CITY OF TAMA, IOWA

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

JUNE 30, 2016

CITY OF TAMA, IOWA
Table of Contents

		Page
OFFICIALS		1
INDEPENDENT AUDITOR'S REPORT		2
BASIC FINANCIAL STATEMENTS:		
	Exhibit	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	5
Governmental Funds Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	7
Proprietary Funds Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	9
Notes to Financial Statements		10
OTHER INFORMATION:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds		24
Notes to Other Information - Budgetary Reporting		25
Schedule of the City's Proportionate Share of the Net Pension Liability		26
Schedule of City Contributions		27
Notes to Other Information - Pension Liability		28
SUPPLEMENTARY INFORMATION:	Schedule	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	29
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Enterprise Funds	2	31
Schedule of Indebtedness	3	32
Bond and Note Maturities	4	33
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	5	34
Schedule of Sewer Service Charges	6	35
Schedule of Insurance in Force	7	36
Schedule of Legal Debt Margin	8	37
COMMENTS AND RECOMMENDATIONS:		
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		38
Schedule of Findings and Responses		40

CITY OF TAMA, IOWA
OFFICIALS

(Before January, 2016)

Name	Title	Term Expires
Dan Zimmerman	Mayor	January, 2016
Doug Ray	Council Member	January, 2018
Steve Baier	Council Member	January, 2016
Mike Carnahan	Council Member	January, 2018
Kenny McAdoo	Council Member	January, 2016
Crystal Kaufman	Council Member	January, 2016
Judy Welch	City Clerk	Appointed
Dan Rathjen	City Attorney	Appointed

(After January, 2016)

Dan Zimmerman	Mayor	January, 2020
Doug Ray	Council Member	January, 2018
Aaron Haughey	Council Member	January, 2020
Mike Carnahan	Council Member	January, 2018
Kenny McAdoo	Council Member	January, 2020
Robert Tyynismaa	Council Member	January, 2020
Judy Welch	City Clerk	Appointed
Dan Rathjen	City Attorney	Appointed

Gronewold, Bell, Kyhnn & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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 Tama, Iowa, as of and for the year ended June 30, 2016, and the related notes to the 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 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.

To the Honorable Mayor and
Members of the City Council

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 Tama as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Tama's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2015 (none of which are presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the three years ended June 30, 2009 (none of which are presented herein), were audited by other auditors whose report 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 8, 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 to 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 Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 24 through 28 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.

To the Honorable Mayor and
Members of the City Council

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2016 on our consideration of the City of Tama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 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 City of Tama's internal control over financial reporting and compliance.

Grewohl, Ben, Kyhn & Co. P.C.

Atlantic, Iowa
December 20, 2016

CITY OF TAMA, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

As of and for the year ended June 30, 2016

		Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	$ 886,504	$ 395,183	$ 21,271
Public works	628,653	52,582	355,538
Health and social services	5,231	--	--
Culture and recreation	294,478	25,323	32,771
Community and economic development	285,287	12,181	132,051
General government	167,929	19,379	--
Debt service	284,351	--	--
Capital projects	21,305	--	--
Total governmental activities	2,573,738	504,648	541,631
Business type activities:			
Water	439,666	392,180	--
Sewer	1,555,558	451,626	--
Total business type activities	1,995,224	843,806	--
Total	$ 4,568,962	$ 1,348,454	$ 541,631

General Receipts and Transfers:
- Property and other city tax levied for:
  - General purposes
  - Debt service
- Tax increment financing
- Local option sales tax
- Unrestricted interest on investments
- Debt proceeds
- Miscellaneous
- Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

(continued next page)

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
$ --	$(470,050)	$ --	$(470,050)
--	(220,533)	--	(220,533)
--	(5,231)	--	(5,231)
--	(236,384)	--	(236,384)
--	(141,055)	--	(141,055)
--	(148,550)	--	(148,550)
--	(284,351)	--	(284,351)
--	(21,305)	--	(21,305)
--	(1,527,459)	--	(1,527,459)
--	--	(47,486)	(47,486)
449,706	--	(654,226)	(654,226)
449,706	--	(701,712)	(701,712)
$ 449,706	(1,527,459)	(701,712)	(2,229,171)
	965,059	--	965,059
	173,098	--	173,098
	7,807	--	7,807
	208,896	--	208,896
	20,092	1,671	21,763
	--	671,831	671,831
	69,806	31,618	101,424
	(85,443)	85,443	--
	1,359,315	790,563	2,149,878
	(168,144)	88,851	(79,293)
	2,877,076	774,890	3,651,966
	$ 2,708,932	$ 863,741	$ 3,572,673

