



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

March 3, 2016

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Clarinda, Iowa.

The City's receipts totaled \$7,331,967 for the year ended June 30, 2015, a 15.6% increase over the prior year. The receipts included \$2,075,267 in property tax, \$116,939 in tax increment financing, \$2,637,201 from charges for service, \$743,692 from operating grants, contributions and restricted interest, \$180,836 from capital grants, contributions and restricted interest, \$436,113 from local option sales tax, \$53,765 from hotel/motel tax, \$44,706 from commercial/industrial tax replacement, \$8,499 from unrestricted interest on investments, \$975,088 from bond proceeds and \$59,861 from other general receipts.

Disbursements for the year ended June 30, 2015 totaled \$6,695,372, a 10.5% increase over the prior year, and included \$1,189,329 for public safety, \$1,011,389 for culture and recreation, \$650,993 for debt service and \$605,753 for public works. Also, disbursements for business type activities totaled \$2,504,892.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1520-0674-B00F.pdf>.

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**CITY OF CLARINDA**

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

**JUNE 30, 2015**

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**City of Clarinda**

**Officials**

| <u>Name</u>    | <u>Title</u>                 | <u>Term Expires</u> |
|----------------|------------------------------|---------------------|
| Gordon Kokenge | Mayor                        | Jan 2018            |
| Gary Alger     | Mayor Pro tem                | Jan 2016            |
| Lisa Hull      | Council Member               | Jan 2016            |
| Jeff McCall    | Council Member               | Jan 2016            |
| James Shore    | Council Member               | Jan 2018            |
| Darrel Wichman | Council Member               | Jan 2018            |
| Gary McClarnon | City Manager/Clerk/Treasurer | Indefinite          |
| Ron Bitting    | Attorney                     | Indefinite          |

**City of Clarinda**



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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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Clarinda, 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 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.

## Summary of Opinions

| <u>Opinion Unit</u>                           | <u>Type of Opinion</u> |
|---|------------------------|
| Governmental Activities                       | Unmodified             |
| Business Type Activities                      | Adverse                |
| Discretely Presented Component Unit           | Unmodified             |
| Major Governmental Funds:                     |                        |
| General                                       | Unmodified             |
| Special Revenue:                              |                        |
| Road Use Tax                                  | Unmodified             |
| Employee Benefits                             | Unmodified             |
| Local Option Sales Tax                        | Unmodified             |
| Debt Service                                  | Unmodified             |
| Capital Projects                              | Unmodified             |
| Major Enterprise Funds:                       |                        |
| Clarinda Regional Health Center and Affiliate | Adverse                |
| Water   | Unmodified             |
| Sewer   | Unmodified             |
| Aggregate Remaining Fund Information          | Unmodified             |

### *Basis for Adverse Opinions on the Enterprise, Clarinda Regional Health Center and Affiliate Fund and on Business Type Activities*

Management has not included the Enterprise, Clarinda Regional Health Center and Affiliate Fund in the City's financial statements because the Clarinda Regional Health Center and Affiliate reports in accordance with U.S. generally accepted accounting principles, a different financial reporting framework than the City's cash basis of accounting. Accounting principles require this fund be presented as a major Enterprise Fund and financial information about the Enterprise, Clarinda Regional Health Center and Affiliate Fund be part of the business type activities, thus increasing that activity's receipts and disbursements and changing its net position. The amounts by which this departure affects the receipts, disbursements and cash balance of the business type activities and the omitted major fund are \$30,597,802, \$28,306,376 and \$13,440,884, respectively.

### *Adverse Opinions*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions on the Enterprise, Clarinda Regional Health Center and Affiliate Fund and on Business Type Activities" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the Enterprise, Clarinda Regional Health Center and Affiliate Fund and the business type activities of the City of Clarinda as of June 30, 2015, or the changes in its cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.



### *Unmodified 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 discretely presented component unit, the General Fund, the major Special Revenue Funds, including the Road Use Tax, Employee Benefits, and Local Option Sales Tax Funds, the Debt Service Fund, the Capital Projects Fund, the major Enterprise Funds, including the Water and Sewer Funds, and the aggregate remaining fund information of the City of Clarinda as of June 30, 2015, and the respective changes in its cash basis financial position for the year then ended in accordance the basis of accounting described in Note 1.

### Basis of Accounting

As discussed 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.

### Emphasis of a Matter

As discussed in Note 4, the City of Clarinda 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 Clarinda'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 two years ended June 30, 2014 (which are not presented herein) and expressed adverse opinions on the business type activities and the Enterprise, Clarinda Regional Health Center and Affiliate Fund due to the omission of the Enterprise, Clarinda Regional Health Center and Affiliate Fund from the City's financial statements and unmodified opinions on the financial statements of the governmental activities, the discretely presented component unit, the governmental funds, the remaining Enterprise Funds and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. We also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on the 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 to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. Because of the significance of the matter described in the "Basis for Adverse Opinions on the Enterprise, Clarinda Regional Health Center and Affiliate Fund and on Business Type Activities" paragraph on the preceding page, it is inappropriate to, and we do not, express an opinion on the supplementary information.

The other information, 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 9 through 14 and 34 through 41, 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 February 3, 2016 on our consideration of the City of Clarinda'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 Clarinda's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 3, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Clarinda provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 23.9%, or approximately \$983,000, from fiscal year 2014 to fiscal year 2015. The City received bond proceeds of approximately \$975,000 during fiscal year 2015. Operating grants, contributions and restricted interest decreased approximately \$127,000 due to a COPS grant and private donation received in fiscal year 2014. Capital grants, contributions and restricted interest increased approximately \$169,000 due to airport grants received in fiscal year 2015.
- Disbursements of the City's governmental activities increased 6.6%, or approximately \$259,000, in fiscal year 2015 from fiscal year 2014. Capital projects function disbursements increased approximately \$306,000. Public works function disbursements decreased approximately \$109,000 due to disbursements for the removal of the gun range in fiscal year 2014.
- The City's total cash basis net position increased 14.3%, or approximately \$637,000, from June 30, 2014 to June 30, 2015. Of this amount, the cash basis net position of the governmental activities increased \$909,206 and the cash basis net position of the business type activities decreased \$272,611.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

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

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, the sanitary sewer system, the storm water system and the yard waste system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Local Option Sales Tax, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds, such as Cemetery Perpetual Care and Library Bequest. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

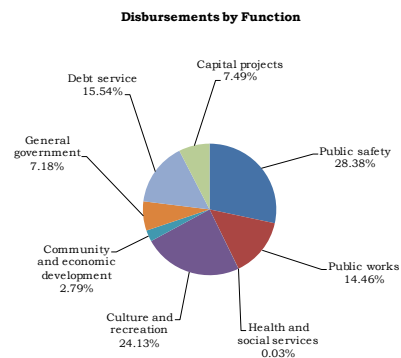
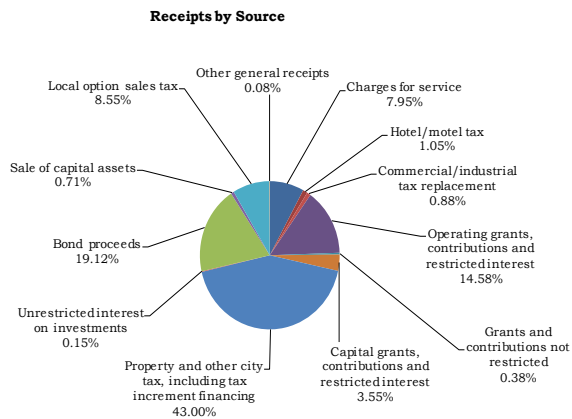
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City, and the Yard Waste and Storm Water Funds.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$2,081,225 to \$2,990,431. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

