

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF ONAWA, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

PREPARED BY THE
OFFICE OF THE CITY CLERK

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INTRODUCTORY SECTION



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Chris R. Hogan, City Clerk
Terry R. Christensen, Deputy Clerk
Elaine D. Miller, Adm Assistant
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Fax (712) 433-1128

Jeffery Sander
Superintendent of Utilities
Roger Gries
Asst. Superintendent of Utilities
(712) 433-1511

CITY OF ONAWA

914 Diamond Street • Onawa, Iowa 51040

December 29, 2008

Honorable Mayor and City Council
City of Onawa
Onawa, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Onawa. This report is for the fiscal year ended June 30, 2008. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Henjes, Conner & Williams, P.C.

The City's Department of Accounting prepared our report. Management of the City is responsible for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various fund. All disclosures necessary to enable the reader to gain a complete understanding of the City of Onawa's financial activities have been included. Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statement in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City of Onawa's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statement will be free from material misstatement.

This report is designed to meet the needs of a wide range of financial statement readers, and is presented in three sections.

The **Introductory Section** consists of this transmittal letter, a table of contents, a list of the City's principal elected and appointed officials, an organizational chart.

The **Financial Section** consists of the Independent Auditor's Report completed by Henjes, Conner & Williams, P.C., Management's Discussion and Analysis, Government Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements, and Other Required Combining and Supplemental Information.

The **Statistical Section**, which is unaudited, consists of selected financial and demographic information for ten years, generally presented on a multi-year basis. This section is intended to offer the reader a better overall picture of the financial and economic trends of the City of Onawa.

GAAP require that management provide an introduction, overview and analysis to accompany the basic financial statement, in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A, found immediately following the report of the City's independent auditors, and should be read in conjunction therewith. The auditors' report is included in the financial section of the report.

A Touchstone EnergySM Partner 

PROFILE OF THE CITY OF ONAWA

The City of Onawa was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Monona County on Interstate 29 about 35 miles south of Sioux City, Iowa and 60 miles north of Omaha, Nebraska on the western edge of Iowa. The population is approximately 3100.

The City of Onawa operates under a Mayor-council form of government. One council member is elected from each of the City's four wards and two are elected at-large. The City administrator is responsible for the day-to-day management of the City. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

FINANCIAL INFORMATION

The City of Onawa maintains an internal control structure designed to provide reasonable, but not absolute assurance that the assets of the City are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The requirement for reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control are an important element of the public's trust. The City has incorporated the personnel policy in the training of all employees and elected officials.

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by fund are provided in the fund subsection of this report for all funds requiring an appropriated annual budget, and summarized in the notes to the financial statements.

State laws require audits for cities such as Onawa to be conducted by the auditor of state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Onawa is the largest City in Monona County, and also the County Seat. Onawa offers a convenient small town atmosphere while being only a 30 minute drive to a large metropolitan area.

The City's downtown as well as other areas of town continue to see improvements to buildings through the grant program established several years ago. The program gives a business that qualifies and spends money to remodel or improve the exterior of their building a \$2,500 forgivable grant and a \$2,500 loan from the Community Foundation.

The City of Onawa completed the construction of a 2.3 million dollar addition to the Onawa Public Library during the fiscal year ended June 30, 2005.

Local health care continues to improve with the Burgess Health Center started a new construction project of approximately \$10 million in 2005. This project will add additional beds to the center as well as space to several departments to offer the residents of Onawa access to the best health care.

Long-term Financial Planning. The City of Onawa operates with a cash and investment pool concept, whereby funds not individually invested to the credit of a particular fund are invested to the credit of the General Fund. This is consistent with state law, which provides that with the exception of bond covenants and local ordinances that require investments by fund, investments can be pooled and invested to the credit of the General Fund.

It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

The City may invest in any of the securities identified as eligible investments defined in the City of Onawa Investment Policy. In general these consist of interest bearing savings accounts, certificates of deposits, United States Treasury Notes and Bonds, Iowa Public Agency Investment Trust, and government sponsored securities.

Risk Management. The City also manages medical, dental, and vision insurance for its employees via a risk-retention plan administered by a third party administrator. Costs of the program include medical benefits, administration fees, and premiums for stop-loss coverage with limits of \$20,000 per covered employee per year and 125% of expected claims for the year for the City as a whole. The City continues to analyze the insurance market, and educate employees to control rising health care costs. An annual actuarial study provides analysis and information to help the City comply with local and state requirements.

The City is also exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in the excess of coverage limitations.

Pension Benefits. All permanent City employees are covered by one of two pension plans. Most uniformed employees are included in the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, defined benefit plan, administered by a Board of Trustees appointed by the State of Iowa. All other eligible City employees are covered by the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, defined benefit plan administered by the State of Iowa.

The City of Onawa does not provide postretirement health, dental, or vision care benefits for any retirees.

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Onawa for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. In order to receive this award, the City must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2007 annual financial report to GFOA for review to determine its eligibility for an award.

The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and City council for their support and interest in the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Chris Hogan
City Clerk



Terry Christensen
Deputy Clerk

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Onawa
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



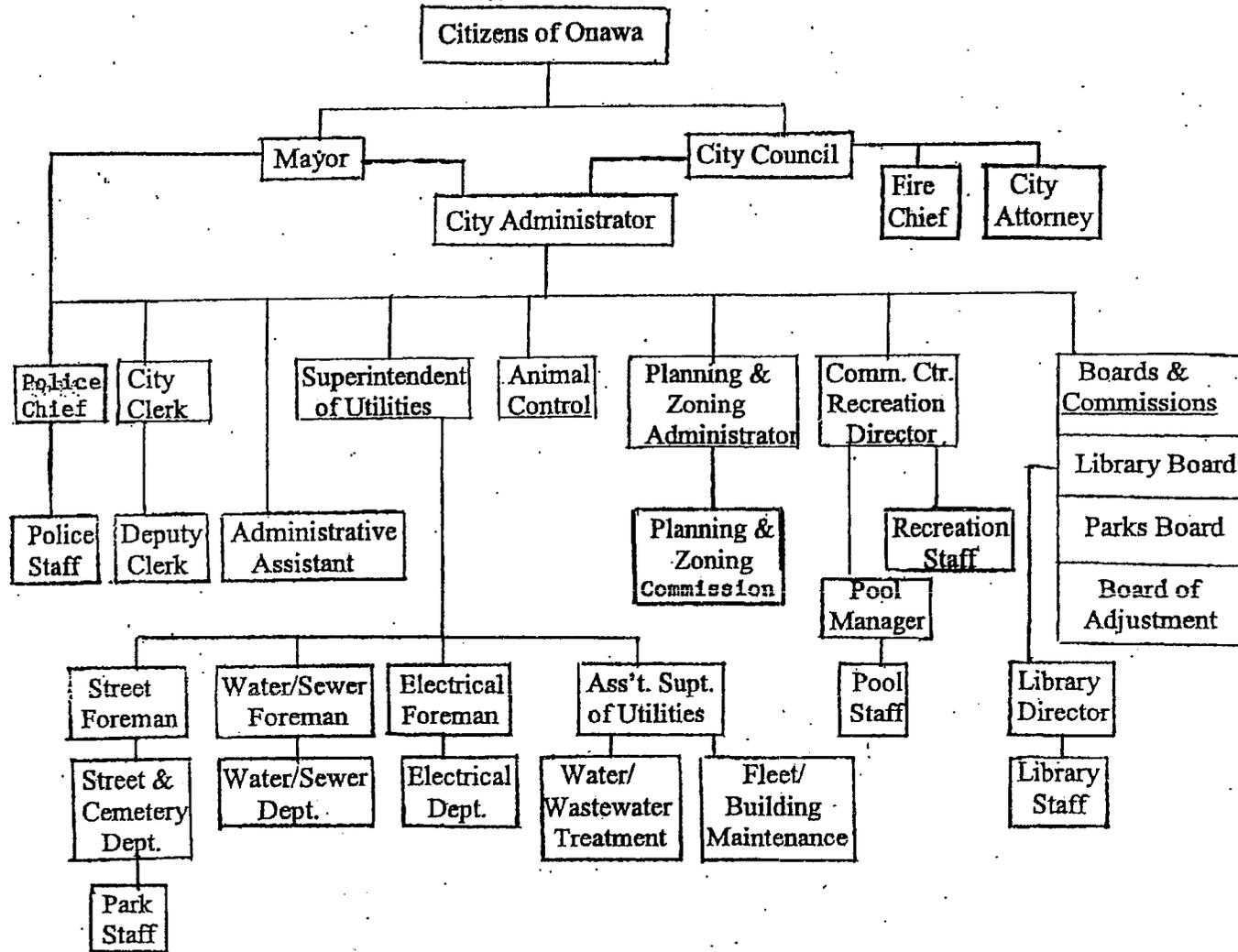
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF ONAWA ORGANIZATIONAL CHART (Revised 4/29/03)



CITY OF ONAWA, IOWA

CITY OFFICIALS

JUNE 30, 2008

ELECTED CITY OFFICERS

<u>Name</u>	<u>Title</u>
Rebecca Tanner	Mayor
Dennis Nelson	Mayor Protem
Lonnie Campbell	Council Member
Tim Coyle	Council Member
Aaron Stangel	Council Member
Rick Moser	Council Member
John Noer	Council Member

APPOINTED CITY OFFICERS

Larry Burks	City Administrator
Chris Hogan	City Clerk
Mike Schmiedt	Attorney
Sundquist Engineering	City Engineer

CITY OF ONAWA, IOWA

APPOINTED BOARDS AND COMMISSIONS

JUNE 30, 2008

ONAWA PARKS AND PLAYGROUNDS

Jill Hausman
Lisa Meadows

LIBRARY TRUSTEES

Ann Coberly
Dianne Kelley
William Wonder
Matt Minihan
Geri Johnson

PLANNING AND ZONING BOARD

Roger Hansen
Jim Kelley
Ken Wingert
Bob Lesenyie
John Stroeh
Darrell Geib

BOARD OF ADJUSTMENTS

Joe Scurlock
Randy Cass
Sandy Simpson
Larry Duval
David Richardson

HEALTH OFFICER

Family Medicine Clinic

FIRE CHIEF

Jeff Sander

WIMECA BOARD DIRECTOR

Wayne Gries

HOUSING AUTHORITY COMMITTEE

Mike Carpenter

LOW RENT HOUSING

LouNell Olson
Ruth Johnson
Jerry Laffey
Myron Johnson
Beau Hupke

STREET TREE COMMITTEE

Larry Duval
Ano Wilkins
Reta Benson
Brett Ewing

LAW ENFORCEMENT AGENCY

John Noer
Rebecca Tanner
Rick Moser, Alternate

AIRPORT ADVISORY COMMITTEE

Rebecca Tanner
Baynard Willey
Jeff Sander
Ed Weiner
Aaron Stangel
Tim Coyle
Fran Tramp
Vincent Willey
William Wonder

SIMPCO

Rebecca Tanner
Lonnie Campbell, Alternate

PERSONNEL COMMITTEE

Rick Moser
Gary Addy
Vince Phillips
Tim Coyle
City Administrator
John Noer
Jeff Sander

CITY OF ONAWA, IOWA

COUNCIL STANDING COMMITTEES

JUNE 30, 2008

FINANCE

Lonnie Campbell
Dennis Nelson
Tim Coyle
Rebecca Tanner, Alternate

GOVERNMENT AFFAIRS

Lonnie Campbell
Rick Moser
Rebecca Tanner

CITIZEN RELATIONS

Dennis Nelson
Aaron Stangel
John Noer

COMMUNITY PROTECTION/SERVICES

Aaron Stangel
Dennis Nelson
Lonnie Campbell

UTILITIES/INFRASTRUCTURE

Rick Moser
Dennis Nelson
Lonnie Campbell

CITY OF ONAWA, IOWA

CITY PERSONNEL

JUNE 30, 2008

ADMINISTRATION

Larry Burks	City Administrator
Chris Hogan	City Clerk
Terry Christensen	Deputy Clerk
Elaine Miller	Administrative Assistant

POLICE DEPARTMENT

Gary Addy	Police Chief
Joe Farrens	Assistant Chief
Jon Pinkelman	Patrolman
James Fouts	Patrolman
Lee Kirkpatrick, Jr.	Patrolman
Kyle Tank	Patrolman

STREETS AND CEMETERY

Randy Larson	Superintendent Street & Sexton
Dave Fender	Street & Cemetery Crewman
Kirk Kreger	Street & Cemetery Crewman

MUNICIPAL BUILDINGS

Rod Ulven	Maintenance Shop Supervisor
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UTILITIES

Jeff Sander	Superintendent of Utilities
Roger Gries	Assistant Superintendent
Vincent Phillips	Electric Foreman
Robert Walker	Electric Crewman
Curtis Richardson	Electric Crewman
Jon Towne	Waste Water Treatment
George Carrier	Foreman
Carl Lamb	Foreman
Pete Wright	Foreman

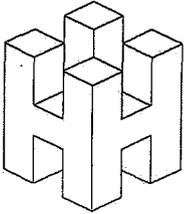
LIBRARY

Lori Beck	Librarian
Chris Zink	Part-time Clerk
Jo Keitges	Part-time Clerk
Ann Crawford	Part-time Clerk
Samantha Beck	Part-time Clerk
Pat Heisterkamp	Part-time Clerk

COMMUNITY CENTER

Clint Weaver	Director
Jill Hausman	Part-time Staff
Peggy Rolph	Part-time Staff
Abby Gray	Part-time Staff
Richard Wade	Part-time Staff

FINANCIAL SECTION



HENJES, CONNER &
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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505 FIFTH STREET
P.O. BOX 1528
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INDEPENDENT AUDITORS' REPORT

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

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 ONAWA, IOWA, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Onawa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 Onawa at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2008, on our consideration of the City of Onawa's internal control over financial reporting and 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 13 through 21 and 54 through 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onawa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Herjes, Conner & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
December 29, 2008

Management Discussion and Analysis

June 30, 2008

This discussion and analysis of the City of Onawa financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2008. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

Financial Highlights:

- The assets of the City of Onawa exceeded liabilities at June 30, 2008, by \$14,823,091. Of this amount, \$7,228,385 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by 4% or \$568,310 during the year. Of this amount, the net assets of our Governmental Activities increased \$457,122 and the assets of our Business Activities increased \$111,188.
- The largest factors in the increase in net assets were the increase in Cash and Investment of \$285,620, the increase in Investment in WIMECA of \$126,510, and decrease in General Obligation Bonds of \$165,000.
- The City's long-term debt decreased due to the scheduled retirement of long-term debt. Outstanding General Obligation debt totals \$1,530,000.