CITY OF TAMA, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS - Continued

As of and for the year ended June 30, 2016

		Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Debt service			
Streets			
Employee benefits			
Capital projects			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
	$ 59,679	$ --	$ 59,679
	9,071	42,223	51,294
	164,674	--	164,674
	160,255	--	160,255
	1,692,819	186,251	1,879,070
	294,395	--	294,395
	328,039	635,267	963,306
	$ 2,708,932	$ 863,741	$ 3,572,673

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	$ 529,134	$ --
Tax increment financing	--	--
Other city tax	14,373	--
Licenses and permits	24,710	--
Use of money and property	15,341	--
Intergovernmental	248,878	355,538
Charges for service	339,317	--
Miscellaneous	75,409	--
Total receipts	1,247,162	355,538
Disbursements:		
Operating:		
Public safety	879,476	--
Public works	278,231	350,422
Health and social services	5,231	--
Culture and recreation	272,540	--
Community and economic development	278,437	--
General government	167,421	--
Debt service	--	--
Capital projects	--	--
Total disbursements	1,881,336	350,422
Excess (deficiency) of receipts over (under) disbursements	(634,174)	5,116
Other financing sources (uses):		
Operating transfers in	531,196	--
Operating transfers out	(19,475)	(46,000)
Total other financing sources (uses)	511,721	(46,000)
Net change in cash balances	(122,453)	(40,884)
Cash balances beginning of year	450,492	205,558
Cash balances end of year	$ 328,039	$ 164,674

(continued next page)

Special Revenue Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
$ 394,751	$ 168,506	$ --	$ 15,850	$ 1,108,241
--	--	--	7,807	7,807
10,734	4,592	--	209,113	238,812
--	--	--	--	24,710
449	--	3,243	1,059	20,092
--	--	--	--	604,416
--	--	--	--	339,317
--	--	23,368	48,865	147,642
405,934	173,098	26,611	282,694	2,491,037
1,500	--	--	5,528	886,504
--	--	--	--	628,653
--	--	--	--	5,231
2,714	--	--	19,224	294,478
--	--	--	6,850	285,287
--	--	--	508	167,929
--	284,351	--	--	284,351
--	--	21,305	--	21,305
4,214	284,351	21,305	32,110	2,573,738
401,720	(111,253)	5,306	250,584	(82,701)
--	116,558	46,305	8,000	702,059
(329,015)	--	(163,528)	(229,484)	(787,502)
(329,015)	116,558	(117,223)	(221,484)	(85,443)
72,705	5,305	(111,917)	29,100	(168,144)
87,550	3,766	1,804,736	324,974	2,877,076
$ 160,255	$ 9,071	$ 1,692,819	$ 354,074	$ 2,708,932

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES - Continued
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	General	Special Revenue Road Use Tax
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	$ --	$ --
Restricted for:		
Debt service	--	--
Streets	--	164,674
Employee benefits	--	--
Capital projects	--	--
Other purposes	--	--
Unassigned	328,039	--
Total cash basis fund balances	$ 328,039	$ 164,674

The accompanying notes are an integral part of these statements.

Special Revenue Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
$ --	$ --	$ --	$ 59,679	$ 59,679
--	9,071	--	--	9,071
--	--	--	--	164,674
160,255	--	--	--	160,255
--	--	1,692,819	--	1,692,819
--	--	--	294,395	294,395
--	--	--	--	328,039
$ 160,255	$ 9,071	$ 1,692,819	$ 354,074	$ 2,708,932

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2016

	Enterprise	
	Water Fund	Sewer Fund
Operating Receipts:		
Intergovernmental	$ --	$ --
Charges for service	392,180	451,626
Total operating receipts	392,180	451,626
Operating Disbursements:		
Business type activities	387,841	250,652
Total operating disbursements	387,841	250,652
Excess of receipts over disbursements	4,339	200,974
Non-operating receipts (disbursements):		
Interest on investments	627	1,044
Miscellaneous	28,023	3,595
Debt proceeds	--	--
Debt service	--	--
Capital projects	--	--
Total non-operating receipts (disbursements), net	28,650	4,639
Excess (deficiency) of receipts over (under) disbursements	32,989	205,613
Operating transfers in	85,443	14,415
Operating transfers out	(65,625)	(217,100)
Total operating transfers in (out), net	19,818	(202,685)
Net change in cash balances	52,807	2,928
Cash balances beginning of year	261,843	224,491
Cash balances end of year	$ 314,650	$ 227,419
Cash Basis Fund Balances		
Restricted for:		
Debt service	$ --	$ --
Capital projects	--	--
Unrestricted	314,650	227,419
Total cash basis fund balances	$ 314,650	$ 227,419

The accompanying notes are an integral part of these statements.