| Changes in Cash Basis Net Position of Governmental Activities  |                     |           |
|--|---------------------|-----------|
|  | Year ended June 30, |           |
|  | 2015                | 2014      |
| Receipts:  |                     |           |
| Program receipts:  |                     |           |
| Charges for service  | \$ 405,604          | 420,737   |
| Operating grants, contributions and restricted interest        | 743,692             | 871,179   |
| Capital grants, contributions and restricted interest          | 180,836             | 11,937    |
| General receipts:  |                     |           |
| Property and other city tax, including tax increment financing | 2,192,206           | 2,261,706 |
| Local option sales tax   | 436,113             | 458,065   |
| Hotel/motel tax  | 53,765              | 46,758    |
| Commercial/industrial tax replacement                          | 44,706              | -         |
| Grants and contributions not restricted to specific purposes   | 19,613              | 1,700     |
| Unrestricted interest on investments                           | 7,815               | 10,004    |
| Bond proceeds  | 975,088             | -         |
| Sale of capital assets   | 36,000              | 22,633    |
| Other general receipts   | 4,248               | 11,705    |
| Total receipts   | 5,099,686           | 4,116,424 |
| Disbursements:   |                     |           |
| Public safety  | 1,189,329           | 1,180,801 |
| Public works   | 605,753             | 714,380   |
| Health and social services                                     | 1,500               | 1,000     |
| Culture and recreation   | 1,011,389           | 988,277   |
| Community and economic development                             | 116,751             | 90,084    |
| General government   | 301,021             | 303,255   |
| Debt service   | 650,993             | 645,205   |
| Capital projects   | 313,744             | 8,131     |
| Total disbursements  | 4,190,480           | 3,931,133 |
| Change in cash basis net position                              | 909,206             | 185,291   |
| Cash basis net position beginning of year                      | 2,081,225           | 1,895,934 |
| Cash basis net position end of year                            | \$ 2,990,431        | 2,081,225 |



The City's total receipts for governmental activities increased 23.9%, or approximately \$983,000, over the prior year. The increase in receipts was primarily the result of the City receiving bond proceeds of approximately \$975,000 in fiscal year 2015. Disbursements for the City's governmental activities increased 6.6%, or approximately \$259,000, over the prior year. The increase in disbursements was mainly due to new capital projects in fiscal year 2015.

| Changes in Cash Basis Net Position of Business Type Activities |                     |                  |
|--|---------------------|------------------|
|  | Year ended June 30, |                  |
|  | 2015                | 2014             |
| Receipts:  |                     |                  |
| Program receipts:  |                     |                  |
| Charges for service:   |                     |                  |
| Water  | \$ 1,315,584        | 1,354,037        |
| Sewer  | 829,260             | 783,441          |
| Yard waste   | 24,423              | 24,397           |
| Storm water  | 62,330              | 62,524           |
| General receipts:  |                     |                  |
| Unrestricted interest on investments                           | 684                 | 1,504            |
| Total receipts   | <u>2,232,281</u>    | <u>2,225,903</u> |
| Disbursements:   |                     |                  |
| Water  | 1,315,335           | 1,198,822        |
| Sewer  | 1,081,575           | 721,927          |
| Yard waste   | 31,458              | 18,078           |
| Storm water  | 76,524              | 186,747          |
| Total disbursements  | <u>2,504,892</u>    | <u>2,125,574</u> |
| Change in cash basis net position                              | (272,611)           | 100,329          |
| Cash basis net position beginning of year                      | <u>2,379,679</u>    | <u>2,279,350</u> |
| Cash basis net position end of year                            | <u>\$ 2,107,068</u> | <u>2,379,679</u> |

Total business type activities receipts for the fiscal year were \$2,232,281 compared to \$2,225,903 last year while disbursements for the fiscal year increased \$379,318, or 17.8%. The increase in disbursements was mainly due to sewer improvements.

The above changes in receipts and disbursements resulted in a decrease in the cash balance to \$2,107,068 at June 30, 2015.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Clarinda completed the year, its governmental funds reported a combined fund balance of \$2,990,431, an increase of approximately \$909,000 over last year's total of \$2,081,225. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$14,787 from the prior year to \$454,263. Receipts decreased \$123,299 and disbursements decreased \$22,134 from the prior year.
- The Special Revenue, Road Use Tax Fund cash balance increased \$92,785 to \$300,650. The increase is primarily due to a decrease in road use tax disbursements during fiscal year 2015.
- The Special Revenue, Employee Benefits Fund cash balance increased \$46,577 to \$218,644. Receipts increased \$5,892 and disbursements increased \$17,825 from the prior year.

- The Special Revenue, Local Option Sales Tax Fund cash balance remained at zero. Local option sales tax receipts decreased approximately \$22,000, or 4.8% from the prior year.
- The Debt Service Fund cash balance decreased \$2,741 to (\$2,641).
- The Capital Projects Fund cash balance increased \$845,069 to \$1,390,275 during the fiscal year. Receipts increased \$168,899 and disbursements increased \$305,613. Bond proceeds increased \$975,088 over the prior year.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$343 to \$1,116,190. Operating receipts decreased 2.8%, or approximately \$38,000, and operating disbursements increased 3.9%, or approximately \$29,000.
- The Enterprise, Sewer Fund cash balance decreased \$251,725 to \$1,002,158. Operating receipts increased 5.8%, or approximately \$46,000, and operating disbursements increased 2.9%, or approximately \$17,000.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment was approved on May 13, 2015 and resulted in an increase of \$280,000 in budgeted disbursements due to higher than budgeted repair and maintenance at the water plant, infrastructure repairs to the storm sewer and higher than budgeted repairs to the 123 & 125 N. 15<sup>th</sup> Street buildings.

Total actual receipts were \$493,678 less than the final budgeted amount, primarily due to a delay in receiving anticipated intergovernmental receipts. Total actual disbursements were \$2,556,958 less than the final budgeted amount due to the capital projects and business type activities functions spending less than budgeted.

The City exceeded the amount budgeted in the community and economic development function prior to the budget amendment due to the City repairing roofs on dilapidated buildings in the downtown area.

**DEBT ADMINISTRATION**

At June 30, 2015, the City had \$7,439,000 of bonds and other long-term debt outstanding, compared to \$7,320,000 last year, as shown below.

|                          | Outstanding Debt at Year-End |           |
|--------------------------|------------------------------|-----------|
|                          | June 30,                     |           |
|                          | 2015                         | 2014      |
| General obligation bonds | \$ 3,405,000                 | 2,985,000 |
| Revenue bonds            | 4,034,000                    | 4,335,000 |
| Total                    | \$ 7,439,000                 | 7,320,000 |

During the year ended June 30, 2015, the City issued general obligation bonds of \$995,000.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,485,000, including TIF development and rebate agreements of \$80,000, is significantly below its constitutional debt limit of approximately \$9,290,000.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Clarinda's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 3.8% versus 4.5% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

Property tax is expected to remain the same in fiscal year 2016 compared to fiscal year 2015 with the City's total levy rate of \$17.50000 per \$1,000 of taxable valuation.

If the budget estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$194,000 by the close of fiscal year 2016.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gary McClarnon, City Manager, 200 South 15th Street, City of Clarinda, Iowa 51632-2298.