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.
- Government-wide Financial Statements consists of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City of Onawa as a whole and present 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 of Onawa's operations in more detail than the government-wide statements 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 basis financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Governmental Funds

REPORTING THE CITY FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Onawa in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about

its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Electrical, Water and Sewer.
- **Component Unit** – The activity of the Onawa Library Advocates Foundation is included here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to

repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2008 and 2007.

	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 4,430,410	\$ 3,631,013	\$ 4,756,010	\$ 4,665,578	\$ 9,186,420	\$ 8,296,591
Capital Assets	5,803,940	5,851,835	3,198,303	3,161,569	9,002,243	9,013,404
Total Assets	10,234,350	9,482,848	7,954,313	7,827,147	18,188,663	17,309,995
Long-Term Liabilities						
Outstanding	1,355,000	1,530,000	-	-	1,355,000	1,530,000
Other Liabilities	1,746,931	1,277,550	263,641	247,663	2,010,572	1,525,213
Total Liabilities	3,101,931	2,807,550	263,641	247,663	3,365,572	3,055,213
Net Assets:	\$ 7,132,419	\$ 6,675,298	\$ 7,690,672	\$ 7,579,484	\$ 14,823,091	\$ 14,254,782
Invested in Capital Assets,						
Net of Related Debt	\$ 4,273,940	\$ 4,156,835	\$ 3,198,303	\$ 3,161,569	\$ 7,472,243	\$ 7,318,404
Restricted	122,463	121,522	-	-	122,463	121,522
Unrestricted	2,736,016	2,396,941	4,492,369	4,417,915	7,228,385	6,814,856
Total Net Assets	\$ 7,132,419	\$ 6,675,298	\$ 7,690,672	\$ 7,579,484	\$ 14,823,091	\$ 14,254,782

This summary reflects an increase of 6.85% for the Governmental Activities and an increase of 1.47% in the Business-Type Activities. The Total Net Assets increased by 3.99%.

Total revenue reported in Fiscal 2008 was \$4,993,884. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2008 and 2007.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges of Services	\$ 108,611	\$ 117,612	\$ 2,560,926	\$ 2,448,451	\$ 2,669,537	\$ 2,566,063
Operating Grants and Contributions	443,136	391,214			443,136	391,214
Capital Grants and Contributions	125,000	9,271			125,000	9,271
Total Program Revenues	676,747	518,097	2,560,926	2,448,451	3,237,673	2,966,548
General Revenues & Interfund Transfers:						
Property Taxes	965,446	1,128,832			965,446	1,128,832
Local Option Sales Tax	185,688	167,862			185,688	167,862
Interest	104,732	115,469	92,421	95,345	197,153	210,814
General Intergovernmental Revenues	24,319	42,952			24,319	42,952
Sale of Merchandise			23,619	15,823	23,619	15,823
Payment in Lieu of Taxes	88,672	92,845			88,672	92,845
Contributions		36,000			-	36,000
Miscellaneous	61,569	92,981	190,377	136,771	251,946	229,752
Proceeds from/Gain on Sale of Real Estate	8,325	15,000	4,064		12,389	15,000
Total General Revenues before Interfund Transfers and Activity in Endowment Fund	1,438,751	1,691,941	310,481	247,939	1,749,232	1,939,880
Activity in Nonexpendable Endowment Funds						
Interest	5,705	5,631			5,705	5,631
Contributions	1,275	2,025			1,275	2,025
Less Transfers to General Fund	(6,039)	(2,458)			(6,039)	(2,458)
Net Activity in Nonexpendable Endowment Funds	941	5,198			941	5,198
Total General Revenues before Interfund Transfers	1,439,692	1,697,139	310,481	247,939	1,750,173	1,945,078
Interfund Transfers	18,039	42,458	(12,000)	(40,000)	6,039	2,458
Total General Revenues & Interfund Transfers	1,457,731	1,739,597	298,481	207,939	1,756,212	1,947,536
Total Revenues & Interfund Transfers	\$ 2,134,478	\$ 2,257,694	\$ 2,859,407	\$ 2,656,390	\$ 4,993,885	\$ 4,914,084

Program revenues totaled \$3,237,673 for fiscal year 2008. Governmental Activities provided \$676,747 and Business-Type Activities provided \$2,560,926. Revenue collected for Charges for Services during fiscal year 2008 was \$2,667,969, accounting for 82% of the total program revenues.

General Revenues for fiscal year 2008 totaled \$1,756,211. Governmental Activities provided \$1,457,730 and Business-Type Activities provided \$298,481. Property Tax Revenues for fiscal year 2008 totaled \$965,445, accounting for 55% of General Revenues.

Expenses for Fiscal 2008 totaled \$4,425,575. Expenses for General Governmental Activities totaled \$1,677,356, accounting for 38% of total expenses. Business-Type Activity expenses totaled \$2,748,219, for 62% of the total.

The following table shows total expenses by Function/Program for Fiscal Years 2008 and 2007.

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Public Safety	\$ 522,880	\$ 512,418	\$ -	\$ -	\$ 522,880	\$ 512,418
Public Works	261,866	252,991	-	-	261,866	252,991
Culture and Recreation	560,377	504,980	-	-	560,377	504,980
Community and Economic Development	81,891	89,769	-	-	81,891	89,769
General Government	187,646	173,894	-	-	187,646	173,894
Debt Service	62,696	67,267	-	-	62,696	67,267
Electric System	-	-	1,846,979	1,777,438	1,846,979	1,777,438
Water System	-	-	354,763	395,571	354,763	395,571
Sewer System	-	-	546,477	548,919	546,477	548,919
Total Expenses	\$ 1,677,356	\$ 1,601,319	\$ 2,748,219	\$ 2,721,928	\$ 4,425,575	\$ 4,323,247

The following table shows the activities included within each program level:

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning & Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Electric System	Operation of Electrical System
Sewer System	Operation of the Waste Water Treatment Plant/Collection System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Internal Service	Payment of Risk Insurance and Health Insurance Deductible

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Culture and Recreation, the City spent \$560,377 and received \$211,514 in revenue, thus leaving a cost to the taxpayer of \$348,863 to be funded by various methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Taxes
 Special Assessments
 Licenses and Permits
 Intergovernmental Revenue
 Charges for Services

Fines and Forfeits
 Contributions
 Refunds/Reimbursements
 Grants

The total cost of governmental activities this year was \$1,677,356. Of these costs, \$108,611 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$568,136, leaving a Net Expense of \$1,000,609 for Governmental Activities. These expenses of \$1,000,609 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	6/30/2008	6/30/2007
Governmental Activities:		
Public Safety	\$ (485,690)	\$ (471,976)
Public Works	115,666	(185,765)
Culture and Recreation	(348,863)	(408,403)
Community and Economic Development	(81,891)	(89,769)
General Government	(137,135)	(118,671)
Debt Service	<u>\$ (62,696)</u>	<u>\$ (67,267)</u>
Total Net (Expense) Revenue		
Governmental Activities	\$(1,000,609)	\$(1,341,851)
General Revenues & Interfund Transfers	<u>1,457,731</u>	<u>1,998,226</u>
Change in Net Assets	<u><u>\$ 457,122</u></u>	<u><u>\$ 656,375</u></u>

Total resources available during the year to finance governmental operations were \$8,808,775, consisting of Net Assets at July 1, 2007 of \$6,675,298, Program Revenues of \$676,747 and General Revenues of \$1,457,730. Total Governmental Activities during the year expended \$1,677,356; thus, Net Assets were increased by \$457,121 to \$7,132,419.

Business Type Activities

Business Type Activities increased the City's net assets by \$111,188 accounting for 20% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$2,748,219. As shown in the Statement of Activities, the amounts paid by users of the systems were \$2,560,926, resulting in total Net Expenses for Business Type Activities of \$187,293. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	2008 Net (Expense) Revenue	2007 Net (Expense) Revenue
Electric System	\$ (64,181)	\$ (102,538)
Water System	(59,689)	(99,809)
Sewer System	(63,243)	(71,130)
Total Net (Expense) Revenue		
Business-Type Activities	(187,293)	(273,477)
General Revenues	298,481	207,939
Change in Net Assets	\$ 111,188	\$ (65,538)

Total resources available during the year to finance Proprietary Fund activities were \$10,438,891 consisting of Net Assets at July 1, 2007 of \$7,579,484, Program Revenues of \$2,560,926 and General Revenues of \$298,481. Total Proprietary Fund Activities during the year expended \$2,748,219; thus Net Assets increased by \$111,188 to \$7,690,672.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$2,537,497. The combined Governmental Funds balance increased \$297,966 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenue exceeded expenditures in the General Fund by \$68,695. The General, Tax Increment Financing fund net assets increased \$168,275 due to the taxes collected from the TIF district. The Road Use Tax fund net assets increased \$30,526 due to fewer expenditures for street repairs. The Local Option Sales Tax and Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years. The Library Expansion had an increase in fund net assets of \$125,000 due to a grant received from the Peter Klewit Foundation. The Street Capital Projects had an aggregate decrease in fund net assets of \$121,107 due to expenditures for street repairs. The Community Center Capital Project had an increase in fund net assets due to transfers from other funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2008 original (adopted) General Fund amount was \$1,134,645 with an amendment of \$100,000 adopted on June 10, 2008. The amended budget for the General fund was \$1,234,645.

The following table shows the General Fund budget variances by program structure:

Expenditures	Budget		Variance
	Amended	Actual	
Public Safety	\$ 600,978	\$ 543,171	\$ 57,807
Public Works	16,675	19,877	(3,202)
Culture and Recreation	456,567	410,044	46,523
Community and Economic Development	15,500	15,161	339
General Government	<u>144,925</u>	<u>141,293</u>	<u>3,632</u>
Total Expenditures	<u>\$ 1,234,645</u>	<u>\$ 1,129,546</u>	<u>\$ 105,099</u>

Public Safety was under budget primarily due to the expenditures of the police department being under budget. Public Works was over budget due to expenditures for the Street Department. Culture and Recreation was under budget by \$10,000 for library services, \$22,000 for the other culture and recreation, and \$17,000 for the cemetery.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements and equipment represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2008, was \$7,472,243 (net of accumulated depreciation and outstanding financings).

The gross additions to capital assets for Fiscal Years 2008 and 2007 are as follows:

	General Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Construction in Progress	\$ 2,267	\$ 122,327			\$ 2,267	\$ 122,327
Buildings	38,169			\$ 9,865	38,169	9,865
Improvements - Other than Buildings			\$ 157,350		157,350	-
Equipment	74,539	35,119	100,238	100,983	174,777	136,102
Infrastructure	200,517	171,169	-	-	200,517	171,169
	<u>\$ 315,492</u>	<u>\$ 328,615</u>	<u>\$ 257,588</u>	<u>\$ 110,848</u>	<u>\$ 573,080</u>	<u>\$ 439,463</u>

Construction in Progress for governmental activities consisted of costs associated with the capital projects in the Public Works and Culture and Recreation Programs.

See Note 6 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At year-end the City had \$1,530,000 of debt outstanding. This is a decrease of \$165,000 from the prior year due to the retirement of General Obligation Bonds.

Debt administration is on track, with over 93% of all City debt repaid within the next 10 years. This rapid repayment, when used with TIF, has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$4,845,064. With outstanding General Obligation Debt applicable to this limit of \$1,530,000, we are utilizing less than 32% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

The City of Onawa continues to work hard to maintain a positive approach to growth and development. Continued improvement in downtown façade and the addition to the library continues to make a positive effect on the City’s image.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index (CPI) increase. The State’s CPI increase was 3.2% for fiscal 2008 compared with the national rate of 3.4%. Inflation has been modest here due, in part, to the slowing of the residential housing market and modest increases in energy prices.

The General Fund is projected to end fiscal 2009 with a fund balance of approximately \$8,300,000, a 10.63% decrease from fiscal 2008.

The tax levy rates per \$1,000 of taxable valuation for fiscal 2009 are provided below:

General Levy	\$ 8.10
Civic Center Levy	.135
Library Levy	.270
Debt Service levy	2.25453
FICA, IPERS & Employee Benefits	1.22236
Tort Liability levy	<u>1.06987</u>
Total	\$ <u>13.015176</u>

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-433-1181.

