00	10,000	2.15	420,000	430,000
2024	3.00	11,000	2.30	425,000	436,000
2025	3.00	11,000	2.40	435,000	446,000
2026	3.00	11,000	2.50	445,000	456,000
2027	3.00	12,000	2.60	460,000	472,000
2028	3.00	12,000		-	12,000
2029	3.00	13,000		-	13,000
2030	3.00	13,000		-	13,000
Total		<u>\$ 157,000</u>		<u>\$ 4,880,000</u>	<u>5,037,000</u>

See accompanying independent auditor's report.

City of Eldora, Iowa

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts:				
Property tax	\$ 1,092,067	\$ 1,099,547	1,063,072	1,102,576
Tax increment financing	128,939	137,201	130,009	45,320
Other city tax	460,280	436,942	404,295	334,548
Licenses and permits	9,817	11,794	20,820	16,071
Use of money and property	106,307	93,744	105,002	94,789
Intergovernmental	396,198	348,278	425,653	843,761
Charges for service	70,315	68,621	82,380	78,097
Special assessments	19,171	25,216	55,706	-
Miscellaneous	395,891	177,523	435,294	116,694
	<u>\$ 2,678,985</u>	<u>\$ 2,398,866</u>	<u>2,722,231</u>	<u>2,631,856</u>
Total				
Disbursements:				
Operating				
Public safety	\$ 392,042	\$ 452,185	422,428	448,293
Public works	441,976	396,431	489,941	384,518
Health and social services	42,194	42,513	42,088	46,030
Culture and recreation	295,223	352,522	371,758	526,207
Community and economic development	13,202	1,713	1,801	14,941
General government	433,608	430,606	430,791	475,773
Debt service	557,353	556,556	1,385,603	1,251,508
Capital projects	619,826	598,597	633,924	2,187,064
	<u>\$ 2,795,424</u>	<u>\$ 2,831,123</u>	<u>3,778,334</u>	<u>5,334,334</u>
Total				

See accompanying independent auditor's report.

Schedule 5

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1,108,667	1,112,449	1,062,599	1,029,357	1,015,043	764,623
37	251	16,639	15,156	68,798	70,248
353,568	323,277	353,143	315,157	348,249	270,204
19,067	12,853	11,492	12,958	6,334	8,544
100,547	104,605	188,994	147,906	106,502	139,391
1,212,653	426,019	325,284	297,555	781,727	364,980
85,033	119,459	116,888	534,703	314,626	255,622
285	-	19,171	178	1,813	2,861
<u>522,714</u>	<u>731,192</u>	<u>156,292</u>	<u>410,032</u>	<u>462,476</u>	<u>503,640</u>
<u>3,402,571</u>	<u>2,830,105</u>	<u>2,250,502</u>	<u>2,763,002</u>	<u>3,105,568</u>	<u>2,380,113</u>
420,514	440,667	368,762	684,411	631,384	771,471
376,673	364,729	420,988	385,517	368,779	415,889
47,691	138,046	96,769	63,196	85,999	1,193,069
416,759	319,485	286,841	358,105	248,622	248,565
122,625	129,355	124,905	63,438	82,116	96,932
674,276	817,931	287,215	209,255	228,293	270,958
460,396	541,448	514,993	550,016	548,175	294,465
<u>1,481,609</u>	<u>523,723</u>	<u>63,403</u>	<u>452,614</u>	<u>2,528,529</u>	<u>1,293,276</u>
<u>4,000,543</u>	<u>3,275,384</u>	<u>2,163,876</u>	<u>2,766,552</u>	<u>4,721,897</u>	<u>4,584,625</u>

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

714 14<sup>th</sup> Avenue North  
Fort Dodge, IA 50501-7098  
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.  
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.  
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.  
jjmaher@frontiernet.net

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:

We have audited in accordance with U.S. generally accepted auditing standards 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 Eldora, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 22, 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 Eldora's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Eldora's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eldora's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Eldora's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as items I-B-15, and I-C-15 to be a significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldora's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### The City of Eldora's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 22, 2016

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2015

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

I-A-15 Segregation of Duties – During our review of internal control, the existing procedures were evaluated in order to determine that incompatible duties are not performed by the same employee. We noted that almost all of the utility billing procedures were handled by the same person. We also noted that one employee handles almost all of the procedures related to processing payroll and processing financial transactions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. Therefore, we recommend the Council maintain its diligence in the review of the financial records.

Response – We feel we are segregating duties to the fullest extent possible with the size of our staff. The Council will maintain its review of the financial records.

Conclusion – Response accepted.

I-B-15 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with the cash basis of accounting. The City of Eldora does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

City of Eldora, Iowa  
Schedule of Findings  
Year ended June 30, 2015

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with the cash basis of accounting can be considered costly and ineffective. However, it is the responsibility of the City’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources necessary to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relating to the cost, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

I-C-15 Approval of Disbursements – The City has a policy where certain bills can be paid between meetings, with approval by the council at the next meeting. During the course of our audit, we noted one disbursement was paid between meetings that was not covered by the city’s policy.

Recommendation- The City should review their policy to see if it’s meets their current needs.

Response – We will do this.

Conclusion – Response accepted.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2015

**Part II: Other Findings Related to Statutory Reporting:**

II-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the business type activities function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should be amended in sufficient amounts before the disbursements exceed the budget.

Response – The budget will be amended in sufficient amounts in the future, if applicable.

Conclusion – Response accepted.

II-B-15 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

II-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-15 Business Transactions – Business Transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Melody Hoy, Council Member, Owner of Eldora Pharmacy	Supplies	678

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since total transactions with the individual were less than \$2,500.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2015

II-E-15 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 coverage is adequate for current operations.

II-F-15 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of the City Council proceedings were published, the publications did not include a summary of receipts or the specific code section requiring closed sessions.

Recommendation – The City should review its policy for paying bills between meetings. Also, the city should include a summary of receipts and the code section for closed sessions as required by Chapter 21.5 Code of Iowa.

Response – This was an oversight this year. We will include a summary of receipts and the code section for closed sessions in the published minutes in the future.

Conclusion – Response accepted.

II-G-15 Deposits and Investments – The City has a written investment policy established per Chapter 452 of the Code of Iowa and should be established per Chapter 12B.10B of the Code of Iowa.

Recommendation – The City should adopt a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – We will update our written investment policy.

Conclusion – Response accepted.

II-H-15 Financial Condition – The Capital Project Fund had a deficit balance of \$379,220, the Fire Trust Fund had a deficit balance of \$11,423 and the Tax Increment Financing Fund had a deficit balance of \$3,860 at June 30, 2015.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2015

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – See footnote number 9 for a description of how the City plans to eliminate these deficits.

Conclusion – Response accepted.

II-I-15 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid.

The City did not file the TIF report with the county by December 1<sup>st</sup>, 2014 as noted in the preceding paragraph.

Recommendation – The City should file their TIF report annually as required.

Response – This was an oversight this year due to change in administrators. This report will be filed in the future.

Conclusion – Response accepted.