## **Basic Financial Statements**

City of Clarinda

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

|   | Disbursements | Program Receipts    |   |   |
|---|---------------|---------------------|---|---|
|   |               | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| <b>Functions/Programs:</b>                                  |               |                     |   |   |
| Governmental activities:                                    |               |                     |   |   |
| Public safety   | \$ 1,189,329  | 11,758              | 77,318  | -   |
| Public works  | 605,753       | 42,364              | 579,390   | -   |
| Health and social services                                  | 1,500         | -                   | -   | -   |
| Culture and recreation                                      | 1,011,389     | 343,886             | 54,122  | -   |
| Community and economic development                          | 116,751       | -                   | -   | -   |
| General government  | 301,021       | 7,596               | 32,862  | -   |
| Debt service  | 650,993       | -                   | -   | -   |
| Capital projects  | 313,744       | -                   | -   | 180,836   |
| Total governmental activities                               | 4,190,480     | 405,604             | 743,692   | 180,836   |
| Business type activities:                                   |               |                     |   |   |
| Water   | 1,315,335     | 1,315,584           | -   | -   |
| Sewer   | 1,081,575     | 829,260             | -   | -   |
| Yard waste  | 31,458        | 24,423              | -   | -   |
| Storm water   | 76,524        | 62,330              | -   | -   |
| Total business type activities                              | 2,504,892     | 2,231,597           | -   | -   |
| Total primary government                                    | \$ 6,695,372  | 2,637,201           | 743,692   | 180,836   |
| <b>Component Unit:</b>                                      |               |                     |   |   |
| Clarinda Economic Development Corporation                   | \$ 95,244     | -                   | 39,000  | -   |
| <b>General Receipts:</b>                                    |               |                     |   |   |
| Property and other city tax levied for:                     |               |                     |   |   |
| General purposes  |               |                     |   |   |
| Debt service  |               |                     |   |   |
| Tax increment financing                                     |               |                     |   |   |
| Local option sales tax                                      |               |                     |   |   |
| Hotel/motel tax   |               |                     |   |   |
| Commercial/industrial tax replacement                       |               |                     |   |   |
| Grants and contributions not restricted to specific purpose |               |                     |   |   |
| Unrestricted interest on investments                        |               |                     |   |   |
| Bond proceeds   |               |                     |   |   |
| Sale of capital assets                                      |               |                     |   |   |
| Miscellaneous   |               |                     |   |   |
| Total general receipts                                      |               |                     |   |   |
| Change in cash basis net position                           |               |                     |   |   |
| Cash basis net position beginning of year                   |               |                     |   |   |
| Cash basis net position end of year                         |               |                     |   |   |
| <b>Cash Basis Net Position</b>                              |               |                     |   |   |
| Restricted:   |               |                     |   |   |
| Nonexpendable:  |               |                     |   |   |
| Permanent Funds   |               |                     |   |   |
| Expendable:   |               |                     |   |   |
| Streets   |               |                     |   |   |
| Employee benefits   |               |                     |   |   |
| Capital projects  |               |                     |   |   |
| Library purposes  |               |                     |   |   |
| Other purposes  |               |                     |   |   |
| Unrestricted  |               |                     |   |   |
| <b>Total cash basis net position</b>                        |               |                     |   |   |

See notes to financial statements.

| Net (Disbursements) Receipts and Changes in Cash Basis Net Position |                          |             |   |
|---|--------------------------|-------------|---|
| Primary Government  |                          |             | Component Unit                            |
| Governmental Activities   | Business Type Activities | Total       | Clarinda Economic Development Corporation |
| (1,100,253)   | -                        | (1,100,253) |   |
| 16,001  | -                        | 16,001      |   |
| (1,500)   | -                        | (1,500)     |   |
| (613,381)   | -                        | (613,381)   |   |
| (116,751)   | -                        | (116,751)   |   |
| (260,563)   | -                        | (260,563)   |   |
| (650,993)   | -                        | (650,993)   |   |
| (132,908)   | -                        | (132,908)   |   |
| (2,860,348)   | -                        | (2,860,348) |   |
| -   | 249                      | 249         |   |
| -   | (252,315)                | (252,315)   |   |
| -   | (7,035)                  | (7,035)     |   |
| -   | (14,194)                 | (14,194)    |   |
| -   | (273,295)                | (273,295)   |   |
| (2,860,348)   | (273,295)                | (3,133,643) |   |
|   |                          |             | (56,244)                                  |
| 1,740,759   | -                        | 1,740,759   | -   |
| 334,508   | -                        | 334,508     | -   |
| 116,939   | -                        | 116,939     | -   |
| 436,113   | -                        | 436,113     | -   |
| 53,765  | -                        | 53,765      | -   |
| 44,706  | -                        | 44,706      | -   |
| 19,613  | -                        | 19,613      | 21,579                                    |
| 7,815   | 684                      | 8,499       | 2,753                                     |
| 975,088   | -                        | 975,088     | -   |
| 36,000  | -                        | 36,000      | -   |
| 4,248   | -                        | 4,248       | -   |
| 3,769,554   | 684                      | 3,770,238   | 24,332                                    |
| 909,206   | (272,611)                | 636,595     | (31,912)                                  |
| 2,081,225   | 2,379,679                | 4,460,904   | 109,377                                   |
| \$ 2,990,431  | 2,107,068                | 5,097,499   | 77,465                                    |
| \$ 160,666  | -                        | 160,666     | -   |
| 300,650   | -                        | 300,650     | -   |
| 218,644   | -                        | 218,644     | -   |
| 1,390,275   | -                        | 1,390,275   | -   |
| 366,179   | -                        | 366,179     | -   |
| 128,538   | -                        | 128,538     | -   |
| 425,479   | 2,107,068                | 2,532,547   | 77,465                                    |
| \$ 2,990,431  | 2,107,068                | 5,097,499   | 77,465                                    |

City of Clarinda

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

As of and for the year ended June 30, 2015

|   | Special Revenue |                    |                      |                              |
|---|-----------------|--------------------|----------------------|------------------------------|
|   | General         | Road<br>Use<br>Tax | Employee<br>Benefits | Local<br>Option<br>Sales Tax |
| <b>Receipts:</b>  |                 |                    |                      |                              |
| Property tax  | \$ 1,176,813    | -                  | 520,381              | -                            |
| Tax increment financing                                       | -               | -                  | -                    | -                            |
| Other city tax  | 83,944          | -                  | 13,386               | 436,113                      |
| Licenses and permits  | 15,366          | -                  | -                    | -                            |
| Use of money and property                                     | 65,855          | -                  | -                    | -                            |
| Intergovernmental   | 92,697          | 579,390            | 11,573               | -                            |
| Charges for service   | 344,808         | -                  | -                    | -                            |
| Special assessments   | 209             | -                  | -                    | -                            |
| Miscellaneous   | 48,294          | -                  | -                    | -                            |
| Total receipts  | 1,827,986       | 579,390            | 545,340              | 436,113                      |
| <b>Disbursements:</b>   |                 |                    |                      |                              |
| <b>Operating:</b>   |                 |                    |                      |                              |
| Public safety   | 862,657         | -                  | 274,983              | -                            |
| Public works  | 27,740          | 486,605            | 91,408               | -                            |
| Health and social services                                    | 1,500           | -                  | -                    | -                            |
| Culture and recreation  | 868,151         | -                  | 130,796              | -                            |
| Community and economic development                            | 106,386         | -                  | -                    | -                            |
| General government  | 299,445         | -                  | 1,576                | -                            |
| Debt service  | -               | -                  | -                    | -                            |
| Capital projects  | -               | -                  | -                    | -                            |
| Total disbursements   | 2,165,879       | 486,605            | 498,763              | -                            |
| Excess (deficiency) of receipts<br>over (under) disbursements | (337,893)       | 92,785             | 46,577               | 436,113                      |
| <b>Other financing sources (uses):</b>                        |                 |                    |                      |                              |
| Bond proceeds, net of \$19,912 discount                       | -               | -                  | -                    | -                            |
| Sale of capital assets  | 36,000          | -                  | -                    | -                            |
| Transfers in  | 321,827         | -                  | -                    | -                            |
| Transfers out   | (34,721)        | -                  | -                    | (436,113)                    |
| Total other financing sources (uses)                          | 323,106         | -                  | -                    | (436,113)                    |
| Change in cash balances                                       | (14,787)        | 92,785             | 46,577               | -                            |
| Cash balances beginning of year                               | 469,050         | 207,865            | 172,067              | -                            |
| Cash balances end of year                                     | \$ 454,263      | 300,650            | 218,644              | -                            |
| <b>Cash Basis Fund Balances</b>                               |                 |                    |                      |                              |
| <b>Nonspendable:</b>  |                 |                    |                      |                              |
| Cemetery perpetual care                                       | \$ -            | -                  | -                    | -                            |
| Library   | -               | -                  | -                    | -                            |
| <b>Restricted for:</b>  |                 |                    |                      |                              |
| Streets   | -               | 300,650            | -                    | -                            |
| Employee benefits   | -               | -                  | 218,644              | -                            |
| Capital projects  | -               | -                  | -                    | -                            |
| Library purposes  | -               | -                  | -                    | -                            |
| Other purposes  | 26,143          | -                  | -                    | -                            |
| Unassigned  | 428,120         | -                  | -                    | -                            |
| Total cash basis fund balances                                | \$ 454,263      | 300,650            | 218,644              | -                            |