CITY OF ONAWA, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Onawa Library Advocates Foundation
ASSETS				
Cash and Cash Equivalents	\$ 788,806	\$ 183,056	\$ 971,862	\$ 18,203
Investments	1,226,802	2,201,797	3,428,599	
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	228,079	228,079	
Taxes	13,149	-	13,149	
Subsequent Year Taxes	877,435	-	877,435	
Accrued Interest	20,593	22,897	43,490	
Other	10,685	2,510	13,195	
Special Assessments	31,208	-	31,208	
Subsequent Year Special Assessments	164,153	-	164,153	
Due from Other Funds	532,340	2,505	534,845	
Due from Other Governments - Note 4	57,375	-	57,375	
Inventories	-	372,567	372,567	
Prepaid Assets	59,694	26,067	85,761	
Investment in WIMECA - Note 12	-	1,504,806	1,504,806	
Restricted Assets:				
Cash and Cash Equivalents	-	44,273	44,273	
Temporary Cash Investments for Equipment	620,950	167,453	788,403	
Bond Issue Cost - Net of Amortization	10,541	-	10,541	
Bond Discount - Net of Amortization	16,679	-	16,679	
Land - Note 6	417,239	9,050	426,289	
Construction in Progress - Note 6	31,302	-	31,302	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation - Note 6	5,355,399	3,189,253	8,544,652	
Total Assets	10,234,350	7,954,313	18,188,663	18,203
LIABILITIES				
Accounts Payable	83,234	137,421	220,655	
Accrued Wages and Benefits	33,770	25,590	59,360	
Accrued Expenses	4,945	1,320	6,265	
Unearned Revenue - Subsequent Year Taxes	877,435	-	877,435	
Due to Other Funds	532,340	2,505	534,845	
Payables from Restricted Assets:				
Customer Deposits	-	44,273	44,273	
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds - Note 7	175,000	-	175,000	
Compensated Absences	10,052	13,134	23,186	
Due in more than one year:				
General Obligation Bonds - Note 7	1,355,000	-	1,355,000	
Compensated Absences	30,155	39,398	69,553	
Total Liabilities	3,101,931	263,641	3,365,572	-
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,273,940	3,198,303	7,472,243	
Restricted for:				
Endowments:				
Nonexpendable	122,463	-	122,463	
Unrestricted	2,736,016	4,492,369	7,228,385	18,203
Total Net Assets	\$ 7,132,419	\$ 7,690,672	\$ 14,823,091	\$ 18,203

CITY OF ONAWA, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 522,880	\$ 11,160	\$ 26,030	-
Public Works	261,866	-	377,532	-
Culture and Recreation	560,377	76,468	10,046	\$ 125,000
Community and Economic Development	81,891	-	-	-
General Government	187,646	20,983	29,528	-
Debt Service	62,696	-	-	-
Total governmental activities	<u>1,677,356</u>	<u>108,611</u>	<u>443,136</u>	<u>125,000</u>
Business-Type Activities:				
Electric System	1,846,979	1,782,798	-	-
Water System	354,763	295,074	-	-
Sewer System	546,477	483,054	-	-
Total Business-Type Activities:	<u>2,748,219</u>	<u>2,560,926</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,425,575</u>	<u>\$ 2,669,537</u>	<u>\$ 443,136</u>	<u>\$ 125,000</u>
Component Unit:				
Onawa Library Advocates Foundation	<u>\$ 1,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Revenues:				
Property taxes				
Local Option Sales Tax				
Interest				
General Intergovernmental Revenues				
Sale of Merchandise				
Payment in Lieu of Taxes				
Contributions				
Miscellaneous				
Proceeds from Sale of Fixed Assets				
Interfund Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Total	Onawa Library Advocates Foundation
\$ (485,690)		\$ (485,690)	
115,666		115,666	
(348,863)		(348,863)	
(81,891)		(81,891)	
(137,135)		(137,135)	
(62,696)		(62,696)	
<u>(1,000,609)</u>		<u>(1,000,609)</u>	
	\$ (64,181)	(64,181)	
	(59,689)	(59,689)	
	<u>(63,423)</u>	<u>(63,423)</u>	
	<u>(187,293)</u>	<u>(187,293)</u>	
<u>(1,000,609)</u>	<u>(187,293)</u>	<u>(1,187,902)</u>	
			<u>\$ (1,568)</u>
965,446	-	965,446	
185,688	-	185,688	
110,437	92,421	202,858	
24,319	-	24,319	
-	23,619	23,619	
88,672	-	88,672	
1,275	-	1,275	7,983
61,569	190,377	251,946	
8,325	4,064	12,389	
12,000	(12,000)	-	
<u>1,457,731</u>	<u>298,481</u>	<u>1,756,212</u>	<u>7,983</u>
457,122	111,188	568,310	6,415
6,675,297	7,579,484	14,254,781	11,788
<u>\$ 7,132,419</u>	<u>\$ 7,690,672</u>	<u>\$ 14,823,091</u>	<u>\$ 18,203</u>

**CITY OF ONAWA, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	TIF	Road Use Tax
Assets			
Cash and Pooled Investments	\$ 321,419	-	\$ 154,426
Investments	890,302	-	250,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	9,581	\$ 211	-
Subsequent Year Taxes	540,856	132,747	-
Accrued Interest	13,600	-	-
Other	9,605	-	-
Special Assessments	10,755	-	-
Subsequent Year Special Assessments	24,186	-	-
Due from Other Funds	-	-	200,000
Due from Other Governmental Agencies	-	-	21,202
Temporary Cash Investments Designated for Equipment	578,099	-	42,851
Total Assets	2,398,403	132,958	668,479
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	44,551	4,039	6,930
Accrued Wages and Compensated Absences	29,062	-	4,708
Accrued Expenses	90	-	-
Due to Other Funds	-	26,279	-
Deferred Revenue - Subsequent Year Taxes	540,856	132,747	-
Deferred Revenue - Subsequent Year Assessments	24,186	-	-
Total Liabilities	638,745	163,065	11,638
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Endowment	-	-	-
Unreserved (Deficit)			
General Fund	1,759,658	-	-
Debt Service	-	-	-
Special Revenue Funds	-	(30,107)	656,841
Capital Project Funds	-	-	-
Total Fund Balances (Deficits)	1,759,658	(30,107)	656,841
Total Liabilities and Equity	\$ 2,398,403	\$ 132,958	\$ 668,479

See Accompanying Notes to Financial Statements

Local Option Sales Tax	Debt Service	2007 Street Capital Project	2006 Street Capital Project	2005 Street Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 127,830	\$ 11,148	-	-	-	\$ 58,980	\$ 673,803
-	-	-	-	-	86,500	1,226,802
-	2,233	-	-	-	1,124	13,149
-	135,280	-	-	-	68,552	877,435
-	-	\$ 436	\$ 1,609	\$ 608	4,340	20,593
-	-	-	-	-	-	9,605
-	-	6,333	3,975	1,940	8,205	31,208
-	-	56,852	31,770	11,870	39,475	164,153
332,340	-	-	-	-	-	532,340
36,173	-	-	-	-	-	57,375
-	-	-	-	-	-	620,950
496,343	148,661	63,621	37,354	14,418	267,176	4,227,413
63	-	-	-	-	26,545	82,128
-	-	-	-	-	-	33,770
-	-	-	-	-	-	90
-	-	138,892	132,882	175,897	58,390	532,340
-	135,280	-	-	-	68,552	877,435
-	-	56,852	31,770	11,870	39,475	164,153
63	135,280	195,744	164,652	187,767	192,962	1,689,916
-	-	-	-	-	89,361	89,361
-	-	-	-	-	33,102	33,102
-	-	-	-	-	-	1,759,658
-	13,381	-	-	-	-	13,381
496,280	-	-	-	-	(18,868)	1,104,146
-	-	(132,123)	(127,298)	(173,349)	(29,381)	(462,151)
496,280	13,381	(132,123)	(127,298)	(173,349)	74,214	2,537,497
\$ 496,343	\$ 148,661	\$ 63,621	\$ 37,354	\$ 14,418	\$ 267,176	\$ 4,227,413

CITY OF ONAWA, IOWA

CITY OF ONAWA, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 29)	\$ 2,537,497
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,803,940
Deferred assessments that provide current financial resources for governmental activities	164,153
Internal service fund used by management to fund and maintain the City's health insurance deductible account provided by user departments and are included in the statement of net assets.	4,524
Internal service fund used by management to fund and maintain the City's deductible account provided by user departments and are included in the statement of net assets.	110,453
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(4,855)
Bond issue costs and Bond Discounts are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	27,220
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	59,694
Long-term liabilities including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(1,570,207)</u>
Total Net Assets - Governmental Activities (page 22)	<u>\$ 7,132,419</u>

CITY OF ONAWA, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	TIF	Road Use Tax	Local Option Sales Tax
Revenue:				
Taxes	\$ 500,484	\$ 272,782	-	-
Special Assessments	9,084	-	-	-
Licenses and Permits	30,449	-	-	-
Intergovernmental Revenue	24,319	-	\$ 264,852	\$ 185,688
Charges for Services	75,109	-	-	-
Fines and Forfeits	13,934	-	-	-
Contributions	35,155	-	-	-
Sale of Fixed Assets	83,325	-	-	-
Interest	96,012	-	-	-
Payment in Lieu of Taxes	88,672	-	-	-
Miscellaneous	64,597	-	5,363	-
Total Revenue	<u>1,021,140</u>	<u>272,782</u>	<u>270,215</u>	<u>185,688</u>
Expenditures:				
Public Safety	543,171	-	-	-
Public Works	19,877	-	239,689	-
Culture and Recreation	410,044	-	-	-
Community and Economic Development	15,161	58,812	-	7,918
General Government	141,293	-	-	-
Capital Projects	-	-	-	-
Debt Service				
Principal Retirements	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>1,129,546</u>	<u>58,812</u>	<u>239,689</u>	<u>7,918</u>
Excess (deficiency) of revenues over expenc	<u>(108,406)</u>	<u>213,970</u>	<u>30,526</u>	<u>177,770</u>
Other financing sources (uses):				
Transfers In	227,101	50,000	-	-
Transfers Out	(50,000)	(95,695)	-	(150,000)
Total other financing sources (uses)	<u>177,101</u>	<u>(45,695)</u>	<u>-</u>	<u>(150,000)</u>
Net Change in Fund Balance	68,695	168,275	30,526	27,770
Fund Balances (Deficit) beginning of year	1,690,963	(198,382)	626,315	468,510
Fund Balances (Deficit) End of Year	<u>\$ 1,759,658</u>	<u>\$ (30,107)</u>	<u>\$ 656,841</u>	<u>\$ 496,280</u>

See Accompanying Notes to Financial Statements

Debt Service	2007 Street Capital Project	2006 Street Capital Project	2005 Street Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 133,586	-	-	-	\$ 58,594	\$ 965,446
-	\$ 48,238	\$ 3,843	\$ 5,321	7,749	74,235
-	-	-	-	-	30,449
-	-	-	-	-	474,859
-	-	-	-	-	75,109
-	-	-	-	-	13,934
-	-	-	-	1,275	36,430
-	-	-	-	-	83,325
-	437	4,378	575	9,035	110,437
-	-	-	-	-	88,672
-	-	195	48	125,217	195,420
133,586	48,675	8,416	5,944	201,870	2,148,316
-	-	-	-	-	543,171
-	-	-	-	-	259,566
-	-	-	-	-	410,044
-	-	-	-	-	81,891
-	-	-	-	2,677	143,970
-	151,763	-	-	43,675	195,438
165,000	-	-	-	-	165,000
63,270	-	-	-	-	63,270
228,270	151,763	-	-	46,352	1,862,350
(94,684)	(103,088)	8,416	5,944	155,518	285,966
95,695	-	-	-	-	372,796
-	-	-	-	(65,101)	(360,796)
95,695	-	-	-	(65,101)	12,000
1,011	(103,088)	8,416	5,944	90,417	297,966
12,370	(29,035)	(135,714)	(179,293)	(16,203)	2,239,531
\$ 13,381	\$ (132,123)	\$ (127,298)	\$ (173,349)	\$ 74,214	\$ 2,537,497

CITY OF ONAWA, IOWA

CITY OF ONAWA, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 29) \$ 297,966

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays were exceeded by depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 315,792	
Depreciation expense	<u>(233,118)</u>	82,674

Revenues reported in the funds that are not available to provide current financial resources 31,162

Prepaid expenses are not reported in the governmental funds as it is not available to provide current financial resources 1,803

Accrued interest expense that does not require current financial resources 574

Net book value of fixed assets sold not reported in the governmental funds. (130,569)

Internal service fund used by management to fund and maintain the City's health insurance deductible account provided by user departments and are included in the statement of net assets. The net revenue of this internal revenue fund is reported with governmental activities 3,777

Internal service fund used by management to fund and maintain the City's deductible account provided by user departments and are included in the statement of net assets. The net revenue of this internal revenue fund is reported with governmental activities 8,000

The effect of bond issuance costs and bond discounts when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities (3,929)

Some Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, compensated absences 664

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was: 165,000

Change in net assets of governmental activities (page 24) \$ 457,122

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2008**

	Business Type Activities	
	Electric System	Water System
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 119,527	-
Investments	1,765,174	\$ 222,776
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	154,552	28,958
Accrued Interest	17,154	3,664
Other	1,350	1,160
Due from Other Funds	2,505	-
Due from Other Governmental Agencies	-	-
Inventories	342,724	28,999
Prepaid Assets	14,864	7,279
Investment in WIMECA	1,504,806	-
Restricted Assets:		
Cash and Cash Equivalents	44,273	-
Temporary Cash Investments for Equipment	10,634	134,683
Total Current Assets	<u>3,977,563</u>	<u>427,519</u>
Non Current Assets		
Land	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,034,510	254,540
Total Non Current Assets	<u>2,034,510</u>	<u>254,540</u>
Total Assets	<u>6,012,073</u>	<u>682,059</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	112,657	3,444
Accrued Wages and Compensated Absences	11,390	7,118
Accrued Expenses	1,309	11
Due to Other Funds	-	2,505
Payables from Restricted Assets:		
Customer Deposits	44,273	-
Noncurrent Liabilities:		
Due within one year:		
Compensated Absences	6,177	2,663
Due in more than one year:		
Compensated Absences	18,530	7,987
Total Current Liabilities	<u>194,336</u>	<u>23,728</u>
NET ASSETS		
Invested in Capital Assets	2,034,510	254,540
Unrestricted	3,783,227	403,791
Total Net Assets	<u>\$ 5,817,737</u>	<u>\$ 658,331</u>

<u>Business Type Activities</u>		<u>Business Type Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 63,529	\$ 183,056	\$ 115,004	
213,847	2,201,797		
44,569	228,079		
2,079	22,897		
-	2,510	1,080	
-	2,505		
-	-		
844	372,567		
3,924	26,067		
-	1,504,806		
-	44,273		
22,136	167,453		
<u>350,928</u>	<u>4,756,010</u>	<u>116,084</u>	
9,050	9,050		
900,203	3,189,253		
<u>909,253</u>	<u>3,198,303</u>		
<u>1,260,181</u>	<u>7,954,313</u>	<u>116,084</u>	
21,320	137,421	1,107	
7,082	25,590		
-	1,320		
-	2,505		
-	44,273		
4,294	13,134	-	
12,881	39,398	-	
<u>45,577</u>	<u>263,641</u>	<u>1,107</u>	
909,253	3,198,303		
305,351	4,492,369	114,977	
<u>\$ 1,214,604</u>	<u>\$ 7,690,672</u>	<u>\$ 114,977</u>	