Enterprise			
Sewer Improvement Project	Sewer Replacement	Nonmajor	Total
$ 449,706	$ --	$ --	$ 449,706
--	--	--	843,806
449,706	--	--	1,293,512
--	--	--	638,493
--	--	--	638,493
449,706	--	--	655,019
--	--	--	1,671
--	--	--	31,618
671,831	--	--	671,831
(5,185)	--	(100,678)	(105,863)
(1,220,009)	(7,745)	(23,114)	(1,250,868)
(553,363)	(7,745)	(123,792)	(651,611)
(103,657)	(7,745)	(123,792)	3,408
118,100	25,000	139,625	382,583
(14,415)	--	--	(297,140)
103,685	25,000	139,625	85,443
28	17,255	15,833	88,851
--	168,968	119,588	774,890
$ 28	$ 186,223	$ 135,421	$ 863,741
$ --	$ --	$ 42,223	$ 42,223
28	186,223	--	186,251
--	--	93,198	635,267
$ 28	$ 186,223	$ 135,421	$ 863,741

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tama, Iowa is a political subdivision of the State of Iowa located in Tama 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 Tama 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.

These financial statements present the City of Tama (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The following component unit is an entity which is legally separate from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported and budgeted as part of the City as a permanent fund.

The Oak Hill Cemetery Association is a nonprofit corporation established under Title 3, Chapter 5 of the City of Tama Code to beautify, adorn, and keep in good order the Oak Hill Cemetery. Although the association is legally separate from the City, it is controlled, managed, and supervised by the City of Tama, City Council. The Oak Hill Cemetery Association is reported as a permanent fund.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Assessor's Conference Board, Tama County Emergency Management Commission, Tama County E911 Service Board, Tama County Solid Waste Disposal Commission, Tama County Economic Development Commission, and Tama-Toledo Swimming Pool Board.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

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

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 that are not paid from other funds.

Special Revenue:

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

The Employee Benefits Fund is used to account for the payment of payroll taxes and other employee benefits.

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

The Capital Projects Fund is used to account for the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

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

The Enterprise, Sewer Improvement Project Fund accounts for the capital projects related to the City's wastewater treatment and sanitary sewer system.

The Enterprise, Sewer Replacement Fund accounts for the capital projects related to the City's sewer replacement improvements.

C. Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2016 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 ensure 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.

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

At June 30, 2016, the City had the following investments:

	Carrying Amount	Fair Value	Maturity
United States Savings Bonds Series HH	$ 24,000	$ 24,000	March 2017-Oct. 2021

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the U.S. Savings Bonds Series HH securities was determined using quoted market prices. (Level 1 inputs)

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

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

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 237,774	$ 48,071	$ 77,000	$ 28,345	$ 314,774	$ 76,416
2018	243,524	41,427	78,000	26,584	321,524	68,011
2019	249,295	34,281	81,000	24,795	330,295	59,076
2020	255,074	26,642	83,000	22,927	338,074	49,569
2021	265,897	18,468	85,000	21,012	350,897	39,480
2022 - 2026	397,787	19,530	458,000	74,583	855,787	94,113
2027 - 2030	--	--	344,831	19,833	344,831	19,833
	$ 1,649,351	$ 188,419	$1,206,831	$ 218,079	$ 2,856,182	$ 406,498

Revenue Bonds
The City has pledged future water customer receipts, net of specified operating disbursements, to repay $836,000 of water revenue bonds issued in December, 2009. Proceeds from the bonds provided financing for the repair and improvement of the water system. The bonds are payable solely from water customer net receipts and are payable through 2030. Annual principal and interest payments on the bonds are expected to require greater than 100% of the net receipts. The total principal and interest remaining to be paid on the bonds is $716,930. For the current year, principal and interest paid and total customer net receipts were approximately $50,300 and $4,339, respectively. Existing net position is used to meet debt service payments in years when the net receipts are not sufficient.