See notes to financial statements.

| Debt<br>Service | Capital<br>Projects | Nonmajor  | Total     |
|-----------------|---------------------|-----------|-----------|
| 326,366         | -                   | -         | 2,023,560 |
| -               | -                   | 116,939   | 116,939   |
| 8,142           | -                   | -         | 541,585   |
| -               | -                   | -         | 15,366    |
| -               | -                   | 1,525     | 67,380    |
| 7,040           | 180,836             | 18,176    | 889,712   |
| -               | -                   | -         | 344,808   |
| -               | -                   | -         | 209       |
| -               | -                   | 40,745    | 89,039    |
| 341,548         | 180,836             | 177,385   | 4,088,598 |
| -               | -                   | 51,689    | 1,189,329 |
| -               | -                   | -         | 605,753   |
| -               | -                   | -         | 1,500     |
| -               | -                   | 12,442    | 1,011,389 |
| -               | -                   | 10,365    | 116,751   |
| -               | -                   | -         | 301,021   |
| 650,993         | -                   | -         | 650,993   |
| -               | 313,744             | -         | 313,744   |
| 650,993         | 313,744             | 74,496    | 4,190,480 |
| (309,445)       | (132,908)           | 102,889   | (101,882) |
| -               | 975,088             | -         | 975,088   |
| -               | -                   | -         | 36,000    |
| 306,704         | 121,944             | -         | 750,475   |
| -               | (119,055)           | (160,586) | (750,475) |
| 306,704         | 977,977             | (160,586) | 1,011,088 |
| (2,741)         | 845,069             | (57,697)  | 909,206   |
| 100             | 545,206             | 686,937   | 2,081,225 |
| (2,641)         | 1,390,275           | 629,240   | 2,990,431 |
| -               | -                   | 60,666    | 60,666    |
| -               | -                   | 100,000   | 100,000   |
| -               | -                   | -         | 300,650   |
| -               | -                   | -         | 218,644   |
| -               | 1,390,275           | -         | 1,390,275 |
| -               | -                   | 366,179   | 366,179   |
| -               | -                   | 102,395   | 128,538   |
| (2,641)         | -                   | -         | 425,479   |
| (2,641)         | 1,390,275           | 629,240   | 2,990,431 |

**Exhibit C**

## City of Clarinda

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

As of and for the year ended June 30, 2015

|   | Enterprise   |           |          | Total       |
|---|--------------|-----------|----------|-------------|
|   | Water        | Sewer     | Nonmajor |             |
| Operating receipts:   |              |           |          |             |
| Charges for service   | \$ 1,315,584 | 827,826   | 86,753   | 2,230,163   |
| Miscellaneous   | -            | 1,434     | -        | 1,434       |
| Total operating receipts  | 1,315,584    | 829,260   | 86,753   | 2,231,597   |
| Operating disbursements:  |              |           |          |             |
| Business type activities  | 774,127      | 611,322   | 107,982  | 1,493,431   |
| Excess (deficiency) of operating receipts<br>over (under) operating disbursements | 541,457      | 217,938   | (21,229) | 738,166     |
| Non-operating receipts (disbursements):   |              |           |          |             |
| Interest on investments   | 94           | 590       | -        | 684         |
| Acquisition of capital assets   | (110,158)    | (470,253) | -        | (580,411)   |
| Debt service  | (431,050)    | -         | -        | (431,050)   |
| Net non-operating<br>receipts (disbursements)                                     | (541,114)    | (469,663) | -        | (1,010,777) |
| Change in cash balances   | 343          | (251,725) | (21,229) | (272,611)   |
| Cash balances beginning of year   | 1,115,847    | 1,253,883 | 9,949    | 2,379,679   |
| Cash balances end of year   | \$ 1,116,190 | 1,002,158 | (11,280) | 2,107,068   |
| <b>Cash Basis Fund Balances</b>   |              |           |          |             |
| Unrestricted  | \$ 1,116,190 | 1,002,158 | (11,280) | 2,107,068   |

See notes to financial statements.

City of Clarinda

Notes to Financial Statements

June 30, 2015

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

The City of Clarinda is a political subdivision of the State of Iowa located in Page County. It was first incorporated in 1853 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 Clarinda has included all funds, organizations, agencies, boards, commissions and authorities except for the Enterprise, Clarinda Regional Medical Center and Affiliate Fund. 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 Clarinda (the primary government), the Clarinda Economic Development Corporation, the Clarinda Library Foundation and Clarinda Fire and Rescue (component units). These component units, discussed below, are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These nonprofit organizations were formed under Chapter 504A of the Code of Iowa.

Discretely Presented Component Unit

The Clarinda Economic Development Corporation (CEDC) is presented in a separate column to emphasize it is legally separate from the City, but is financially accountable to the City or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The CEDC is governed by a nine-member board. One member is elected from the Clarinda City Council. The CEDC is dependent on City funding to maintain its existence.

### Blended Component Units

The Clarinda Library Foundation (Foundation) and Clarinda Fire and Rescue (Fire and Rescue) are legally separate from the City, but are so intertwined with the City they are, in substance, part of the City. The Foundation and Fire and Rescue collect donations which are to be used to purchase items not included in the City's budget and to make donations to the City to help finance a new library and fire equipment. The financial transactions are reported as Special Revenue Funds of the City.

### 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 Page County Assessor's Conference Board, the Page County Emergency Management Commission, the Page County Joint E911 Service Board and the Page County Landfill.

### Related Organization

The City Council is responsible for appointing the members of the Low Rent Housing Board, but the City's accountability for this organization does not extend beyond making the appointments.

## B. Basis of Presentation

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

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 Funds.

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 on resources 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 and nonmajor proprietary funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

The Employee Benefits Fund is used to account for the employee benefits property tax levy for the payment of employee benefits.

The Local Option Sales Tax Fund is used to account for local option sales tax collections.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

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 is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

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

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

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

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

#### 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 are imposed by law through constitutional provisions or enabling legislation.

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 amount budgeted in the community and economic development function prior to the budget amendment on May 13, 2015.

### **(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 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.

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

**(3) Bonds Payable**

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

| Year<br>Ending<br>June 30, | General Obligation<br>Bonds |          | Water<br>Revenue Bonds |          | Total     |           |
|----------------------------|-----------------------------|----------|------------------------|----------|-----------|-----------|
|                            | Principal                   | Interest | Principal              | Interest | Principal | Interest  |
| 2016                       | \$ 495,000                  | 84,306   | 311,000                | 121,020  | 806,000   | 205,326   |
| 2017                       | 500,000                     | 71,720   | 321,000                | 111,690  | 821,000   | 183,410   |
| 2018                       | 515,000                     | 61,420   | 331,000                | 102,060  | 846,000   | 163,480   |
| 2019                       | 530,000                     | 49,225   | 342,000                | 92,130   | 872,000   | 141,355   |
| 2020                       | 535,000                     | 35,533   | 353,000                | 81,870   | 888,000   | 117,403   |
| 2021-2025                  | 830,000                     | 47,132   | 1,948,000              | 243,270  | 2,778,000 | 290,402   |
| 2026                       | -                           | -        | 428,000                | 12,840   | 428,000   | 12,840    |
| Total                      | \$ 3,405,000                | 349,336  | 4,034,000              | 764,880  | 7,439,000 | 1,114,216 |

Water Revenue Bonds

On October 19, 2005, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$6,500,000 of drinking water revenue bonds with interest at 3% per annum. The total amount borrowed by the City was \$6,409,000. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Sections 384.24A and 384.83 of the Code of Iowa for the purpose of paying the cost of construction of a drinking water treatment facility. During the year ended June 30, 2015, the City paid principal of \$301,000 and interest of \$130,050, leaving a principal balance of \$4,034,000 at June 30, 2015.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue bonds. The bonds are payable solely from water customer net receipts. Annual principal and interest payments on the bonds are expected to require approximately 80% of net receipts. The total principal and interest remaining to be paid on the bonds is \$4,798,880. For the current year, principal and interest paid and total customer net receipts were \$431,050 and \$541,457, respectively.