CITY OF ONAWA, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business Type Activities	
	Electric System	Water System
Operating Revenues:		
Charges for Services	\$ 1,782,798	\$ 295,074
Total Operating Revenue	<u>1,782,798</u>	<u>295,074</u>
Operating Expenses:		
Production	1,342,660	90,594
Distribution	305,723	151,042
Customer Accounts/Administration	87,817	58,279
Solid Waste		
Depreciation	110,779	54,848
Deductibles	-	-
Total Operating Expenses	<u>1,846,979</u>	<u>354,763</u>
Operating Income (Loss)	(64,181)	(59,689)
Non-Operating Income (Expense):		
Interest Income	70,512	12,248
Sale of Merchandise	8,443	14,769
Equity in Net Income of WIMECA	125,610	
WIMECA Member Charge Refund	62,185	
Gain on Sale of Fixed Assets	2,150	957
Other Non-operating Revenues	1,732	850
Total Non-Operating Income (Expenses)	<u>270,632</u>	<u>28,824</u>
Income (Loss) before Transfers	206,451	(30,865)
Transfers Out	<u>(12,000)</u>	<u>-</u>
Change in Net Assets	194,451	(30,865)
Net Assets - Beginning	<u>5,623,286</u>	<u>689,196</u>
Net Assets - Ending	<u>\$ 5,817,737</u>	<u>\$ 658,331</u>

<u>Business Type Activities</u>		<u>Business Type Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 483,054	\$ 2,560,926	\$ 18,000	
483,054	2,560,926	18,000	
68,402	1,501,656		
134,618	591,383		
56,983	203,079		
231,247	231,247		
55,227	220,854		
-	-	6,223	
546,477	2,748,219	6,223	
(63,423)	(187,293)	11,777	
9,661	92,421	-	
407	23,619	-	
	125,610	-	
	62,185	-	
957	4,064	-	
	2,582	-	
11,025	310,481	-	
(52,398)	123,188	11,777	
-	(12,000)	-	
(52,398)	111,188	11,777	
1,267,002	7,579,484	103,200	
\$ 1,214,604	\$ 7,690,672	\$ 114,977	

**CITY OF ONAWA, IOWA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Business Type Activities	
	Electric System	Water System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,779,434	\$ 296,876
Cash Paid to Suppliers for Goods and Services	(1,432,784)	(105,583)
Cash Paid to Employees for Services	(304,497)	(198,472)
Other Nonoperating Income	77,171	15,689
Cash Received/(Paid) for Customer Deposits	(5,093)	
Net Cash Provided (Used) by Operating Activities	<u>114,231</u>	<u>8,510</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers from (to) Other Funds	(12,000)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(206,425)	(45,226)
Proceeds from Sale of Fixed Assets	2,150	957
Net Cash (Used) for Capital and Related Financing Activities	(204,275)	(44,269)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Temporary Cash Investments	(950,000)	
Purchase of Temporary Cash Investments-Equipment	(78,000)	
Proceeds from Sale of Temporary Cash Investments	786,082	
Proceeds from Sale of Temporary Cash Investments -Equipment	67,896	
Proceeds from Patronage Dividend from WIMECA	-	
Advances To/From Other funds	(2,505)	2,505
Interest Received	34,299	
Net Cash Provided (Used) for Investing Activities	(142,228)	2,505
Net Increase (Decrease) in Cash and Cash Equivalents	(244,272)	(33,254)
Cash and Cash Equivalents at Beginning of Year	<u>363,799</u>	<u>\$ 33,254</u>
Cash and Cash Equivalents at End of Year	<u>\$ 119,527</u>	<u>-</u>
Supplemental Disclosures		
Noncash Investing and Financing Activities		
Reinvestment of the earnings from WIMECA	<u>\$ 125,610</u>	

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Business Type Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 482,026	\$ 2,558,336	\$ 18,000	
(299,083)	(1,837,450)	(3,370)	
(193,211)	(696,180)	-	
511	93,371	-	
	(5,093)	-	
<u>(9,757)</u>	<u>112,984</u>	<u>14,630</u>	
-	(12,000)	-	
(5,937)	(257,588)	-	
957	4,064	-	
<u>(4,980)</u>	<u>(253,524)</u>	<u>-</u>	
(100,000)	(1,050,000)	-	
100,000	(78,000)	-	
	886,082	-	
	67,896	-	
	-	-	
	-	-	
<u>6,760</u>	<u>41,059</u>	<u>-</u>	
6,760	(132,963)	-	
(7,977)	(285,503)	14,630	
<u>71,506</u>	<u>468,559</u>	<u>100,374</u>	
<u>\$ 63,529</u>	<u>\$ 183,056</u>	<u>\$ 115,004</u>	
		<u>\$ 125,610</u>	

(Continued)

CITY OF ONAWA, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business Type Activities	
	Electric System	Water System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (64,181)	\$ (59,689)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	110,779	54,848
Other Non-Operating Income	72,360	15,619
(Increase) Decrease in Assets:		
Accounts Receivable	(3,364)	1,802
Other Receivable	3,623	(34)
Prepaid Expenses	(149)	(391)
Due From Other Governments	1,188	104
Inventories	(23,573)	(1,773)
Increase (Decrease) in Liabilities		
Accounts Payable	23,513	(1,153)
Accrued Wages and Compensated Absences	(713)	(803)
Accrued Expenses	(159)	(20)
Customer Deposits	(5,093)	
Total Adjustments	<u>178,412</u>	<u>68,199</u>
Net Cash Provided (Used) by Operating Activities	<u><u>114,231</u></u>	<u><u>8,510</u></u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Business Type</u>
<u>Sewer</u>		<u>Activities</u>
<u>System</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ (63,423)	\$ (187,293)	\$ 11,777
55,227	220,854	-
407	88,386	-
(1,028)	(2,590)	1,746
374	3,589	-
104	(166)	-
681	1,396	-
	(24,665)	-
117	22,477	1,107
(2,216)	(3,732)	-
	(179)	-
	(5,093)	-
<u>53,666</u>	<u>300,277</u>	<u>2,853</u>
<u>(9,757)</u>	<u>112,984</u>	<u>\$ 14,630</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Onawa, Iowa is a political subdivision of the State of Iowa located in Monona County, and was incorporated in 1859, and operates under the Home Rule Provisions of the Constitution of Iowa. The City operates under a Mayor-Council form of government with an appointed administrator and finance director and administers the following programs as authorized by its charter: public safety, public works, culture and recreation, community and economic development and general government services. The City also has municipal electric, water and sewer utility systems, which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of Onawa, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

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

Discretely Presented Component Unit – Onawa Library Advocates Foundation (Foundation) was established under the Iowa Non-Profit Corporation Act, Chapter 504, A, of the Code of Iowa to promote the Onawa Public Library. The Foundation is governed by a six member board. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations – The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Monona County Assessors' Conference Board, Monona County Emergency Management Commission, Monona County Joint E911 Service Board, and Monona County Landfill Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's health insurance and risk insurance internal service funds are classified as business-type activities.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrated the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues 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 restricted to meeting the operations or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Funds

The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for constructions of specific projects within the TIF District.

The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.

The Local Option Sales Tax Fund is used to account for the collection of a 1% local option sales tax to be expended for industrial development, infrastructure and for property tax relief.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

- 4) Capital Project Funds

The 2005, 2006, and 2007 Street Project funds are used to account for the resurfacing of various streets within the City of Onawa.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Electric Fund is used to account for the operation and maintenance of the City's electric system.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service funds are presented in the proprietary fund financial statements.

Risk Insurance – The City operates an insurance deductible fund that accounts for all deductibles on insurance claims owed by the other organizational units of the City. The financial statements of the risk insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Health Insurance Deductibles – The City operates a health insurance deductible fund that accounts for all deductibles on employee health insurance claims owed by the other organizational units of the City. The financial statements of the health insurance deductible internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of the related cash flows. Property tax is recognized as revenue in the year for which it is levied.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

Chapter 384, Section 16, of the State Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. The City budget may be amended for specified level purposes and budget amendments must be prepared and adopted in the same manner as the original budget. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

Annual budgets are adopted on the cash basis of accounting for all governmental funds. The City's budget is prepared on the cash basis of accounting. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level for all funds combined rather than at the individual fund level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a program level basis and to compare such program totals to program budgeted totals in order to demonstrate legal compliance with budget. Legal budget compliance for cities in the State of Iowa is applied only to expenditures.

The Budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2) Investments

The City and uses the following methods in determining the reported amounts.

<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit	Cost

G. Property Tax Receivable, Including Tax Increment Financing

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007. Any county collections on the 2007-2008 tax levy remitted to the City within 60 days subsequent to June 30, 2008, are recorded as property tax revenue.

H. Customer Accounts and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

I. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2008, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

J. Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Inventories

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The inventory amounts are not material and therefore not recorded on the balance sheet.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items.

M. Property and Equipment

Assets with an initial individual cost of \$1,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Historical infrastructure has not been recorded on these financial statements other than buildings and improvements. GASB 34 does not require the City of Onawa to record the historical infrastructure costs. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	39 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 - 20 Years
Infrastructure	15 – 70 Years

N. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

R. Landfill Closure Costs

The City is part of an Iowa Code Section 28F agreement with the Monona County Landfill Commission and, therefore, not required to account for landfill post closure costs.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2008, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation 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; and certain joint investment trusts.

Deposits at June 30, 2008, are shown below:

	<u>Primary Government</u>	<u>Bank Balance</u>
Demand Deposits	\$ 1,150,624	\$ 1,162,303
Savings Deposits	1,523,957	1,523,957
Time Deposits	<u>2,558,501</u>	<u>2,558,501</u>
	<u>\$ 5,233,082</u>	<u>\$ 5,244,761</u>

The primary government's investments are categorized to give an indication of the level of risk assumed by the City at year-end. At June 30, 2008, the City's investments are in a category characterized as investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. The City did not hold any investments at June 30, 2008.

There were no significant changes in investments held during the fiscal year ended June 30, 2008.

Note 3 - RECEIVABLES

Receivables at June 30, 2008 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$12,004 at June 30, 2008.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2008, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 21,202
Due from the State of Iowa for local option sales taxes	36,173
Total Due from Other Governments	\$ 57,375

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2007, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Special Revenue – Local Option Sales Tax	TIF Fund	\$ 26,279
Special Revenue – Road Use Tax	2005 Street Project	175,897
Special Revenue – Road Use Tax	2006 Street Project	24,103
Special Revenue – Local Option Sales Tax	2006 Street Project	108,779
Special Revenue – Local Option Sales Tax	2007 Street Project	138,892
Special Revenue – Local Option Sales Tax	2008 Street Project	17,159
Special Revenue – Local Option Sales Tax	Nonmajor Governmental Funds	41,231
		\$ 532,340
Proprietary – Light Fund	Proprietary – Water Fund	\$ 2,505

The Purpose of the interfund balances is to help finance short-term cash shortages of various funds.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 437,239		\$ 20,000	\$ 417,239
Construction in Progress	29,035	\$ 183,064	180,797	31,302
Total capital assets not being depreciated	466,274	183,064	200,797	448,541

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

	<u>Balance</u> <u>July 1,</u> <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2008</u>
Capital assets being depreciated:				
Buildings	4,226,436	38,169	125,410	4,139,195
Improvements	440,194			440,194
Equipment	1,741,667	74,539	93,460	1,722,746
Infrastructure	663,190	200,817		864,007
Total capital assets being depreciated	<u>7,071,487</u>	<u>313,525</u>	<u>218,870</u>	<u>7,166,142</u>
Less: Accumulated Depreciation for:				
Buildings	495,910	82,849	14,841	563,918
Improvements	135,987	18,696		154,683
Equipment	991,799	95,856	93,460	994,195
Infrastructure	62,230	35,717		97,947
Total Accumulated Depreciation	<u>1,685,926</u>	<u>233,118</u>	<u>108,301</u>	<u>1,810,743</u>
Total capital assets being depreciated, net	<u>5,385,561</u>	<u>80,407</u>	<u>110,569</u>	<u>5,355,399</u>
Governmental activities capital assets, net	<u>\$ 5,851,835</u>	<u>\$ 263,471</u>	<u>\$ 311,366</u>	<u>\$ 5,803,940</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,050			\$ 9,050
Construction in Progress	-			-
Total capital assets not being depreciated	<u>9,050</u>	<u>-</u>	<u>-</u>	<u>9,050</u>
Capital assets being depreciated:				
Equipment	1,213,503	\$ 100,238	\$ 133,798	1,179,943
Buildings, Utility Plant, Lines, Etc.	6,193,712	157,350		6,351,062
Total capital assets being depreciated	<u>7,407,215</u>	<u>257,588</u>	<u>133,798</u>	<u>7,531,005</u>
Less: Accumulated Depreciation for:				
Equipment	868,671	63,057	133,798	797,930
Buildings, Utility Plant, Lines, Etc.	3,386,025	157,797		3,543,822
Total Accumulated Depreciation	<u>4,254,696</u>	<u>220,854</u>	<u>\$ 133,798</u>	<u>4,341,752</u>
Total capital assets being depreciated, net	<u>3,152,519</u>	<u>36,734</u>	<u>-</u>	<u>3,189,253</u>
Business Type activities capital assets, net	<u>\$ 3,161,569</u>	<u>\$ 36,734</u>	<u>-</u>	<u>\$ 3,198,303</u>

Construction in progress at June 30, 2008 consisted of costs associated with the 2008 Street Capital Project of \$17,159 and the Skateboard Park of \$14,143.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Public Safety	\$ 42,497
Public Works	16,569
Culture and Recreation	134,796
Community and Economic Development	3,538
General Government	<u>35,718</u>

Total depreciation expense – governmental activities 233,118

Business-Type Activities:

Electric	110,779
Water	54,848
Sewer	<u>55,227</u>

Total depreciation expense – business-type activities \$ 220,854

Reconciliation of Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 417,239	\$ 9,050
Construction in Progress	31,302	
Capital Assets (net of accumulated depreciation)	5,355,399	3,189,253
Less: General Obligation Bonds Payable	<u>(1,530,000)</u>	
Investment in Capital Assets, Net of Related Debt	<u>\$ 4,273,940</u>	<u>\$ 3,198,303</u>

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the construction of the library expansion project. General obligation bonds have been issued for the governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

The City has issued general obligation bonds as follows:

\$1,500,000 2003 General Obligation Bonds due in annual installments of \$90,000 to \$130,000 through 2019.