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay $1,037,000 of sewer revenue bonds issued in October, 2015. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2029. Annual principal and interest payments on the notes are expected to require less than 24% of net receipts. The total principal and interest remaining to be paid on the notes is $707,980. For the current year, principal and interest paid and total customer net receipts were $48,576 and $200,974, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
b. Sufficient monthly deposits and transfers shall be made to separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due.

NOTE 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.

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

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

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

NOTE 4 - PENSION PLAN - Continued

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

Contributions - 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 were $73,095.

NOTE 4 - PENSION PLAN - Continued

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City's liability for its proportionate share of the net pension liability totaled $268,731. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.005439%, which was an increase of 0.000965% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City's pension expense, deferred outflows and deferred inflows totaled $39,064, $101,450 and $144,269 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increases (effective June 30, 2010)	4.00% to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

NOTE 4 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability (asset)	$ 687,721	$ 268,731	$(84,651)

NOTE 4 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan as allowed by Internal Revenue Code Section 457. The plan allows City employees to defer a portion of their current salary until future years. The City's accounting and personnel departments are responsible for the accounting, reconciliations and record keeping associated with employees' enrollment, payments to the plan through payroll deductions, and timely transfer of withheld funds to the independent contractor for investment. The plan is designed so that each participant retains investment control of his/her individual account. The employees become eligible to withdraw funds upon termination, retirement, death or unforeseeable emergency.

The City's fiduciary responsibility is limited to due care in selecting contractors to administer the Plan. These contractors are responsible for withholdings and W-2s when the participants receive payments. The contractors are also required to submit an annual report to the City. The City is liable to a participant only for income lost because of its failure to send payment of a deferred amount as directed by the participant. The Plan assets are not included in the financial statements since the City does not own or hold in a trustee capacity the amounts deferred by employees and related income on those amounts.

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate vacation and sick leave hours based on the length of their employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 90 days. Vacation is payable when used and is cumulative only in isolated cases specifically approved by the City Council. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2016, primarily related to the General Fund, totaled $33,303. This liability has been computed based on rates of pay in effect at June 30, 2016.

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefit	$ 329,015
	Local Option Sales Tax	54,000
	Emergency	16,067
	Trust & Agency	46,302
	Tax Increment Financing	7,400
	Capital Projects	78,412
		531,196
Special Revenue: Trust & Agency	General	8,000
Capital Project:	General	305
	Special Revenue: Road Use Tax	46,000
		46,305
Debt Service	General	10,843
	Special Revenue: Local Option Sales Tax	105,715
		116,558
Enterprise: Water	General	327
	Capital Projects	85,116
		85,443
Enterprise: Sewer	Enterprise: Sewer Improvement	14,415
Enterprise: Water Revenue Bond	Enterprise: Water	51,825
Enterprise: Sewer Rehabilitation	Enterprise: Sewer	25,000
Enterprise: Sewer Revenue Bond	Enterprise: Sewer	49,000
Enterprise: Sewer Improvement	Enterprise: Sewer	118,100
Enterprise: Sewer Replacement	Enterprise: Sewer	25,000
Enterprise: Water Meter	Enterprise: Water	13,800
		$ 1,084,642

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

NOTE 8 - RISK MANAGEMENT

The City is a member of 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 746 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 has been no reductions in insurance coverage from prior years.

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 and reinsurance premiums, losses 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, 2016 were $32,497.

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.

NOTE 8 - RISK MANAGEMENT - Continued

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 workers' compensation, and property coverage and automobile liability in the amount of $500,000, $10,276,420, and $1,000,000, respectively. 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.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical benefits for employees and retirees. There are 15 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical 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 most recent active member monthly premiums for the City and plan members are $679 for single coverage and $2,086 for family coverage. The City pays the entire amount of the premium. For the year ended June 30, 2016, the City contributed $241,421 to the plan.

NOTE 10 - COMMITMENTS AND CONTINGENCY

Capital Commitments
The City has committed funds for the purchase of various equipment items, a sanitary sewer improvement project, and various housing rehabilitation projects with an estimated cost of $200,000. The sanitary sewer improvement project will be financed with the issuance of debt, the housing rehabilitation projects will be financed with grant money and the remaining items will be financed with the use of existing funds.

Subsequent Events
The City has evaluated all subsequent events through December 20, 2016, the date the financial statements were available to be issued.