The resolution providing for the issuance of the water revenue bonds includes 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) The rents, rates and other charges shall be at least sufficient to meet the operation and maintenance expenses of the water system and to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the revenue bonds.

#### **(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 the 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 the plan documents for more information.

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

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

Protection occupation members may retire at normal retirement age, which is generally at 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 years of service greater than 22 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 the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 - 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. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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% of covered payroll and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.76% of covered payroll and the City contributed 10.14% for a total rate of 16.90%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$122,141.

Collective Net Pension Liability, Collective Pension Expense, 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 of the collective net pension liability totaled \$408,348. The collective net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.010297%, which was a decrease of 0.003438% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's collective pension expense, collective deferred outflows of resources and collective deferred inflows of resources totaled \$49,630, \$28,760 and \$322,595, respectively.

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

|  |   |
|--|---|
| Rate of inflation<br>(effective June 30, 2014)                   | 3.00% per annum   |
| Rates of salary increase<br>(effective June 30, 2010)            | 4.00 to 17.00% average, including inflation.<br>Rates vary by membership group. |
| Long-term investment rate of return<br>(effective June 30, 1996) | 7.50% compounded annually, net of investment<br>expense, including inflation    |

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

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

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 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                  | <u>100%</u>             |   |

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and 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 to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

|  | <u>1%<br/>Decrease<br/>(6.50%)</u> | <u>Discount<br/>Rate<br/>(7.50%)</u> | <u>1%<br/>Increase<br/>(8.50%)</u> |
|--|------------------------------------|--------------------------------------|------------------------------------|
| City's proportionate share of<br>the net pension liability (asset) | \$ 1,108,810                       | \$ 408,348                           | \$ (182,569)                       |

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](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, retirees and their spouses. There are 27 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Healthcare. 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 most recent active member monthly premiums for the City and plan members are \$655 for single coverage and \$1,768 for family coverage. For the year ended June 30, 2015, the City contributed \$459,921 and plan members eligible for benefits contributed \$38,241 to the plan.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, holiday and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation, holiday and compensatory hours payable to employees at June 30, 2015, primarily relating to the General Fund and the Enterprise, Water and Sewer Funds, is as follows:

| Type of Benefit   | Amount           |
|-------------------|------------------|
| Vacation          | \$122,000        |
| Holiday           | 26,000           |
| Compensatory time | <u>17,000</u>    |
| Total             | <u>\$165,000</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:

| Transfer to      | Transfer from           | Amount            |
|------------------|-------------------------|-------------------|
| General          | Special Revenue:        |                   |
|                  | Local Option Sales Tax  | \$ 289,010        |
|                  | Capital Projects        | <u>32,817</u>     |
|                  |                         | <u>321,827</u>    |
| Debt Service     | Special Revenue:        |                   |
|                  | Local Option Sales Tax  | 59,880            |
|                  | Tax Increment Financing | 160,586           |
|                  | Capital Projects        | <u>86,238</u>     |
|                  |                         | <u>306,704</u>    |
| Capital Projects | General                 | 34,721            |
|                  | Special Revenue:        |                   |
|                  | Local Option Sales Tax  | <u>87,223</u>     |
|                  |                         | <u>121,944</u>    |
| Total            |                         | <u>\$ 750,475</u> |

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

**(8) Development and Rebate Agreement**

The City has entered into a development and rebate agreement to assist in an urban renewal project. The City agreed to rebate incremental property tax paid by the developer in exchange for public improvement infrastructure constructed by the developer as set forth in the urban renewal plan.

In accordance with the development and rebate agreement, the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of ten years beginning with the tax year in which property tax on the completed value of the improvement is first paid. The total amount rebated each year shall be 100% of the incremental property tax received by the City, not to exceed \$150,000. The City has certified \$102,835 for the agreement as TIF debt. During the year ended June 30, 2015, the City rebated \$10,365 of the incremental property tax received. The estimated outstanding balance to be paid on the agreement at June 30, 2015 is \$80,000.

This agreement is not a general obligation of the City. However, the agreement is subject to the constitutional debt limitation of the City.

**(9) 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 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.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 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, 2015 were \$54,402.

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.

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 workers' compensation, property, airport liability and employee blanket bond in the amount of \$1,000,000, \$23,000,000, \$1,000,000 and \$250,000, 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.

#### **(10) Deficit Balances**

The Debt Service Fund had a deficit balance of \$2,641 at June 30, 2015. The deficit will be eliminated through the collection of future property tax.

The Enterprise, Storm Water Fund had a deficit balance of \$67,582 at June 30, 2015. The deficit was a result of unexpected storm sewer repairs. The deficit will be eliminated through increased fees.

**City of Clarinda**

## **Other Information**

City of Clarinda  
 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<br>Funds<br>Actual | Proprietary<br>Funds   |                                       | Less<br>Funds not<br>Required to<br>be Budgeted |          |                           |
|---|---------------------------------|--|---------------------------------------|---|----------|---------------------------|
|   |                                 | Actual<br>(Excluding<br>Clarinda<br>Regional<br>Health Center) | Unaudited                             |   |          |                           |
|   |                                 |  | Clarinda<br>Regional<br>Health Center |   | Clarinda |                           |
|   |                                 |  |                                       |   | Actual   | Regional<br>Health Center |
| Receipts:   |                                 |  |                                       |   |          |                           |
| Property tax  | \$ 2,023,560                    | -  | -                                     | -   |          |                           |
| Tax increment financing   | 116,939                         | -  | -                                     | -   |          |                           |
| Other city tax  | 541,585                         | -  | -                                     | -   |          |                           |
| Licenses and permits  | 15,366                          | -  | -                                     | -   |          |                           |
| Use of money and property   | 67,380                          | 684  | 162,709                               | 540   |          |                           |
| Intergovernmental   | 889,712                         | -  | -                                     | 18,176  |          |                           |
| Charges for service   | 344,808                         | 2,230,163  | 27,669,686                            | -   |          |                           |
| Special assessment  | 209                             | -  | -                                     | -   |          |                           |
| Miscellaneous   | 89,039                          | 1,434  | 2,547,607                             | 40,745  |          |                           |
| Total receipts  | 4,088,598                       | 2,232,281  | 30,380,002                            | 59,461  |          |                           |
| Disbursements:  |                                 |  |                                       |   |          |                           |
| Public safety   | 1,189,329                       | -  | -                                     | 51,689  |          |                           |
| Public works  | 605,753                         | -  | -                                     | -   |          |                           |
| Health and social services  | 1,500                           | -  | -                                     | -   |          |                           |
| Culture and recreation  | 1,011,389                       | -  | -                                     | 12,442  |          |                           |
| Community and economic development  | 116,751                         | -  | -                                     | -   |          |                           |
| General government  | 301,021                         | -  | -                                     | -   |          |                           |
| Debt service  | 650,993                         | -  | -                                     | -   |          |                           |
| Capital projects  | 313,744                         | -  | -                                     | -   |          |                           |
| Business type activities  | -                               | 2,504,892  | 28,306,376                            | -   |          |                           |
| Total disbursements   | 4,190,480                       | 2,504,892  | 28,306,376                            | 64,131  |          |                           |
| Excess (deficiency) of receipts over<br>(under) disbursements   | (101,882)                       | (272,611)  | 2,073,626                             | (4,670)   |          |                           |
| Other financing sources, net  | 1,011,088                       | -  | 217,800                               | -   |          |                           |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 909,206                         | (272,611)  | 2,291,426                             | (4,670)   |          |                           |
| Balances beginning of year  | 2,081,225                       | 2,379,679  | 11,149,458                            | 202,627   |          |                           |
| Balances end of year  | \$ 2,990,431                    | 2,107,068  | 13,440,884                            | 197,957   |          |                           |