\$505,000 2006 General Obligation Bonds due in annual installments of \$85,000 to \$95,000 through 2012.

General obligation bonds outstanding as of June 30, 2007 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Library	2.70 - 4.40%	\$ 1,175,000
Governmental Activities – TIF	3.40 - 3.80%	<u>355,000</u>
		<u>\$ 1,530,000</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM DEBT – (Continued)

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

<u>Year Ending June 30,</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2009	\$ 175,000	\$ 58,255
2010	175,000	52,625
2011	185,000	46,685
2012	190,000	40,125
2013	100,000	33,095
2014-2018	575,000	102,675
2019	130,000	5,720
Total	<u>\$ 1,530,000</u>	<u>\$ 339,180</u>

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government: Governmental Activities:				
Bonds Payable:				
General Obligation	\$ 1,695,000	\$ 165,000	\$ 1,530,000	\$ 175,000
Compensated Absences	40,870	663	40,207	10,052
Total	<u>1,735,870</u>	<u>165,663</u>	<u>1,570,207</u>	<u>185,052</u>
Business Type Activities	<u>\$ 56,747</u>	<u>\$ 4,215</u>	<u>\$ 52,532</u>	<u>\$ 13,134</u>

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Governmental Fund Types</u>
Business Type Activities	\$ 12,000			\$ 12,000
TIF		\$ 95,695		95,695
General Fund			\$ 6,039	6,039
Local Option Sales Tax	150,000			150,000
Nonmajor Governmental	59,062	50,000		109,062
Total Transfers	<u>\$ 221,062</u>	<u>\$ 145,695</u>	<u>\$ 6,039</u>	<u>\$ 372,796</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 8 - TRANSFERS - (Continued)

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
4. To move receipts collected by Business Type activity Funds to General Fund in accordance with budgetary authorizations.

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90 percent of their annual covered salary and the City is required to contribute 6.05 percent of annual covered payroll except for police employees, in which case, the percentages are 5.64 for employees and 8.47 for the city contribution. For the year ended June 30, 2007, the contribution rates for plan members were 3.70 percent and 5.75 percent, respectively, and for police employees and the City were 6.08 percent and 9.12 percent, respectively, and for the year ended June 30, 2006, the contribution rates for plan members were 3.70 percent and 5.75 percent respectively and for police employees and the City were 6.16 percent and 9.23 percent, respectively. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$68,602, \$66,386, and \$60,721, respectively, equal to the required contributions for each year.

Note 10 - DEFICIT FUND EQUITY

The City has seven funds with deficit equity balances at June 30, 2008. The City intends to finance these deficits from various resources including general funds, special assessments to be collected and future property tax levies.

The individual fund deficits were as follows:

Special Revenue – Employee Benefits.....	\$ 18,868
Special Revenue – TIF	30,107
Capital Project – 2007 Street Project.....	132,123
Capital Project – 2005 Street Project.....	173,349
Capital Project – 2006 Street Project.....	127,298
Capital Project – 2008 Street Project.....	43,675
Capital Project – Library Expansion.....	21,268

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There are no claims reported in the financial statements as a liability and no losses in excess of insurance coverage have occurred in the last three years.

There were no significant reductions in insurance coverage over the past three years.

Note 12 - INVESTMENT IN WIMECA

Western Iowa Municipal Electric Cooperative Association (WIMECA) was incorporated on December 4, 1973, under the laws of Iowa. The Association operates as a cooperative for six municipalities. The primary activity of the Association is the acquisition of electric power and energy which is sold to its member municipalities.

It is the intent of the Association to operate on a nonprofit basis and, accordingly, earnings are distributed in accordance with the provisions of Chapter 499 of the Code of Iowa. In order to comply with such provisions, earnings must first be allocated to meet certain reserve and surplus requirements with remaining earnings allocated to the account of each member municipality based on the proportion of business which each municipality has done with the Association during the year. The City of Onawa's Electric Enterprise Fund's proportion of business for the year ended December 31, 2007 represents 31.06% of the total member business.

The last available information for WIMECA is from its December 31, 2007 independent audit report. These financial statements are available at the City office.

The summary financial information of WIMECA is as follows:

	December 31, 2007
Total Assets	\$ <u>4,685,162</u>
Total Liabilities	335,093
Total Equity	<u>4,350,069</u>
Total Liabilities and Equity	<u>4,685,162</u>
Total Revenue	3,570,075
Total Expense	<u>3,354,365</u>
Net Earnings	\$ <u>215,710</u>

At December 31, 2007, WIMECA had no outstanding bonds.

At June 30, 2008, the City of Onawa Electric Enterprise Fund investment in WIMECA was as follows:

	June 30, 2008
Beginning Balance	\$ 1,379,196
Add: Net Earnings	<u>125,610</u>
Balance	1,504,806
Less: Dividends Received	-
Ending Balance at June 30, 2008	\$ <u>1,504,806</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2008

Note 13 - CONTINGENCIES & COMMITMENTS

On June 14, 2005, the City Council approved the City to enter into a garbage hauling contract with Ross Enterprises, Inc. for the period of July 1, 2005 through June 30, 2010 at an annual cost of approximately \$120,000 based on the number of customers.

Note 14 - PRIOR PERIOD ADJUSTMENT

Prior period adjustment to the Fund Balances on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds was made to adjust the Fund Balances – Beginning of Year for \$40,870 to reflect the change in accounting for compensated absences, see Note 1, item N. the prior year reflected a liability in the fund statements, where as the current year the liability is only reflected in the Government-wide Statements of Net Assets. The General Fund was increased by \$29,803 and the Road Use Tax increased by \$11,067.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONAWA, IOWA

CITY OF ONAWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

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

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

The following schedule demonstrates the City's legal compliance to the budget.

<u>Function</u>	<u>Budgeted Original</u>	<u>6-10-08 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 550,978	\$ 50,000	\$ 600,978
Public Works	302,750		302,750
Culture & Recreation	456,567		456,567
Community & Economic Development	120,500		120,500
General Government	169,925		169,925
Debt Service	228,270		228,270
Capital Projects	165,000	50,000	215,000
Business Type/Enterprise	4,924,705		4,924,705
Total	<u>\$ 6,918,695</u>	<u>\$ 100,000</u>	<u>\$ 7,018,695</u>

CITY OF ONAWA
Required Supplementary Information - Budgetary Reporting
For the Year Ended June 30, 2008

	Governmental Fund Types	Proprietary Fund Types
	<u> </u>	<u> </u>
Revenue:		
Taxes	\$ 975,387	
Special Assessments	67,689	
Licenses and Permits	30,710	
Intergovernmental Revenue	507,784	
Charges for Services	78,443	\$ 2,576,336
Fines and Forfeits	13,076	
Contributions	36,430	
Sale of Real Estate	83,325	
Interest	108,755	80,380
Payment in Lieu of Taxes	88,672	
Proceeds of Debt		
Miscellaneous	195,889	96,512
	<u> </u>	<u> </u>
Total Revenue	<u>2,186,160</u>	<u>2,753,228</u>
Expenditures/Expenses:		
Public Safety	545,110	
Public Works	261,286	
Culture and Recreation	410,304	
Community and Economic Development	82,366	
General Government	141,085	
Capital Projects	183,920	
Debt Service	228,270	
Business Type Activities		2,801,427
	<u> </u>	<u> </u>
Total Expenditures/Expenses	<u>1,852,341</u>	<u>2,801,427</u>
Excess (Deficiency) of revenues over Expenditures/Expenses	<u>333,819</u>	<u>(48,199)</u>
Other financing sources (uses):		
Transfers In	372,796	
Transfers Out	(360,796)	(12,000)
	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>12,000</u>	<u>(12,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	321,819	(36,199)
Fund Balance/Retained Earnings at Beginning of Year	<u>2,315,002</u>	<u>2,507,169</u>
Fund Balance/Retained Earnings at End of Year	<u>\$ 2,636,821</u>	<u>\$ 2,470,970</u>

Total	Adopted Budget	Variance Favorable (Unfavorable)
\$ 975,387	\$ 955,189	\$ 20,198
67,689	30,000	37,689
30,710	13,475	17,235
507,784	1,121,935	(614,151)
2,654,779	3,000,174	(345,395)
13,076		13,076
36,430		36,430
83,325		83,325
189,135	67,500	121,635
88,672		88,672
	1,062,500	(1,062,500)
292,401	216,296	76,105
<u>4,939,388</u>	<u>6,467,069</u>	<u>(1,527,681)</u>
545,110	600,978	55,868
261,286	302,750	41,464
410,304	456,567	46,263
82,366	120,500	38,134
141,085	169,925	28,840
183,920	215,000	31,080
228,270	228,270	-
2,801,427	4,924,705	2,123,278
<u>4,653,768</u>	<u>7,018,695</u>	<u>2,364,927</u>
<u>285,620</u>	<u>(551,626)</u>	<u>837,246</u>
372,796	303,695	(69,101)
(372,796)	(303,695)	69,101
<u>-</u>	<u>-</u>	<u>-</u>
285,620	(551,626)	837,246
<u>4,947,517</u>	<u>7,829,292</u>	<u>2,881,775</u>
<u>\$ 5,233,137</u>	<u>\$ 7,277,666</u>	<u>\$ 3,719,021</u>

CITY OF ONAWA
Required Supplementary Information - Budgetary Reporting
For the Year Ended June 30, 2008

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue:			
Taxes	\$ 975,387	\$ (9,941)	\$ 965,446
Special Assessments	67,689	6,546	74,235
Licenses and Permits	30,710	(261)	30,449
Intergovernmental Revenue	507,784	(32,925)	474,859
Charges for Services	2,654,779	(744)	2,654,035
Fines and Forfeits	13,076	858	13,934
Contributions	36,430	-	36,430
Sale of Real Estate	83,325	-	83,325
Interest	189,135	13,723	202,858
Payment in Lieu of Taxes	88,672	-	88,672
Miscellaneous	292,401	121,079	413,480
Total Revenue	4,939,388	98,335	5,037,723
Expenditures/Expenses:			
Public Safety	545,110	(1,939)	543,171
Public Works	261,286	(1,720)	259,566
Culture and Recreation	410,304	(260)	410,044
Community and Economic Development	82,366	(475)	81,891
General Government	141,085	2,885	143,970
Capital Projects	183,920	11,518	195,438
Debt Service	228,270	-	228,270
Business Type Activities	2,801,427	(46,985)	2,754,442
Total Expenditures/Expenses	4,653,768	(36,976)	4,616,792
Excess (Deficiency) of revenues over Expenditures/Expenses	285,620	135,311	420,931
Other financing sources (uses):			
Transfers In	372,796	-	372,796
Transfers Out	(372,796)	-	(372,796)
Total other financing sources (uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	285,620	135,311	420,931
Fund Balance/Retained Earnings at Beginning of Year	4,947,517	4,974,698	9,922,215
Fund Balance/Retained Earnings at End of Year	<u>\$ 5,233,137</u>	<u>\$ 5,110,009</u>	<u>\$ 10,343,146</u>

SUPPLEMENTAL INFORMATION

**CITY OF ONAWA, IOWA
 COMBINING BALANCE SHEET
 GOVERNMENTAL NONMAJOR FUNDS
 JUNE 30, 2008**

	Special Revenue Funds		Capital Projects	
	Employee Benefits	2004 Street Project	2008 Street Project	15th and Marble
Assets				
Cash and Pooled Investments	-	\$ 8,666	-	\$ 3,832
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Taxes	\$ 1,124	-	-	-
Subsequent Year Taxes	68,552	-	-	-
Accrued Interest	-	1,384	-	719
Special Assessments	-	4,964	-	3,241
Subsequent Year Special Assessments	-	26,182	-	13,293
Total Assets	69,676	41,196	-	21,085
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	29	-	\$ 26,516	-
Due to Other Funds	19,963	-	17,159	-
Deferred Revenue - Subsequent Year Taxes	68,552	-	-	-
Deferred Revenue - Subsequent Year Assessments	-	26,182	-	13,293
Total Liabilities	88,544	26,182	43,675	13,293
Fund Balances:				
Reserved for:				
Endowment	-	-	-	-
Unreserved (Deficit)	(18,868)	15,014	(43,675)	7,792
Total Fund Balances (Deficits)	(18,868)	15,014	\$ (43,675)	7,792
Total Liabilities and Equity	\$ 69,676	\$ 41,196	-	\$ 21,085

Capital Projects		Permanent Fund		Total Governmental Nonmajor Funds
Airport Project	Library Project	Cemetery Perpetual Care Fund	Library Endowment Fund	
\$ 12,756	-	\$ 726	\$ 33,000	\$ 58,980
-	-	86,500	-	86,500
-	-	-	-	1,124
-	-	-	-	68,552
-	-	2,135	102	4,340
-	-	-	-	8,205
-	-	-	-	39,475
12,756	-	89,361	33,102	267,176
-	-	-	-	26,545
-	\$ 21,268	-	-	58,390
-	-	-	-	68,552
-	-	-	-	39,475
-	21,268	-	-	192,962
-	-	89,361	33,102	122,463
12,756	(21,268)	-	-	(48,249)
12,756	\$ (21,268)	89,361	33,102	74,214
\$ 12,756	\$	\$ 89,361	\$ 33,102	\$ 267,176