NOTE 11 - RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling $984 during the year ended June 30, 2016.

NOTE 12 - NEW ACCOUNTING PRONOUNCEMENT

The City adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

* * *

OTHER INFORMATION

CITY OF TAMA, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL
FUNDS AND PROPRIETRY FUNDS
OTHER INFORMATION

Year ended June 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	$ 1,108,241	$ --	$ 1,108,241
Tax increment financing	7,807	--	7,807
Other city tax	238,812	--	238,812
Licenses and permits	24,710	--	24,710
Use of money and property	20,092	1,671	21,763
Intergovernmental	604,416	449,706	1,054,122
Charges for service	339,317	843,806	1,183,123
Special assessments	--	--	--
Miscellaneous	147,642	31,618	179,260
Total receipts	2,491,037	1,326,801	3,817,838
Disbursements:			
Public safety	886,504	--	886,504
Public works	628,653	--	628,653
Health and social services	5,231	--	5,231
Culture and recreation	294,478	--	294,478
Community and economic development	285,287	--	285,287
General government	167,929	--	167,929
Debt service	284,351	--	284,351
Capital projects	21,305	--	21,305
Business type activities	--	1,995,224	1,995,224
Total disbursements	2,573,738	1,995,224	4,568,962
Excess (deficiency) of receipts over (under) disbursements	(82,701)	(668,423)	(751,124)
Other financing sources (uses), net	(85,443)	757,274	671,831
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(168,144)	88,851	(79,293)
Balances beginning of year	2,877,076	774,890	3,651,966
Balances end of year	$ 2,708,932	$ 863,741	$ 3,572,673

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total
Original	Final	Variance
$ 1,073,378	$ 1,073,378	$ 34,863
7,277	7,277	530
214,721	214,721	24,091
19,860	19,860	4,850
57,352	57,352	(35,589)
1,470,731	1,520,731	(466,609)
1,147,152	1,147,152	35,971
19,000	19,000	(19,000)
111,450	111,450	67,810
4,120,921	4,170,921	(353,083)
970,680	1,009,180	122,676
575,115	662,115	33,462
12,500	12,500	7,269
313,102	314,602	20,124
347,600	347,600	62,313
168,589	171,589	3,660
285,657	285,657	1,306
34,800	39,800	18,495
1,603,242	2,219,242	224,018
4,311,285	5,062,285	493,323
(190,364)	(891,364)	140,240
710,000	710,000	(38,169)
519,636	(181,364)	102,071
3,669,089	3,651,967	(1)
$ 4,188,725	$ 3,470,603	$ 102,070

CITY OF TAMA, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2016

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent Fund, and 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 $751,000. The budget amendment is reflected in the final budgeted amounts.

See accompanying independent auditor's report.

CITY OF TAMA, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TWO YEARS*

OTHER INFORMATION

	2016	2015
City's proportion of the net pension liability	0.005439%	0.004474%
City's proportionate share of the net pension liability	$ 269,000	$ 177,000
City's covered-employee payroll:	$ 788,000	$ 754,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.14%	23.47%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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.

Note: Amounts are rounded.

See accompanying independent auditor's report.

CITY OF TAMA, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 7 FISCAL YEARS

OTHER INFORMATION

	2016	2015	2014
Statutorily required contribution	$ 73,000	$ 75,000	$ 71,000
Contributions in relation to the statutorily required contribution	(73,000)	(75,000)	(71,000)
Contribution deficiency (excess)	$ --	$ --	$ --
City's covered-employee payroll	$ 783,000	$ 788,000	$ 754,000
Contributions as a percentage of covered-employee payroll	9.32%	9.52%	9.42%

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.

Note: Amounts are rounded.

See accompanying independent auditor's report.

2013	2012	2011	2010
$ 67,000	$ 63,000	$ 46,000	$ 43,000
(67,000)	(63,000)	(46,000)	(43,000)
$ --	$ --	$ --	$ --
$ 710,000	$ 707,000	$ 540,000	$ 537,000
9.44%	8.91%	8.52%	8.01%

Changes of benefit terms:

Legislation enacted 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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.