See accompanying independent auditor's report.

| Total      | Budgeted Amounts |            | Final to          |
|------------|------------------|------------|-------------------|
|            | Original         | Final      | Total<br>Variance |
| 2,023,560  | 2,017,118        | 2,017,118  | 6,442             |
| 116,939    | 116,404          | 116,404    | 535               |
| 541,585    | 563,337          | 563,337    | (21,752)          |
| 15,366     | 9,000            | 9,000      | 6,366             |
| 230,233    | 6,700            | 6,700      | 223,533           |
| 871,536    | 1,568,274        | 1,568,274  | (696,738)         |
| 30,244,657 | 32,820,265       | 32,820,265 | (2,575,608)       |
| 209        | -                | -          | 209               |
| 2,597,335  | 34,000           | 34,000     | 2,563,335         |
| 36,641,420 | 37,135,098       | 37,135,098 | (493,678)         |
| 1,137,640  | 1,231,221        | 1,231,221  | 93,581            |
| 605,753    | 676,231          | 676,231    | 70,478            |
| 1,500      | 21,000           | 21,000     | 19,500            |
| 998,947    | 970,337          | 1,000,337  | 1,390             |
| 116,751    | 93,000           | 143,000    | 26,249            |
| 301,021    | 341,189          | 341,189    | 40,168            |
| 650,993    | 651,743          | 651,743    | 750               |
| 313,744    | 1,200,000        | 1,200,000  | 886,256           |
| 30,811,268 | 32,029,854       | 32,229,854 | 1,418,586         |
| 34,937,617 | 37,214,575       | 37,494,575 | 2,556,958         |
| 1,703,803  | (79,477)         | (359,477)  | 2,063,280         |
| 1,228,888  | -                | 15,000     | 1,213,888         |
| 2,932,691  | (79,477)         | (344,477)  | 3,277,168         |
| 15,407,735 | 8,694,492        | 8,694,492  | 6,713,243         |
| 18,340,426 | 8,615,015        | 8,350,015  | 9,990,411         |

City of Clarinda

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 the blended component units. The City's budget includes the Clarinda Regional Health Center and Affiliate, a city department which is excluded from the City's financial statements because the Health Center and Affiliate use a financial reporting framework which differs from the financial reporting framework used by the City. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds 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 \$280,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the community and economic development function prior to the budget amendment on May 13, 2015.

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City of Clarinda

Schedule of the 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  | 0.010297%   |
| City's proportionate share of the net pension liability   | \$ 408      |
| City's covered-employee payroll   | \$ 1,332    |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 30.63%      |
| 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.

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City of Clarinda  
Schedule of City Contributions  
Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)

Other Information

|   | <u>2015</u>  | <u>2014</u>  | <u>2013</u>  | <u>2012</u>  |
|---|--------------|--------------|--------------|--------------|
| Statutorily required contribution                                     | \$ 122       | 125          | 114          | 105          |
| Contributions in relation to the<br>statutorily required contribution | <u>(122)</u> | <u>(125)</u> | <u>(114)</u> | <u>(105)</u> |
| Contribution deficiency (excess)                                      | <u>\$ -</u>  | <u>-</u>     | <u>-</u>     | <u>-</u>     |
| City's covered-employee payroll                                       | \$ 1,305     | 1,332        | 1,240        | 1,213        |
| Contributions as a percentage of<br>covered-employee payroll          | 9.35%        | 9.35%        | 9.19%        | 8.66%        |

See accompanying independent auditor's report.



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| <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 91          | 77          | 64          | 55          | 51          | 52          |
| <u>(91)</u> | <u>(77)</u> | <u>(64)</u> | <u>(55)</u> | <u>(51)</u> | <u>(52)</u> |
| -           | -           | -           | -           | -           | -           |
| 1,163       | 1,047       | 930         | 843         | 780         | 784         |
| 7.82%       | 7.35%       | 6.88%       | 6.52%       | 6.54%       | 6.63%       |

City of Clarinda

Notes to Other Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25% 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 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% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

**City of Clarinda**

## **Supplementary Information**

City of Clarinda

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

As of and for the year ended June 30, 2015

|   | Special Revenue               |                    |                                   | Clarinda<br>Fire and<br>Rescue |
|---|-------------------------------|--------------------|-----------------------------------|--------------------------------|
|   | Tax<br>Increment<br>Financing | Library<br>Special | Clarinda<br>Library<br>Foundation |                                |
| Receipts:   |                               |                    |                                   |                                |
| Tax increment financing                                       | \$ 116,939                    | -                  | -                                 | -                              |
| Use of money and property                                     | -                             | 985                | 250                               | 290                            |
| Intergovernmental   | -                             | -                  | -                                 | 18,176                         |
| Miscellaneous   | -                             | -                  | 6,671                             | 34,074                         |
| Total receipts  | 116,939                       | 985                | 6,921                             | 52,540                         |
| Disbursements:  |                               |                    |                                   |                                |
| Operating:  |                               |                    |                                   |                                |
| Public safety   | -                             | -                  | -                                 | 51,689                         |
| Culture and recreation  | -                             | -                  | 12,442                            | -                              |
| Community and economic development                            | 10,365                        | -                  | -                                 | -                              |
| Total disbursements   | 10,365                        | -                  | 12,442                            | 51,689                         |
| Excess (deficiency) of receipts<br>over (under) disbursements | 106,574                       | 985                | (5,521)                           | 851                            |
| Transfers out   | (160,586)                     | -                  | -                                 | -                              |
| Change in cash balances                                       | (54,012)                      | 985                | (5,521)                           | 851                            |
| Cash balances beginning of year                               | 95,951                        | 227,693            | 143,022                           | 59,605                         |
| Cash balances end of year                                     | \$ 41,939                     | 228,678            | 137,501                           | 60,456                         |
| <b>Cash Basis Fund Balances</b>                               |                               |                    |                                   |                                |
| Nonspendable:   |                               |                    |                                   |                                |
| Cemetery perpetual care                                       | \$ -                          | -                  | -                                 | -                              |
| Library   | -                             | -                  | -                                 | -                              |
| Restricted for:   |                               |                    |                                   |                                |
| Library purposes  | -                             | 228,678            | 137,501                           | -                              |
| Other purposes  | 41,939                        | -                  | -                                 | 60,456                         |
| Total cash basis fund balances                                | \$ 41,939                     | 228,678            | 137,501                           | 60,456                         |

See accompanying independent auditor's report.

| Permanent |         |  |           |
|-----------|---------|--|-----------|
| Cemetery  |         |  |           |
| Perpetual | Library |  | Total     |
| Care      | Bequest |  |           |
| -         | -       |  | 116,939   |
| -         | -       |  | 1,525     |
| -         | -       |  | 18,176    |
| -         | -       |  | 40,745    |
| -         | -       |  | 177,385   |
| -         | -       |  | 51,689    |
| -         | -       |  | 12,442    |
| -         | -       |  | 10,365    |
| -         | -       |  | 74,496    |
| -         | -       |  | 102,889   |
| -         | -       |  | (160,586) |
| -         | -       |  | (57,697)  |
| 60,666    | 100,000 |  | 686,937   |
| 60,666    | 100,000 |  | 629,240   |
| 60,666    | -       |  | 60,666    |
| -         | 100,000 |  | 100,000   |
| -         | -       |  | 366,179   |
| -         | -       |  | 102,395   |
| 60,666    | 100,000 |  | 629,240   |