CITY OF ONAWA, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special	Capital Projects		
	Revenue Fund Employee Benefits	2004 Street Project	2008 Street Project	15th and Marble
Revenue:				
Taxes	\$ 58,594	-	-	-
Special Assessments	-	\$ 5,073	-	\$ 2,676
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Proceeds from Sale of Real Estate	-	-	-	-
Interest	-	2,326	-	1,004
Miscellaneous	-	140	-	77
Total Revenue	<u>58,594</u>	<u>7,539</u>	<u>-</u>	<u>3,757</u>
Expenditures:				
Culture and Recreation	-	-	-	-
General Government	2,677	-	-	-
Capital Projects	-	-	\$ 43,675	-
Total Expenditures	<u>2,677</u>	<u>-</u>	<u>43,675</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>55,917</u>	<u>7,539</u>	<u>(43,675)</u>	<u>3,757</u>
Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	(59,062)	-	-	-
Total other financing sources (uses)	<u>(59,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,145)	7,539	(43,675)	3,757
Fund balances (deficits) -beginning of year	<u>(15,723)</u>	<u>7,475</u>	<u>-</u>	<u>4,035</u>
Fund balances (deficits) - end of year	<u>\$ (18,868)</u>	<u>\$ 15,014</u>	<u>\$ (43,675)</u>	<u>\$ 7,792</u>

Capital Projects		Permanent Fund		Total
Airport Project	Library Project	Cemetery Perpetual Care Fund	Library Endowment Fund	Governmental Nonmajor Funds
-	-	-	-	\$ 58,594
-	-	-	-	7,749
-	-	-	-	-
-	-	\$ 1,275	-	1,275
-	-	-	-	-
-	-	4,171	\$ 1,534	9,035
-	\$ 125,000	-	-	125,217
-	125,000	5,446	1,534	201,870
-	-	-	-	-
-	-	-	-	2,677
-	-	-	-	43,675
-	-	-	-	46,352
-	125,000	5,446	1,534	155,518
-	-	-	-	-
-	-	(4,408)	(1,631)	(65,101)
-	-	(4,408)	(1,631)	(65,101)
-	125,000	1,038	(97)	90,417
\$ 12,756	(146,268)	88,323	33,199	(16,203)
\$ 12,756	\$ (21,268)	\$ 89,361	\$ 33,102	\$ 74,214

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2008**

	Risk Insurance	Health Insurance Deductibles	Totals
ASSETS			
Cash	\$ 110,453	\$ 4,550	\$ 115,003
Accounts Receivable		1,080	1,080
Due from Other funds	-		-
Total Assets	110,453	5,630	116,083
LIABILITIES			
Accounts Payable	-	1,106	1,106
Due to Other Funds		-	-
Total Liabilities		1,106	1,106
NET ASSETS			
	\$ 110,453	\$ 4,524	\$ 114,977

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

	Risk Insurance	Health Insurance Deductibles	Totals
Operating revenues:			
Charges for services to operating funds	\$ 8,000	\$ 10,000	\$ 18,000
Operating expenses:			
General Government		12,494	12,494
Total operating expenses		12,494	12,494
Operating Income (Loss)	8,000	(2,494)	5,506
Net assets - beginning	94,453	3,241	97,694
Net assets - ending	\$ 102,453	\$ 747	\$ 103,200

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

	Risk Insurance	Health Insurance Deductibles	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 8,000	\$ 10,000	\$ 18,000
Cash Paid to Suppliers	(2,079)	(13,241)	(15,320)
Net Increase (Decrease) in Cash and Cash Equivalents	5,921	(3,241)	2,680
Cash and Cash Equivalents at Beginning of Year	94,453	3,241	97,694
Cash and Cash Equivalents at End of Year	<u>\$ 100,374</u>	<u>\$ -</u>	<u>\$ 100,374</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 8,000	\$ (2,494)	\$ 5,506
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
(Increase) in Accounts Receivable	-	(2,826)	(2,826)
(Increase) Decrease In Due to (From) Other Funds	(2,079)	2,079	-
Total Adjustments	(2,079)	(747)	(2,826)
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,921</u>	<u>\$ (3,241)</u>	<u>\$ 2,680</u>

STATISTICAL SECTION

(NOT COVERED BY AUDITORS' REPORT)

**CITY OF ONAWA
STATISTICAL SECTION**

This part of the City of Onawa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
<p>Financial Trends</p> <p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	<p>66 – 72</p>
<p>Revenue Capacity</p> <p style="padding-left: 40px;">These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	<p>73 – 76</p>
<p>Debt Capacity</p> <p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	<p>77 – 80</p>
<p>Demographic and Economic Information</p> <p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	<p>80</p>
<p>Operating Information</p> <p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	<p>81 – 89</p>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

CITY OF ONAWA, IOWA

TABLE I

Government-Wide Net Assets by Component²
Last Five Fiscal Years¹
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>Fiscal Year</u> <u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Invested in Capital Assets, net of related debt	\$ 1,297,694	\$ 3,708,775	\$ 4,083,125	\$ 4,156,835	\$ 4,273,940
Restricted	232,713	114,345	116,325	121,522	122,463
Unrestricted	<u>2,777,798</u>	<u>1,525,551</u>	<u>1,721,779</u>	<u>2,396,941</u>	<u>2,736,019</u>
Total Governmental Activities Net Assets	<u>\$ 4,308,205</u>	<u>\$ 5,348,671</u>	<u>\$ 5,921,229</u>	<u>\$ 6,675,298</u>	<u>\$ 7,132,422</u>
Business-type Activities					
Invested in Capital Assets, net of related debt	\$ 3,331,990	\$ 3,291,706	\$ 3,274,484	\$ 3,161,569	\$,198,303
Restricted	-	-	-	-	-
Unrestricted	<u>4,157,395</u>	<u>4,316,055</u>	<u>4,468,232</u>	<u>4,417,915</u>	<u>4,492,369</u>
Total Business-type Activities	<u>\$ 7,489,385</u>	<u>\$ 7,607,761</u>	<u>\$ 7,742,716</u>	<u>\$ 7,579,484</u>	<u>\$ 7,690,672</u>
Primary Government					
Invested in Capital Assets, net of related debt	\$ 4,629,684	\$ 7,000,481	\$ 7,357,609	\$ 7,318,404	\$ 7,472,243
Restricted	232,713	114,345	116,325	121,522	122,463
Unrestricted	<u>6,935,193</u>	<u>5,841,606</u>	<u>6,190,011</u>	<u>6,814,856</u>	<u>7,228,388</u>
Total Primary Government Activities Net Assets	<u>\$ 11,797,590</u>	<u>\$ 12,956,432</u>	<u>\$ 13,663,945</u>	<u>\$ 14,254,782</u>	<u>\$14,823,094</u>

Notes:

¹ The City Implemented GASB Statement No. 34 in fiscal year 2004, therefore, five years of governmental-wide financial data is presented.

² Accounting standards require that net assets be reported in three components in the financial statements: Invested in capital assets, net of related debt; restricted and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places restrictions on how the resources may be used, or (2) enabling legislation is enacted by the City.

CITY OF ONAWA, IOWA

TABLE II

Changes in Net Assets
Last Five Fiscal Years¹
(accrual basis of accounting)

	<u>Fiscal Year</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses¹					
Governmental Activities					
Public Safety	\$ 435,037	\$ 481,673	\$ 445,971	\$ 512,418	\$ 522,880
Public Works	252,568	200,448	250,256	252,991	261,866
Culture and Recreation	364,443	420,950	491,103	504,980	499,311
Community and Economic Development	133,273	57,791	83,261	89,769	81,891
General Government	173,618	156,050	159,999	173,894	247,145
Debt Service	70,732	40,511	84,230	67,267	62,696
Total Governmental Activities Expenses	\$ 1,429,671	\$ 1,357,423	\$ 1,514,820	\$ 1,601,319	\$ 1,675,789
Business-type Activities					
Electric System	\$ 1,417,066	\$ 1,593,206	\$ 1,766,956	\$ 1,777,438	\$ 1,846,979
Water System	281,441	361,903	376,228	395,571	354,763
Sewer System	500,891	520,473	529,236	548,919	546,477
Total Business-type Activities Expenses	\$ 2,199,398	\$ 2,475,582	\$ 2,672,420	\$ 2,721,928	\$ 2,748,219
Total Primary Government Expenses	\$ 3,629,069	\$ 3,833,005	\$ 4,187,240	\$ 4,323,247	\$ 4,424,008
Program Revenues					
Governmental Activities:					
Charges for Services					
Public Safety	\$ 10,859	\$ 6,107	\$ 11,419	\$ 12,306	\$ 11,160
Culture and Recreation	74,488	86,297	80,353	87,306	74,900
General Government	14,500	14,500	15,000	18,000	20,983
Operating Grants and Contributions	723,280	421,916	354,245	391,214	443,136
Capital Grants and Contributions	60,000	240,342	147,895	9,271	125,000
Total Governmental Activities Program Revenues	\$ 883,127	\$ 769,162	\$ 608,912	\$ 518,097	\$ 675,179
Business-type Activities:					
Charges for Services					
Electric System	\$ 1,646,711	\$ 1,654,084	\$ 1,784,123	\$ 1,674,900	\$ 1,782,798
Water System	304,472	286,369	308,879	295,762	295,074
Sewer System	478,166	463,509	495,505	477,789	483,054
Total Business-type Activities Program Revenues	\$ 2,429,349	\$ 2,403,962	\$ 2,588,507	\$ 2,448,451	\$ 2,560,926
Total Primary Government Program Revenues	\$ 3,312,476	\$ 3,173,124	\$ 3,197,419	\$ 2,966,548	\$ 3,236,105
Net (Expense)/Revenue²					
Governmental Activities:	\$ (546,544)	\$ (588,261)	\$ (905,908)	\$ (1,083,222)	\$ (1,000,610)
Business-type Activities:	229,951	(71,620)	(83,913)	(273,477)	(187,293)
Total Primary Government Net Expense	\$ (316,593)	\$ (659,881)	\$ (989,821)	\$ (1,356,699)	\$ (1,187,903)

CITY OF ONAWA, IOWA

TABLE II (Continued)

Changes in Net Assets
Last Five Fiscal Years¹
(accrual basis of accounting)

	<u>Fiscal Year</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues					
Governmental Activities:					
Property Taxes	\$ 1,010,564	\$ 1,119,067	\$ 1,059,464	\$ 1,128,832	\$ 965,446
Local Option Sales Tax	163,564	164,447	169,515	167,862	165,688
Interest	63,561	75,957	95,990	121,100	110,437
General Intergovernmental Revenues	45,618	76,132	34,807	42,952	24,319
Payment in Lieu of Taxes	84,552	87,654	86,578	92,845	88,672
Contributions	1,100	2,079	3,350	38,025	1,275
Miscellaneous	46,107	31,136	34,490	92,981	61,572
Proceeds from Sale of Real Estate	-	-	-	15,000	8,325
Transfers	-	77,293	-	40,000	12,000
Total Governmental Activities	\$ 1,415,066	\$ 1,633,765	\$ 1,484,194	\$ 1,739,597	\$ 1,437,734
Business-type Activities:					
Interest	\$ 9,242	\$ 33,343	\$ 75,277	\$ 95,345	\$ 92,421
Sale of Merchandise	16,897	29,573	26,583	15,823	23,619
Miscellaneous	241,753	187,335	111,280	136,771	190,377
Gain on Sale of Fixed Assets					4,064
Assets Acquired Through Annexation	-	12,000	-	-	-
Transfers	-	(77,293)	-	(40,000)	(12,000)
Total Business-type Activities	\$ 267,892	\$ 184,958	\$ 213,140	\$ 207,939	\$ 298,481
Total Primary Government	\$ 1,682,958	\$ 1,818,723	\$ 1,697,334	\$ 1,947,536	\$ 1,736,215
Change in Net Assets					
Governmental Activities	\$ 868,522	\$ 1,045,504	\$ 578,286	\$ 656,375	\$ 437,124
Business-type Activities	497,843	113,338	129,227	(65,538)	111,188
Total Primary Government	\$ 1,366,365	\$ 1,158,842	\$ 707,513	\$ 590,837	\$ 548,312

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2004 therefore, four years of government-wide financial data is presented.

² Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

CITY OF ONAWA, IOWA

TABLE III

Fund Balances of Governmental Funds
Last Ten Fiscal Years¹
(modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	694,581	839,028	1,519,438	1,620,545	1,547,064
Total General Fund	\$ 694,581	\$ 839,028	\$ 1,519,438	\$ 1,620,545	\$ 1,547,064
All Other Governmental Funds					
Reserved	\$ 196,316	\$ 222,633	\$ 217,435	\$ 220,442	\$ 228,774
Unreserved, reported in:					
Debt Service Fund	-	-	-	(10,863)	(21,324)
Special Revenue Funds	424,439	568,372	846,058	521,398	100,543
Capital Projects Funds	(143,228)	(155,253)	69,756	(617,401)	(270,394)
Total All Other Governmental Funds ¹	\$ 477,527	\$ 635,752	\$ 1,133,249	\$ 113,576	\$ 37,599
Total Governmental Funds					
Reserved	\$ 196,316	\$ 222,633	\$ 217,435	\$ 220,442	\$ 228,774
Unreserved, reported in:	975,792	1,252,147	2,435,252	1,513,679	1,355,889
Total Governmental Funds	\$ 1,172,108	\$ 1,474,780	\$ 2,652,687	\$ 1,734,121	\$ 1,584,663

Notes:

¹ The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>1,387,212</u>	<u>1,408,105</u>	<u>1,507,762</u>	<u>1,661,160</u>	<u>1,723,495</u>
\$ 1,387,212	\$ 1,408,105	\$ 1,507,762	\$ 1,661,160	\$ 1,723,495
\$ 232,713	\$ 114,345	\$ 116,325	\$ 121,522	\$ 122,463
(40,842)	(8,348)	4,674	12,370	13,381
391,229	525,367	684,263	869,653	1,100,105
<u>854,744</u>	<u>(599,243)</u>	<u>(701,834)</u>	<u>(466,044)</u>	<u>(462,151)</u>
<u>\$ 1,437,844</u>	<u>\$ 32,121</u>	<u>\$ 103,428</u>	<u>\$ 537,501</u>	<u>\$ 773,798</u>
\$ 232,713	\$ 114,345	\$ 116,325	\$ 121,522	\$ 122,463
<u>2,592,343</u>	<u>1,325,881</u>	<u>1,494,865</u>	<u>2,077,139</u>	<u>2,374,830</u>
<u>\$ 2,825,056</u>	<u>\$ 1,440,226</u>	<u>\$ 1,611,190</u>	<u>\$ 2,198,661</u>	<u>\$ 2,497,293</u>

CITY OF ONAWA, IOWA

TABLE IV

Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years¹
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues					
Taxes	\$ 1,010,540	\$ 1,124,437	\$ 1,055,853	\$ 1,128,832	\$ 965,446
Special Assessments	63,047	82,285	28,791	82,372	74,235
Licenses and Permits	21,470	28,813	26,446	34,298	30,449
Intergovernmental Revenue	468,180	497,583	496,157	469,443	474,859
Charges for Services	71,991	84,338	76,924	84,727	75,109
Fines and Forfeits	13,356	8,066	14,848	14,885	13,934
Contributions	364,420	278,773	146,917	66,161	36,430
Grants	60,000	-	-	-	-
Proceeds from Sale of Bonds	1,500,000	-	505,000	-	-
Sale of Real Estate and Fixed Assets	-	-	-	15,000	83,325
Interest	68,431	75,957	95,990	121,100	110,437
Payment in Lieu of Taxes	84,552	87,654	86,578	92,785	88,672
Miscellaneous	46,107	31,136	34,490	102,312	195,420
Total Revenues	<u>\$ 3,772,094</u>	<u>\$ 2,299,042</u>	<u>\$ 2,567,994</u>	<u>\$ 2,211,915</u>	<u>\$2,148,316</u>
Expenditures¹					
Public Safety	\$ 419,319	\$ 495,741	\$ 449,045	\$ 481,879	\$ 543,171
Public Works	296,917	195,237	282,362	232,819	259,566
Culture and Recreation	448,863	363,075	403,074	386,380	410,044
Community and Economic Development	153,740	359,477	95,261	86,137	81,891
General Government	153,604	140,858	162,244	127,417	143,970
Capital Projects	932,109	1,975,890	278,639	127,851	195,438
Principal Retirements	60,000	145,000	645,000	150,000	165,000
Interest	67,148	85,887	81,405	71,961	63,270
Total Expenditures	<u>\$ 2,531,700</u>	<u>\$ 3,761,165</u>	<u>\$ 2,397,030</u>	<u>\$,664,444</u>	<u>\$1,862,350</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$,240,394	\$1,462,123)	\$ 170,964	\$ 547,471	\$ 285,966
Other Financing Sources (Uses)					
Transfers In	\$ 387,915	\$ 545,989	\$ 341,755	\$ 591,110	\$ 372,796
Transfers Out	(387,915)	(468,696)	(341,755)	(551,110)	(360,796)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 77,293</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 12,000</u>
Net change in fund balances	<u>\$,240,394</u>	<u>\$(1,384,830)</u>	<u>\$ 170,964</u>	<u>\$ 587,471</u>	<u>\$ 297,966</u>
Total Capital Expenditures from Reconciliation of Statement of Revenues and Changes in Fund Balances of Governmental Funds to Statement of Activities					
	\$ 1,134,661	\$ 2,413,445	\$ 445,746	\$ 157,446	\$ 315,792
Debt service as a percentage of non- capital expenditures ²	9.10%	17.13%	37.23%	14.73%	14.76%

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2004 therefore, five years of government-wide financial data is presented..

CITY OF ONAWA, IOWA

TABLE V

General Government Expenditures By Function
General, Special Revenue, Debt Service and Capital Projects Funds
Last Ten Fiscal Years

<u>Year</u>	<u>Community Protection</u>	<u>Human Development</u>	<u>Home and Community Environment</u>	<u>Policy and Administration</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
1998-99	\$ 466,236	\$ 207,092	\$ 579,648	\$ 120,831	\$ 202,882	\$ 196,426	\$ 1,773,115
1999-00	353,731	230,316	300,288	158,120	195,133	12,025	1,249,613
2000-01	385,793	214,248	293,990	133,187	172,227	92,469	1,291,914
2001-02	\$ 439,022	\$ 209,693	\$ 427,963	\$ 140,767	\$ 165,595	\$ 1,706,647	\$ 3,089,687

<u>Year</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture & Recreation</u>	<u>Community & Economic Development</u>	<u>General Government</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
2002-03	\$ 521,334	\$ 272,125	\$ 310,817	\$ 281,796	\$ 118,987	\$ 168,878	\$ 694,118	\$ 2,368,055
2003-04	419,319	296,917	448,863	153,740	153,604	127,148	932,109	2,531,700
2004-05	495,741	195,237	363,075	359,477	140,858	230,887	1,975,890	3,761,165
2005-06	449,045	282,362	403,074	95,261	162,244	726,405	278,639	2,397,030
2006-07	481,879	232,819	386,380	86,137	127,417	221,961	127,851	1,664,444
2007-08	\$ 543,171	\$ 259,566	\$ 410,044	\$ 81,891	\$ 143,970	\$ 228,270	\$ 195,438	\$ 1,862,350

Note: Expenditures by function category changed in the fiscal year 2002-03.

TABLE VI

General Government Revenues By Source
General, Special Revenue, Debt Service and Capital Projects Funds
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Contributions from Property Owners</u>	<u>Miscellaneous</u>	<u>Total</u>
1998-99	\$ 656,421	\$ 29,986	\$ 583,463	\$ 48,253	\$ 4,381		\$ 183,365	\$ 1,505,869
1999-00	713,653	27,466	485,109	48,928	6,712		219,569	1,501,437
2000-01	819,998	21,735	485,917	60,735	7,821	\$ 4,708	1,055,282	2,456,196
2001-02	928,628	35,068	846,263	56,540	15,420	22,959	251,380	2,156,258
2002-03	915,903	24,665	725,562	66,004	19,521	17,092	315,724	2,084,471
2003-04	1,010,540	21,470	468,180	71,991	13,356	63,047	2,123,510	3,772,094
2004-05	1,124,437	28,813	497,583	84,338	8,066	82,285	473,520	2,299,042
2005-06	1,055,853	26,446	496,157	76,924	14,848	28,791	868,975	2,567,994
2006-07	1,128,832	34,298	469,443	84,727	14,885	82,372	397,358	2,211,915
2007-08	\$ 965,446	\$ 30,449	\$ 474,859	\$ 75,109	\$ 13,934	\$ 74,235	\$ 514,284	\$ 2,148,316

CITY OF ONAWA, IOWA

TABLE VII

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1998-99	\$ 523,051	\$ 519,651	99.35%	\$ 4,842
1999-00	544,844	536,954	98.55	5,689
2000-01	544,579	533,282	97.93	5,086
2001-02	568,509	555,848	97.77	5,261
2002-03	594,770	580,538	97.61	5,673
2003-04	552,236	544,837	98.66	5,634
2004-05	612,963	587,517	95.85	5,863
2005-06	702,767	682,672	97.14	4,889
2006-07	674,524	650,773	96.48	5,305
2007-08	\$ 685,857	\$ 669,681	97.64%	\$ 5,079

TABLE VIII

Assessed and Taxable Value of Property
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Real Property</u>		<u>Personal Property</u>	
	<u>Assessed Value</u>	<u>Taxable Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>
1998-99	\$ 68,886,186	\$ 45,033,276	\$ 407,992	\$ 407,992
1999-00	69,283,251	46,774,491	297,923	297,923
2000-01	82,515,977	53,986,280	184,202	184,202
2001-02	85,284,452	57,317,876	110,247	110,247
2002-03	91,249,971	55,719,712	\$ 66,148	\$ 66,148
2003-04	91,062,986	58,404,414	-	-
2004-05	92,909,936	57,335,289	-	-
2005-06	96,444,611	60,112,322	-	-
2006-07	95,895,362	58,453,898	-	-
2007-08	\$ 96,459,442	\$ 58,325,529	-	-

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
\$ 574,241	99.70%
524,493	100.28
542,643	99.60
538,368	98.86
561,109	98.70
580,211	98.56
550,471	99.68
593,380	96.81
687,561	97.84
656,078	97.84
\$ 674,760	98.38%

<u>Utilities</u>		<u>Total</u>		<u>Ratio of Total Taxable Value</u>
<u>Assessed Value</u>	<u>Taxable Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>	
\$ 2,075,304	\$ 2,067,484	\$ 71,369,482	\$ 47,508,752	66.57%
1,980,002	1,980,002	71,561,176	49,052,416	68.55
1,508,501	1,508,501	84,208,680	55,678,983	66.12
1,408,426	1,408,426	86,803,125	58,836,549	67.78
1,308,730	1,308,730	92,624,849	57,094,591	61.64
1,607,102	1,607,102	92,670,088	60,011,516	64.76
406,150	406,150	93,316,086	57,741,439	61.88
442,291	442,291	96,886,902	60,554,613	62.50
511,068	511,068	96,406,430	58,964,966	61.16
\$ 441,847	\$ 441,847	\$ 96,901,289	\$ 58,767,376	60.65%

CITY OF ONAWA, IOWA

TABLE IX

Property Tax Rates and Tax Levies
Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Year</u>	<u>City</u>	<u>School District</u>	<u>County Consolidated</u>	<u>Area Vocational School</u>	<u>State Levy</u>	<u>Total</u>
1998-99	12.36841	11.03105	5.61720	.59515	.005	29.61681
1999-00	12.57794	10.38155	5.37794	.55951	.005	28.90194
2000-01	11.82399	10.74693	5.36311	.60985	.005	28.54888
2001-02	12.03710	10.91229	6.29521	.62121	.005	29.87071
2002-03	11.92593	10.95505	6.45078	.94866	.004	30.28442
2003-04	12.20166	11.84505	6.38161	.54141	.004	30.97373
2004-05	13.65668	12.34320	6.86233	.57204	.004	33.43825
2005-06	13.61467	13.38780	7.06811	.69873	.004	34.77331
2006-07	13.97673	15.68733	7.11172	.70282	.004	37.48260
2007-08	13.08122	15.80332	7.16224	.73555	.0035	36.78583

TAX LEVIES

1998-99	\$ 523,051	\$ 524,071	\$ 266,866	\$ 28,275	\$ 238	\$ 1,342,501
1999-00	544,844	509,236	263,799	27,445	245	1,345,569
2000-01	544,579	598,378	298,613	33,956	278	1,475,804
2001-02	568,509	642,041	370,388	36,550	294	1,617,782
2002-03	594,770	634,348	373,530	54,932	232	1,657,812
2003-04	552,236	710,839	382,970	32,491	240	1,678,776
2004-05	612,963	712,714	396,240	33,030	231	1,755,178
2005-06	702,767	810,693	428,007	42,311	242	1,984,020
2006-07	674,524	925,003	419,342	41,442	236	2,060,547
2007-08	\$ 685,857	\$ 928,720	\$ 420,906	\$ 43,226	\$ 207	\$ 2,078,916

State law limits maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation (100 percent basis) effective July 1, 1976.

Limitation does not include debt service.

Taxes Due July 1.

Taxes Delinquent First Half - October 1; Second Half - April 1.

Penalties for Delinquency: 1 Percent per month.

Discount Allowed: None

Uncollected Taxes Handled as Follows: Delinquent real estate tax list published in newspaper prior to May 16.

Taxes collected by Monona County and distributed to the City of Onawa in proportion of its levy to all levies.

Tax Sale Date: First Monday in June.

CITY OF ONAWA, IOWA

TABLE X

Special Assessment Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount</u>	<u>Total Outstanding Assessments Due</u>
2001-02	\$ 140,038	\$ 19,792	14.13%	\$ 120,246
2002-03	120,246	12,029	10.00	108,217
2003-04	174,527	46,788	26.81	127,739
2004-05	127,739	36,693	28.72	91,046
2005-06	148,005	29,471	32.37	118,534
2006-07	184,465	30,030	16.28	154,435
2007-08	\$ 259,511	\$ 67,724	26.10%	\$ 191,787

CITY OF ONAWA, IOWA

CITY OF ONAWA, IOWA

TABLE XI

Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Popula- tion</u>	<u>Taxable Value</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Net Taxable Value</u>	<u>Net Bonded Debt to Per Capita</u>	<u>Net Bonded Debt as % of Personal Income</u>
1998-99	2,936	\$ 47,508,752	\$ 1,239,286	\$ 22,495	\$ 1,216,791	.026 to 1	\$ 414.44	2.20%
1999-00	2,936	49,052,416	1,098,572	13,397	1,085,175	.022 to 1	369.61	1.96
2000-01	3,091	55,678,983	972,857	1,872	970,985	.017 to 1	314.13	1.75
2001-02	3,091	58,836,549	847,143	-	847,143	.014 to 1	274.07	1.53
2002-03	3,091	57,904,591	711,429	-	711,249	.012 to 1	230.10	1.28
2003-04	3,091	60,011,516	2,151,429	-	2,151,429	.036 to 1	696.03	3.88
2004-05	3,091	57,741,439	1,995,715	-	1,995,715	.035 to 1	645.65	3.60
2005-06	3,091	60,554,613	1,845,000	4,674	1,840,326	.035 to 1	595.38	3.32
2006-07	3,091	58,964,966	1,695,000	12,370	1,625,630	.028 to 1	525.92	2.93
2007-08	3,091	\$ 58,767,376	\$ 1,530,000	\$ 13,382	\$ 1,516,618	.026 to 1	\$ 501.90	2.74%

Note:

Personal income data used was the personal income from 2000 of \$55,415,448

CITY OF ONAWA, IOWA

TABLE XII

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 3,635,729	\$ 3,578,058	\$ 4,210,229	\$ 4,340,156	\$ 4,631,242
Total Net Debt Applicable to Limit	<u>1,216,791</u>	<u>1,085,175</u>	<u>970,985</u>	<u>847,143</u>	<u>711,249</u>
Legal Debt Margin	\$ 2,418,938	\$ 2,492,883	\$ 3,239,244	\$ 3,493,013	\$ 3,919,993
Total Net Debt Applicable to the Limit as a percentage of debt limit	33.47%	30.33%	23.06%	19.52%	15.36%

TABLE XIII

Computation of Legal Debt Margin
June 30, 2008

Assessed Property Value Total Real Estate and Corporation	<u>\$ 96,901,280</u>
Debt Limit - 5% of Total Actual Valuation	\$ 4,845,064
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	<u>1,530,000</u>
Legal Debt Margin	<u>\$ 3,315,064</u>

Note: Under Title IX, Subtitle 2, Chapter 358C, Paragraph 16 of the State of Iowa Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within the district.