Changes of assumptions:

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

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

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

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

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

* * *

SUPPLEMENTARY INFORMATION

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	Special Revenue		
	Local Option Sales Tax	Emergency	Trust & Agency
Receipts:			
Property tax	$ --	$ 15,850	$ --
Tax increment financing	--	--	--
Other city tax	208,896	217	--
Use of money and property	--	--	375
Miscellaneous	--	--	47,875
Total receipts	208,896	16,067	48,250
Disbursements:			
Operating:			
Public safety	--	--	5,528
Culture and recreation	--	--	17,953
Community and economic development	--	--	6,850
General government	--	--	508
Total disbursements	--	--	30,839
Excess of receipts over disbursements	208,896	16,067	17,411
Other financing sources (uses):			
Operating transfers in	--	--	8,000
Operating transfers out	(159,715)	(16,067)	(46,302)
Total other financing sources (uses)	(159,715)	(16,067)	(38,302)
Net change in cash balances	49,181	--	(20,891)
Cash balances, beginning of year	79,790	--	183,369
Cash balances, end of year	$ 128,971	$ --	$ 162,478

(continued next page)

Special Revenue Tax Increment Financing	Permanent Cemetery Perpetual Care	Total
$ --	$ --	$ 15,850
7,807	--	7,807
--	--	209,113
--	684	1,059
--	990	48,865
7,807	1,674	282,694
--	--	5,528
--	1,271	19,224
--	--	6,850
--	--	508
--	1,271	32,110
7,807	403	250,584
--	--	8,000
(7,400)	--	(229,484)
(7,400)	--	(221,484)
407	403	29,100
2,539	59,276	324,974
$ 2,946	$ 59,679	$ 354,074

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2016

	Special Revenue		
	Local Option Sales Tax	Emergency	Trust & Agency
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	$ --	$ --	$ --
Restricted for other purposes	128,971	--	162,478
Total cash basis fund balances	$ 128,971	$ --	$ 162,478

See accompanying independent auditor's report.

Special Revenue Tax Increment Financing	Permanent Cemetery Perpetual Care	Total
$ --	$ 59,679	$ 59,679
2,946	--	294,395
$ 2,946	$ 59,679	$ 354,074

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
NON-MAJOR ENTERPRISE FUNDS

As of and for the year ended June 30, 2016

	Water Meter	Water Revenue Bond
Non-operating receipts (disbursements):		
Debt service	$ --	$(51,825)
Capital projects	--	--
Total non-operating receipts (disbursements)	--	(51,825)
Excess (deficiency) of receipts over (under) disbursements	--	(51,825)
Transfers in	13,800	51,825
Change in cash balances	13,800	--
Cash balance beginning of year	3,450	42,076
Cash balance end of year	$ 17,250	$ 42,076
Cash Basis Fund Balances		
Restricted for debt service	$ --	$ 42,076
Unrestricted	17,250	--
Total cash basis fund balances	$ 17,250	$ 42,076

See accompanying independent auditor's report.

Sewer Rehabilitation	Sewer Revenue Bond	Total
$ --	$(48,853)	$(100,678)
(23,114)	--	(23,114)
(23,114)	(48,853)	(123,792)
(23,114)	(48,853)	(123,792)
25,000	49,000	139,625
1,886	147	15,833
74,062	--	119,588
$ 75,948	$ 147	$ 135,421
$ --	$ 147	$ 42,223
75,948	--	93,198
$ 75,948	$ 147	$ 135,421

CITY OF TAMA, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2016

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds and Note:			
Corporate Purpose Bonds Series 2006	August 1, 2006	4.00% - 4.63%	$ 1,500,000
Refunding Bond Series 2012	July 1, 2012	0.70% - 2.50%	975,000
Fire Truck Loan 2014	December 1, 2014	2.70%	275,000
Total			
Revenue Bonds:			
State revolving fund loans:			
Water	December 9, 2009	3.00%	836,000
Sewer	October 23, 2015	1.75%	1,037,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
$ 710,000	$ --	$ 105,000	$ 605,000	$ 32,144	$ 2,294
890,000	--	90,000	800,000	14,715	1,162
275,000	--	30,649	244,351	10,842	917
$ 1,875,000	$ --	$ 225,649	$ 1,649,351	$ 57,701	$ 4,373
$ 610,000	$ --	$ 32,000	$ 578,000	$ 18,300	$ 1,445
--	671,831	43,000	628,831	5,576	1,450
$ 610,000	$ 671,831	$ 75,000	$ 1,206,831	$ 23,876	$ 2,895