**City of Clarinda**



## City of Clarinda

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

As of and for the year ended June 30, 2015

|                                 | Enterprise       |                 |                 |
|---------------------------------|------------------|-----------------|-----------------|
|                                 | Yard<br>Waste    | Storm<br>Water  | Total           |
| Operating receipts:             |                  |                 |                 |
| Charges for service             | \$ 24,423        | 62,330          | 86,753          |
| Operating disbursements:        |                  |                 |                 |
| Business type activities        | 31,458           | 76,524          | 107,982         |
| Change in cash balances         | (7,035)          | (14,194)        | (21,229)        |
| Cash balances beginning of year | 63,337           | (53,388)        | 9,949           |
| Cash balances end of year       | <u>\$ 56,302</u> | <u>(67,582)</u> | <u>(11,280)</u> |
| <b>Cash Basis Fund Balances</b> |                  |                 |                 |
| Unrestricted                    | <u>\$ 56,302</u> | <u>(67,582)</u> | <u>(11,280)</u> |

See accompanying independent auditor's report.

City of Clarinda  
 Schedule of Indebtedness  
 June 30, 2015

| Obligation                      | Date of Issue | Interest Rates | Amount Originally Issued |
|---------------------------------|---------------|----------------|--------------------------|
| General obligation bonds:       |               |                |                          |
| Corporate purpose               | Aug 1, 2009   | 1.75-4.00%     | \$ 1,100,000             |
| Refunding                       | Mar 25, 2010  | 0.80-2.20      | 1,470,000                |
| Corporate purpose and refunding | Jul 15, 2011  | 0.80-2.85      | 1,650,000                |
| Corporate purpose               | Oct 28, 2011  | 0.65-2.55      | 1,000,000                |
| Corporate purpose               | Mar 25, 2015  | 1.00-2.60      | 995,000                  |
| Total                           |               |                |                          |
| Revenue bonds:                  |               |                |                          |
| Water                           | Oct 19, 2005  | 3.00% *        | \$ 6,409,000             |

\* The agreement also requires the City to annually pay a .25% servicing fee on the outstanding balance.

See accompanying independent auditor's report.

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| Balance<br>Beginning<br>of Year | Issued<br>During<br>Year | Redeemed<br>During<br>Year | Balance<br>End of<br>Year | Interest<br>Paid |
|---------------------------------|--------------------------|----------------------------|---------------------------|------------------|
| 755,000                         | -                        | 120,000                    | 635,000                   | 27,533           |
| 175,000                         | -                        | 175,000                    | -                         | 3,850            |
| 1,260,000                       | -                        | 170,000                    | 1,090,000                 | 27,505           |
| 795,000                         | -                        | 110,000                    | 685,000                   | 14,655           |
| -                               | 995,000                  | -                          | 995,000                   | -                |
| <u>\$ 2,985,000</u>             | <u>995,000</u>           | <u>575,000</u>             | <u>3,405,000</u>          | <u>73,543</u>    |
| <br>                            |                          |                            |                           |                  |
| <u>4,335,000</u>                | <u>-</u>                 | <u>301,000</u>             | <u>4,034,000</u>          | <u>130,050</u>   |

**City of Clarinda**

## City of Clarinda

## Bond Maturities

June 30, 2015

| General Obligation Bonds   |   |                   |   |                     |  |                   |  |                   |                  |
|----------------------------|---|-------------------|---|---------------------|--|-------------------|--|-------------------|------------------|
| Year<br>Ending<br>June 30, | Corporate Purpose<br>Issued Aug 1, 2009 |                   | Corporate Purpose<br>and Refunding<br>Issued Jul 15, 2011 |                     | Corporate Purpose<br>Issued Oct 28, 2011 |                   | Corporate Purpose<br>Issued Mar 25, 2015 |                   | Total            |
|                            | Interest<br>Rates                       | Amount            | Interest<br>Rates   | Amount              | Interest<br>Rates                        | Amount            | Interest<br>Rates                        | Amount            |                  |
| 2016                       | 3.40%                                   | \$ 120,000        | 1.60%   | \$ 175,000          | 1.30%                                    | \$ 110,000        | 1.00%                                    | \$ 90,000         | 495,000          |
| 2017                       | 3.60                                    | 120,000           | 1.90  | 175,000             | 1.55                                     | 110,000           | 1.00                                     | 95,000            | 500,000          |
| 2018                       | 3.75                                    | 125,000           | 2.25  | 180,000             | 1.85                                     | 115,000           | 1.40                                     | 95,000            | 515,000          |
| 2019                       | 3.90                                    | 135,000           | 2.50  | 185,000             | 2.15                                     | 115,000           | 1.40                                     | 95,000            | 530,000          |
| 2020                       | 4.00                                    | 135,000           | 2.70  | 185,000             | 2.40                                     | 115,000           | 1.85                                     | 100,000           | 535,000          |
| 2021                       | -                                       | -                 | 2.85  | 190,000             | 2.55                                     | 120,000           | 1.85                                     | 100,000           | 410,000          |
| 2022                       | -                                       | -                 | -   | -                   | -  | -                 | 2.25                                     | 100,000           | 100,000          |
| 2023                       | -                                       | -                 | -   | -                   | -  | -                 | 2.25                                     | 105,000           | 105,000          |
| 2024                       | -                                       | -                 | -   | -                   | -  | -                 | 2.60                                     | 105,000           | 105,000          |
| 2025                       | -                                       | -                 | -   | -                   | -  | -                 | 2.60                                     | 110,000           | 110,000          |
| Total                      |   | <u>\$ 635,000</u> |   | <u>\$ 1,090,000</u> |  | <u>\$ 685,000</u> |  | <u>\$ 995,000</u> | <u>3,405,000</u> |

| Revenue Bonds              |                              |                     |
|----------------------------|------------------------------|---------------------|
| Year<br>Ending<br>June 30, | Water<br>Issued Oct 19, 2005 |                     |
|                            | Interest<br>Rates            | Amount              |
| 2016                       | 3.00%                        | \$ 311,000          |
| 2017                       | 3.00                         | 321,000             |
| 2018                       | 3.00                         | 331,000             |
| 2019                       | 3.00                         | 342,000             |
| 2020                       | 3.00                         | 353,000             |
| 2021                       | 3.00                         | 365,000             |
| 2022                       | 3.00                         | 377,000             |
| 2023                       | 3.00                         | 389,000             |
| 2024                       | 3.00                         | 402,000             |
| 2025                       | 3.00                         | 415,000             |
| 2026                       | 3.00                         | 428,000             |
| Total                      |                              | <u>\$ 4,034,000</u> |

See accompanying independent auditor's report.