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,633,504	\$ 4,665,804	\$ 4,817,537	\$ 4,820,322	\$ 4,845,064
<u>2,151,429</u>	<u>1,995,715</u>	<u>1,845,000</u>	<u>1,695,000</u>	<u>1,530,000</u>
\$ 2,482,075	\$ 2,670,089	\$ 2,972,537	\$ 3,125,322	\$ 3,315,064
46.43%	42.77%	38.30%	35.16%	31.58%

CITY OF ONAWA, IOWA

TABLE XIV

Computation of Direct and Overlapping Debt
June 30, 2008

<u>Name of Governmental Unit</u>	<u>Percentage Applicable Net Debt* Outstanding</u>	<u>To This Governmental Unit</u>	<u>City of Onawa Share of Debt</u>
City of Onawa, Iowa	\$ <u>1,516,618</u>	100%	\$ <u>1,516,618</u>
Total	\$ <u>1,516,618</u>		\$ <u>1,516,618</u>

* Net debt outstanding is total bonds outstanding less funds available for debt service.

TABLE XV

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1998-99	\$ 130,000	\$ 72,882	\$ 202,882	\$ 909,597	22.30%
1999-00	130,000	65,133	195,133	844,152	23.12
2000-01	115,000	57,227	172,227	851,002	20.24
2001-02	115,000	50,595	165,595	931,644	17.77
2002-03	125,000	43,878	168,878	1,024,885	16.48
2003-04	60,000	67,148	127,148	1,081,972	11.75
2004-05	145,000	85,887	230,887	1,027,126	22.48
2005-06	140,000	81,405	221,405	1,009,479	21.93
2006-07	150,000	71,961	221,961	1,060,756	20.92
2007-08	\$ 165,000	\$ 63,270	\$ 228,270	\$ 1,129,546	20.21%

CITY OF ONAWA, IOWA

TABLE XVI

Demographic Statistics

	(1)	(4)	(1)	(1)	(2)	(3)
<u>Per Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Monona County Unemployment Rate</u>
1970	3,154	\$ 8,386,486	\$ 2,659	38.3	1,154	4.1 %
1980	3,283	23,532,544	7,168	39.2	833	5.4 %
1990	2,936	31,785,136	10,826	43.2	733	4.2 %
2000	3,091	\$ 55,415,448	17,928	42.3	679	3.1%

Sources:

- (1) Bureau of Census
- (2) Annual School Census
- (3) Iowa Department of Job Service
- (4) Computation of Per Capita Income multiplied by Population

CITY OF ONAWA, IOWA

TABLE XVII

Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Commercial (1) Construction		Residential (1) Construction		Bank (2) (3) Deposits (in Thousands)
	No. of Units	Value	No. of Units	Value	
1998-99	3	\$ 3,349,853	1	\$ 6,482,623	\$ 80,342
1999-00	(6)	389,133	3	1,027,724	84,020
2000-01	(6)	1,371,424	3	1,350,230	82,253
2001-02	(3)	2,229,289	3	3,543,752	83,553
2002-03	(3)	(24,634)	(7)	641,368	83,867
2003-04	(2)	(28,771)	(3)	2,585	93,954
2004-05	21	3,125,585	(1)	(267,178)	85,037
2005-06	(1)	(233,809)	(2)	559,460	95,877
2006-07	(1)	496,074	(1)	4,585,830	100,527
2007-08	7	\$ 2,342,800	(3)	\$ 947,866	\$ 116,173

The 2004-2005 information includes annexed property (including land).

- (1) Includes new construction and remodeling.
- (2) Combined deposits in three banks through 2005-2006 (Source: Bank Financial Statements).
- (3) Combined deposits in four banks for 2006-2007 and after (Source: Bank Financial Statements).

TABLE XVIII

Principal Taxpayers
June 30, 2008

Taxpayer	FY2007-08 Assessed Valuation	Percentage of Total Assessed Valuation
Regal Manors of Onawa, Inc.	\$ 2,621,918	2.71%
Western Iowa Cooperative	2,359,905	2.24
Onawa – Pam Limited Partnership	1,103,855	1.14
Westendorf, Inc.	1,009,529	1.04
Vetter Equipment	850,000	.88
Richard Stillman	824,040	.85
Bradley Properties, LLC	824,000	.85
NILS Holdings LLC	724,983	.75
Matthew and Christine Westendorf	695,615	.72
Brett and Debra Ewing	<u>659,824</u>	<u>.68</u>
Total	\$ <u>11,673,669</u>	<u>10.86%</u>

Source: Monona County Iowa: County Assessor's Office

CITY OF ONAWA, IOWA

TABLE XIX

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	4	4	4	4	4	4	4	4	4	4
Library	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Public Safety										
Police										
Officers	6	6	6	6	6	6	6	6	6	6
Fire										
Volunteers!	24	24	24	24	24	24	24	24	24	24
Highways and Streets										
Street Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Culture and Recreation	4.75	4.75	4.75	6	6	6	7	7	7	7
Electric	4	4	4	4	4	4	4	4	4	4
Water	3	3	3	3	3	3	3	3	3	3
Sewer	3	3	3	3	3	3	3	3	3	3
	<u>52.7</u>	<u>52.7</u>	<u>52.7</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>55</u>	<u>55.1</u>	<u>55.1</u>	<u>55.1</u>

Source: City of Onawa Accounting Department

! The actual number of volunteers

CITY OF ONAWA, IOWA

CITY OF ONAWA, IOWA

TABLE XX

Principal Employers
June 30, 2008

Employer	Employees
Burgess Health Center	221
Monona County	110
West Monona School District	101
Westendorf Manufacturing, Inc	75
City of Onawa	71
Elmwood Care Center	69
McDonald's Restaurant	49
Crossroads of Western Iowa	41
Vaughn Foods	40
Stangel Pharmacy	26

Source: Monona County Economic Development Partnership
Iowa Area Development Group

Note: Comparative data from nine years ago not currently available

CITY OF ONAWA, IOWA

TABLE XXI

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Police					
Physical Arrests	n/a	151	130	201	183
Parking Violations	n/a	n/a	27	33	94
Traffic Violations	n/a	252	240	526	461
Fire					
Number of Calls Answered	54	42	50	58	41
Highways and Streets					
Street Maintenance (Miles)	-	39	39	39	39
Street Reconstruction (Blocks)	-	-	-	15	2
Building Permits					
Number	73	115	129	121	106
Value	5,076,075	3,079,892	1,379,447	4,397,493	1,851,757
Permit Fees	3,570	4,775	3,820	4,715	4,785
Water					
Water Pumped (in thousands of gallons)	152,208	172,496	169,353	170,959	178,120
Water Billed (in thousands of gallons)	95,523	92,005	101,881	101,960	104,466
Percent Accountable	63%	53%	60%	60%	59%

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
174	154	136	190	117
48	203	47	24	7
462	174	222	183	133
43	46	64	47	54
40	40	40	40	32
10	19	14	17	12
88	87	81	67	77
3,717,616	4,841,880	1,904,285	5,353,689	3,290,666
2,000	3,315	4,565	2,420	3,325
183,600	177,991	193,084	173,487	159,913
107,433	96,013	103,043	99,765	97,374
59%	54%	53%	58%	61%

CITY OF ONAWA, IOWA

TABLE XXII

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	1999	2000	2001	2002	2003
Police					
Stations	1	1	1	1	1
Patrol Units	6	6	6	6	6
Fire Stations	1	1	1	2	2
Highways and Streets					
Streets City Maintained (miles)	39	39	39	39	39
Culture and Recreation					
Parks	4	4	4	4	4
Swimming Pools	1	1	1	1	1
Libraries	1	1	1	1	1
Community Centers	0	0	0	0	1
Airports	1	1	1	1	1
Golf Courses	1	1	1	1	1
Cemetery					
Cemeteries (acres)	21	21	21	21	21
Water					
Water Mains (miles)	n/a	n/a	n/a	n/a	n/a
Number of Service Connections	1,363	1,372	1,365	1,381	1,389
Daily Ave. Consumption in Gallons	417,055	472,597	463,865	468,271	453,761
Fire Hydrants	n/a	n/a	n/a	n/a	n/a
Maximum Daily Capacity (thousands in gallons)	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
Sewer					
Sanitary Sewer (miles)	n/a	n/a	n/a	n/a	n/a
Number of Treatment Plants	1	1	1	1	1
Number of Service Connections	1,335	1,344	1,337	1,355	1,361
Daily Ave. Treatments in Gallons	601,870	368,580	279,756	248,089	252,396
Maximum Daily Capacity (thousands in gallons)	852,000	852,000	852,000	852,000	852,000

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1	1	1	1	1
6	6	6	6	6
2	2	2	2	2
40	40	40	40	40
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
21	21	21	21	21
n/a	28	28	28	28
1,389	1,384	1,385	1,391	1,394
501,546	485,912	527,396	473,807	438,118
n/a	n/a	n/a	96	96
1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
n/a	39.5	39.5	39.5	39.5
1	1	1	1	1
1,361	1,355	1,356	1,364	1,368
264,406	241,986	262,988	230,645	264,967
852,000	852,000	852,000	852,000	852,000

CITY OF ONAWA, IOWA

TABLE XXIII

Miscellaneous Statistics
June 30, 2008

Date of Incorporation	1859
Form of Government	Mayor - Council
Area	4.7
Miles of Streets	31.5
Number of Street Lights	357
Fire Protection:	
Number of Stations	2
Number of Volunteer Firemen	24
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	6
Education:	
Number of Schools	1 Public (Elementary, Middle, High School Early Childhood Development)
Municipal Water Department:	
Number of Consumers	1,466
Average Daily Consumption	438,118 Gallons
Miles of Water Mains	39.5 Miles
Miles of Sewers:	
Sanitary Sewers	28 Miles
Lift Stations	4
Building Permits Issued 2007-08	77
Recreation and Culture	
Number of Parks	4
Number of Libraries	1
Number of Volumes	26,311
Total Library Circulation	29,387

COMMENTS AND RECOMMENDATIONS

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

Part I: Summary Of the Independent Auditors' Results

- A. Unqualified opinions were issued on the financial statements.
- B. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and is considered a material weakness.
- C. The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Reportable Condition:

II-A-08 Segregation of Accounting Functions

Observation - An important aspect of internal control is the segregation of accounting functions among employees. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendations - We recommend that one employee be designated to open the mail and make a prelist of receipts, one employee post the receipts and the employee who opens the mail make the bank deposit.

Response - Due to the limited number of personnel in the office, it is not feasible at this time to break down the segregation of duties any further.

Conclusion - We realize that there are limited number of personnel available and we agree with the City's response. Our purpose in making this observation is to remind management of the careful attention and scrutiny of the records that is necessary when a limited number of personnel are available which makes ideal control impossible.

Instances of Non-Compliance:

No matters were reported.

Part III: Other Findings Related to Required Statutory Reporting

III-A-08 Certified Budget - The City amended its budget during the fiscal year ended June 30, 2008, and disbursements did not exceed the amount budgeted in any function, but the amended budget was not adopted by May 31.

Recommendation - The budget should have been amended by May 31 in accordance with Chapter 384.18 of the Code of Iowa. Budget amendments in future years should be completed by May 31 to allow adequate time for a protest hearing and decision prior to June 30.

Response - Future budget amendments, if necessary, will be examined and adopted in a timely manner, as provided by the Code of Iowa.

Conclusion - Response accepted.

III-B-08 Questionable Disbursements - We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

III-C-08 Travel Expense - No expenditures of City money for travel expense of spouses of City officials or employees were noted.

III-D-08 Business Transactions - No significant transactions between the City and City officials or employees were noted.

III-E-08 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 insure the coverage is adequate for current operations.

III-F-08 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. Closed sessions appear to have been handled and documented according to Chapter 21 of the Code of Iowa.

III-G-08 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

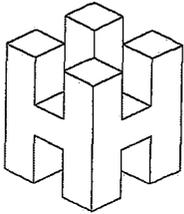
III-H-08 Financial Condition - There were fund deficits in the following individual funds at June 30, 2008:

Special Revenue - TIF	\$ 30,107
Special Revenue - Employee Benefits	\$ 18,868
Capital Project - Library Expansion	\$ 21,268
Capital Project - 2008 Street Project	\$ 43,675
Capital Project - 2007 Street Project	\$ 132,123
Capital Project - 2006 Street Project	\$ 127,298
Capital Project - 2005 Street Project	\$ 173,349

Recommendation - The City should monitor these funds and investigate alternatives to eliminate these deficits.

Response - The City intends to finance these deficits from various resources including general funds, special assessments to be collected, and future property tax levies.

Conclusion - Response accepted.



HENJES, CONNER &
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited 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 ONAWA, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Onawa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Onawa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Onawa's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Onawa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the City of Onawa's financial statements that is more than inconsequential will not be prevented or detected by the City of Onawa's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Onawa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe item II-A-08 is material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Onawa'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 noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, 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 Onawa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Onawa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Onawa and other parties to whom the City of Onawa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Henry, Conner + Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
December 29, 2008