CITY OF TAMA, IOWA
BOND AND NOTE MATURITIES
June 30, 2016

	General Obligation Bonds and Note						
	Corporate Purpose Bond Series 2006		Refunding Bond Series 2012		Fire Truck Loan		
	Issued August 1, 2006		Issued July 1, 2012		Issued December 1, 2014		
Year ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2017	4.50%	$ 110,000	1.10%	$ 100,000	2.70%	$ 27,774	$ 237,774
2018	4.50%	115,000	1.30%	100,000	2.70%	28,524	243,524
2019	4.55%	120,000	1.50%	100,000	2.70%	29,295	249,295
2020	4.60%	125,000	1.70%	100,000	2.70%	30,074	255,074
2021	4.63%	135,000	1.90%	100,000	2.70%	30,897	265,897
2022		--	2.10%	100,000	2.70%	31,732	131,732
2023		--	2.30%	100,000	2.70%	32,589	132,589
2024		--	2.50%	100,000	2.70%	33,466	133,466
2025		--		--		--	--
2026		--		--		--	--
2027		--		--		--	--
2028		--		--		--	--
2029		--		--		--	--
2030		--		--		--	--
		$ 605,000		$ 800,000		$ 244,351	$1,649,351

See accompanying independent auditor's report.

State Revolving Fund Notes				
Water Revenue Bonds Issued December 9, 2009		Sewer Revenue Bonds Issued October 23, 2015		
Interest Rates	Amount	Interest Rates	Amount	Total
3.00%	$ 33,000	1.75%	$ 44,000	$ 77,000
3.00%	34,000	1.75%	44,000	78,000
3.00%	36,000	1.75%	45,000	81,000
3.00%	37,000	1.75%	46,000	83,000
3.00%	38,000	1.75%	47,000	85,000
3.00%	39,000	1.75%	48,000	87,000
3.00%	40,000	1.75%	49,000	89,000
3.00%	42,000	1.75%	50,000	92,000
3.00%	43,000	1.75%	51,000	94,000
3.00%	44,000	1.75%	52,000	96,000
3.00%	46,000	1.75%	53,000	99,000
3.00%	47,000	1.75%	54,000	101,000
3.00%	49,000	1.75%	45,831	94,831
3.00%	50,000		--	50,000
	$ 578,000		$ 628,831	$ 1,206,831

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

	2016	2015	2014	2013
Receipts:				
Property tax	$ 1,108,241	$ 1,065,768	$ 977,606	$ 911,372
Tax increment financing	7,807	14,996	6,019	240
Other city tax	238,812	207,539	210,636	238,469
Licenses and permits	24,710	22,905	23,670	19,993
Use of money and property	20,092	19,859	27,902	34,758
Intergovernmental	604,416	652,834	471,926	730,294
Charges for service	339,317	363,675	311,556	340,821
Miscellaneous	147,642	165,295	143,842	151,271
Total	$ 2,491,037	$ 2,512,871	$ 2,173,157	$ 2,427,218
Disbursements:				
Operating:				
Public safety	$ 886,504	$ 782,734	$ 830,619	$ 826,533
Public works	628,653	522,113	529,197	567,921
Health and social services	5,231	4,008	4,060	1,771
Culture and recreation	294,478	249,707	270,807	288,261
Community and economic development	285,287	120,671	111,638	532,168
General government	167,929	157,355	165,055	167,560
Debt service	284,351	237,804	256,801	1,232,405
Capital projects	21,305	556,140	88,137	58,682
Total	$ 2,573,738	$ 2,630,532	$ 2,256,314	$ 3,675,301

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
$ 851,460	$ 810,706	$ 796,693	$ 801,098	$ 712,597	$ 702,341
9,800	--	280	14,346	146,711	45,112
178,776	192,340	191,856	190,769	188,009	188,492
21,399	22,470	21,432	23,201	22,074	19,356
40,330	76,727	98,575	115,714	133,115	133,508
393,496	747,994	436,193	365,229	320,417	304,191
343,635	278,591	305,211	275,908	216,762	220,532
135,543	150,832	126,244	138,064	130,476	105,671
$ 1,974,439	$ 2,279,660	$ 1,976,484	$ 1,924,329	$ 1,870,161	$ 1,719,203
$ 710,605	$ 661,424	$ 662,443	$ 619,137	$ 652,322	$ 591,352
557,856	446,472	462,054	493,610	393,019	380,275
5,155	8,013	5,918	5,902	5,148	5,308
285,554	233,054	231,711	222,852	212,392	198,534
57,421	34,246	13,952	19,618	22,295	26,434
156,333	149,633	145,019	142,122	137,601	130,406
255,354	256,101	256,496	251,516	256,386	244,857
475,411	222,939	258,189	219,250	257,080	940,624
$ 2,503,689	$ 2,011,882	$ 2,035,782	$ 1,974,007	$ 1,936,243	$ 2,517,790