City of Clarinda

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

For the Last Ten Years

|                                    | 2015                | 2014             | 2013             | 2012             |
|------------------------------------|---------------------|------------------|------------------|------------------|
| <b>Receipts:</b>                   |                     |                  |                  |                  |
| Property tax                       | \$ 2,023,560        | 2,092,540        | 2,062,717        | 2,084,968        |
| Tax increment financing            | 116,939             | 116,536          | 111,514          | -                |
| Other city tax                     | 541,585             | 557,453          | 569,565          | 517,015          |
| Licenses and permits               | 15,366              | 16,476           | 11,814           | 13,667           |
| Use of money and property          | 67,380              | 54,967           | 57,934           | 38,897           |
| Intergovernmental                  | 889,712             | 696,848          | 939,497          | 682,598          |
| Charges for service                | 344,808             | 354,319          | 388,888          | 329,354          |
| Special assessments                | 209                 | -                | -                | -                |
| Miscellaneous                      | 89,039              | 204,652          | 336,820          | 124,753          |
| <b>Total</b>                       | <b>\$ 4,088,598</b> | <b>4,093,791</b> | <b>4,478,749</b> | <b>3,791,252</b> |
| <b>Disbursements:</b>              |                     |                  |                  |                  |
| <b>Operating:</b>                  |                     |                  |                  |                  |
| Public safety                      | \$ 1,189,329        | 1,180,801        | 1,229,097        | 1,094,803        |
| Public works                       | 605,753             | 714,380          | 641,000          | 652,449          |
| Health and social services         | 1,500               | 1,000            | 1,034            | 14,705           |
| Culture and recreation             | 1,011,389           | 988,277          | 964,396          | 830,245          |
| Community and economic development | 116,751             | 90,084           | 94,313           | 96,138           |
| General government                 | 301,021             | 303,255          | 340,090          | 340,325          |
| Debt service                       | 650,993             | 645,205          | 646,412          | 1,201,605        |
| Capital projects                   | 313,744             | 8,131            | 806,227          | 1,449,831        |
| <b>Total</b>                       | <b>\$ 4,190,480</b> | <b>3,931,133</b> | <b>4,722,569</b> | <b>5,680,101</b> |

See accompanying independent auditor's report.

| 2011      | 2010      | 2009      | 2008      | 2007      | 2006      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 2,043,926 | 1,894,638 | 1,850,058 | 1,932,527 | 1,828,565 | 1,726,674 |
| 60,400    | 241,728   | 206,498   | 124,820   | 106,557   | 62,759    |
| 518,382   | 466,879   | 479,791   | 465,471   | 469,272   | 451,297   |
| 10,165    | 9,281     | 10,428    | 12,081    | 9,712     | 9,938     |
| 10,605    | 26,583    | 21,951    | 36,918    | 31,352    | 30,480    |
| 1,182,714 | 873,209   | 628,433   | 710,728   | 1,740,055 | 1,592,450 |
| 346,033   | 312,698   | 322,411   | 306,908   | 286,852   | 275,526   |
| -         | -         | -         | -         | -         | -         |
| 179,666   | 311,916   | 148,436   | 360,480   | 212,719   | 167,729   |
| 4,351,891 | 4,136,932 | 3,668,006 | 3,949,933 | 4,685,084 | 4,316,853 |
| 1,037,992 | 947,949   | 921,107   | 844,163   | 847,801   | 977,718   |
| 792,443   | 775,374   | 580,188   | 594,886   | 542,108   | 450,075   |
| 26,761    | 26,991    | 21,175    | 19,298    | 27,928    | 38,293    |
| 805,352   | 767,050   | 763,169   | 722,635   | 742,258   | 946,885   |
| 89,868    | 103,110   | 87,326    | 120,168   | 96,746    | 115,454   |
| 302,712   | 282,881   | 252,127   | 244,413   | 287,921   | 349,429   |
| 682,311   | 2,063,475 | 592,485   | 678,285   | 676,808   | 673,165   |
| 1,498,207 | 651,342   | 438,878   | 434,650   | 1,247,898 | 1,372,219 |
| 5,235,646 | 5,618,172 | 3,656,455 | 3,658,498 | 4,469,468 | 4,923,238 |

**City of Clarinda**





**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Clarinda, 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 February 3, 2016. The financial statements were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed unmodified opinions on the governmental activities, the discretely presented component unit, the General Fund, the major Special Revenue Funds, including the Road Use Tax, the Employee Benefits, and the Local Option Sales Tax Funds, the Debt Service Fund, the Capital Projects Fund, the major Enterprise Funds, including the Water and Sewer Funds, and the aggregate remaining fund information of the City of Clarinda, Iowa, as of June 30, 2015. We expressed adverse opinions on the business type activities and the Enterprise, Clarinda Regional Health Center and Affiliate Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clarinda'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 Clarinda's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clarinda'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 a material misstatement of the City of Clarinda'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 charge 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 we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described as items (A) through (C) in the accompanying Schedule of Findings, we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clarinda'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 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 Clarinda's Responses to the Findings


The City of Clarinda's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Clarinda'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.

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 3, 2016

City of Clarinda

Schedule of Findings

Year ended June 30, 2015

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Bank Reconciliation – One important element in designing internal controls to safeguard assets and reasonably ensure the reliability of the accounting records is the concept of segregation of duties. When duties are properly segregated, the activities of one employee act as a check of those of another. Bank reconciliations are performed by an individual who handles cash and an independent review of the bank reconciliation is not performed.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including administrative personnel.

Response – With the hiring of a part-time administrative assistant, we will have an independent review of the bank reconciliation performed by the new hire.

Conclusion – Response accepted.

- (B) Computer System – The City does not have written policies for requiring changes to passwords every 60 to 90 days.

Recommendation – The City should develop a written policy requiring changes to passwords every 60 to 90 days.

Response – The City of Clarinda will work towards a written policy regarding changing passwords every 60 to 90 days.

Conclusion – Response accepted.

- (C) Segregation of Duties – Separately Maintained Records – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. For the separately maintained records of the Library Foundation and Clarinda Fire and Rescue, the cash receipts listing, bank deposits, the posting of cash receipts to the cash receipts journal, disbursement preparation and check signing are all performed by the same person. Also, prenumbered receipts are not issued for all collections.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Library Foundation and Clarinda Fire and Rescue should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including administrative personnel.

City of Clarinda

Schedule of Findings

Year ended June 30, 2015

Responses -

Library Foundation - Due to a limited number of Board members, segregation of duties are difficult. Nothing is done without a motion from the Board.

Clarinda Fire and Rescue - Due to a limited number of Board members, segregation of duties is not possible. All claims must be approved by the Board before payment can be made.

Conclusions - Responses acknowledged. The Library Foundation and Clarinda Fire and Rescue should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Clarinda  
 Schedule of Findings  
 Year ended June 30, 2015

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

- (1) Certified Budget – Disbursements for the year ended June 30, 2015 did not exceed the amounts budgeted. However, disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the community and economic development function prior to the budget amendment on May 13, 2015. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will closely monitor expenditures on a monthly basis and approve budget amendments in a more timely fashion.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transaction between the City and City officials or employees are detailed as follows:

| Name, Title and<br>Business Connection                    | Transaction<br>Description | Amount   |
|---|----------------------------|----------|
| Jeff McCall, Council Member,<br>Owner of McCall Carpentry | Fence repair and painting  | \$ 8,479 |

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, these transactions may represent a conflict of interest since the total amount for the individual exceeded \$1,500 during the fiscal year and was not competitively bid.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City will consult with our City Attorney to determine if a conflict of interest exists.

Conclusion – Response accepted.

- (5) 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 the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Clarinda

Schedule of Findings

Year ended June 30, 2015

- (7) Deposits and Investments – 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 were noted.
- (8) Revenue Bonds – No instances of non-compliance with the revenue bond resolution were noted.
- (9) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. The City understated the amount reported as TIF debt outstanding by \$14,000.

Recommendation – The City should ensure the amount reported as outstanding TIF debt agrees with the City's records.

Response - The City will ensure the amounts agree with the City's records in the future.

Conclusion – Response accepted.

- (10) Financial Condition – The Debt Service and the Enterprise, Storm Water Funds had deficit balances of \$2,641 and \$67,582, respectively, at June 30, 2015.

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

Response – The City will work towards eliminating the Debt Service Fund negative balance when preparing the fiscal year 2017 budget. The City will perform a rate study on the Storm Water Fund and make appropriate recommendations to the City Council.

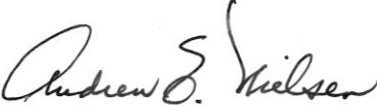
Conclusion – Response accepted.

City of Clarinda

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Ryan J. Pithan, Senior Auditor  
Daniel S. Nilsen, Staff Auditor  
Trent B. Huss, Auditor Intern



Andrew E. Nielsen, CPA  
Deputy Auditor of State