CITY OF TAMA, IOWA
SCHEDULE OF SEWER SERVICE CHARGES
Year ended June 30, 2016

	Category A	Category B
Criteria:	Users who discharge normal domestic strength wastewater	Users who discharge concentration levels greater than Category A users
Allowable concentration levels:	BOD* no greater than 300 mg/l Suspended solids no greater than 350 mg/l Ammonia nitrogen no greater than 40 mg/l	
Fixed monthly charge:	$11.04	$11.04
Volume charge:	$5.10/1,000 gallons	$5.10/1,000 gallons
Surcharge for concentration levels exceeding Category A:		BOD* $0.32/lb suspended solids $0.17/lb ammonia nitrogen $1.16/lb

* Biochemical oxygen demand

See accompanying independent auditor's report.

CITY OF TAMA, IOWA
SCHEDULE OF INSURANCE IN FORCE
Year ended June 30, 2016

Insurer	Policy Number	Type of Coverage
Bitco Insurance	WC3633339	Workers' Compensation Employer's Liability
Commercial Lines	PEP 2979305-25 PEP 2979305-25 PEP 2979305-25 PEP 2979305-25	Commercial property Auto Fidelity Bond Commercial Inland Marine and scheduled property
Iowa Communities Assurance Pool	0019	General Liability/ Officials Liability Law Enforcement Liability

See accompanying independent auditor's report.

Policy Period	Exposure Coverage	Amount of Coverage
4/1/16 to 4/1/17	Worker's Compensation All Employees	Statutory $500,000/Accident $500,000/Employee $500,000/Policy Limit
4/1/16 to 4/1/17	Property Damage	$10,276,420 Policy Limit
4/1/16 to 4/1/17	Auto Liability	$1,000,000 Liability
4/1/16 to 4/1/17	Employee Performance	$250,000 Policy Limit
4/1/16 to 4/1/17	Non Real Estate Property	$403,409/Occurrence
4/1/16 to 4/1/17	General Liability Officials Liability Law Enforcement Liability	$2,000,000 $2,000,000 $2,000,000

CITY OF TAMA, IOWA
SCHEDULE OF LEGAL DEBT MARGIN
June 30, 2016

Valuation of City as of January 1, 2014	$ 97,652,645
Legal debt limitation percentage	5%
Legal debt limitation	4,882,632
General obligation indebtedness outstanding as of June 30, 2016	1,649,351
Legal Debt Margin	$ 3,233,281

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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 the 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 Tama, Iowa, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 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 Tama'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 Tama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tama's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: I-A-16

To the Honorable Mayor and
Members of the City Council

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tama's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 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.

Responses to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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.

Grimewald, Berr, Kyhnn & Co. P.C.

Atlantic, Iowa
December 20, 2016

CITY OF TAMA, IOWA

Schedule of Findings and Responses

Year ended June 30, 2016

PART I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

I-A-16 Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. However, because there are a limited number of people that have the primary responsibility for the accounting and financial duties, those aspects of internal accounting control which rely upon an adequate segregation of duties are missing in the City.

Recommendation: We recommend that the City review its control procedures to obtain the maximum internal control possible under the circumstances and the Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

* * *

CITY OF TAMA, IOWA

Schedule of Findings and Responses

Year ended June 30, 2016

PART II: Other Findings Related to Statutory Reporting

II-A-16 Certified Budget: Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

II-B-16 Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-16 Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

II-D-16 Business Transactions: Business transactions between the City of City officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Aaron Haughey, City Council Member, Part-Owner of Haughey Construction	Construction	$ 43
Steve Baier, City Council Member, Owner of OK Tire Store	Parts and supplies	533
Nancy Carlson, Deputy Clerk, Spouse employed at Carlson Painting	Repair and painting	408

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

II-E-16 Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-F-16 Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-16 Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy.

II-H-16 Revenue Bonds: No instances of non-compliance with revenue bond and note resolutions were noted.

PART II: Other Findings Related to Statutory Reporting - Continued

II-I-16 Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

II-J-16 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. No exceptions were noted.

* * *