

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF ONAWA, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013

PREPARED BY THE  
OFFICE OF THE CITY CLERK

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## **INTRODUCTORY SECTION**



Chris R. Hogan, City Clerk  
Terry R. Christensen, Deputy Clerk  
Elaine D. Miller, Adm Assistant  
(712) 433-1181  
Fax (712) 433-1128

Bradley J. Hanson  
City Administrator  
(712) 433-1181  
Vince Phillips  
Director of Public Works/Utilities  
(712) 433-1511

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**CITY OF ONAWA**

914 Diamond Street • Onawa, Iowa 51040

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December 9, 2013

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, 2013. 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.

GAAP requires 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.

## **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 3000.

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 and the police chief who reports to the mayor.

## **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 in 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 experienced a decrease in local option sales and use tax of 4.72% from fiscal 2011-2012 to 2012-2013. The local option sales tax is used for economic development (10%), infrastructure (15%) and property tax relief (75%). This decrease demonstrates an economy consistent with the country as a whole.

## **LONG-TERM FINANCIAL PLANNING**

The City is in the middle a five year comprehensive plan which covers some of the City's goals for the community and economic development. Included in the plan is a capital improvement plan which includes all improvements of the City. This plan addresses City improvement projects including all governmental and enterprise functions. The plan also incorporates the vision of the Monona County Economic Development to establish an industrial park east of Onawa.

The City Council continues to increase user rates in all three utilities. The goal is to increase them over a period of a couple of years to generate a profit and increase reserves. For example, the electric utility did not borrow funds but used reserves for the last project that cost \$705,000. The goal is to replace these reserves over a 10 to 15 year period similar to what a bond payment would cost the electric utility.

The City along with the community foundation continue to buy homes that have been red tagged, then clear the lot and sell it for a very reasonable price to encourage individuals to build a new dwelling and, in turn, increase tax base. These infill lots are better sold than having a new housing development being constructed. The utilities are in place in the infill lots so no cost to the utilities.

The City is planning an airport study to determine what repairs need to be completed over the next several years.

In the current fiscal year, the City let a bid for patch panel work. This will continue into the next fiscal year to repair streets where panels have sunken or are broken.

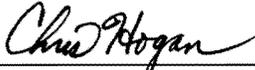
The City hopes to make some improvements to the downtown area, including updates to the streets and lighting. Grants and other potential funding sources are currently being looked into in order to facilitate these improvements.

**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, 2012. 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 2013 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



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Terry Christensen  
Deputy Clerk



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

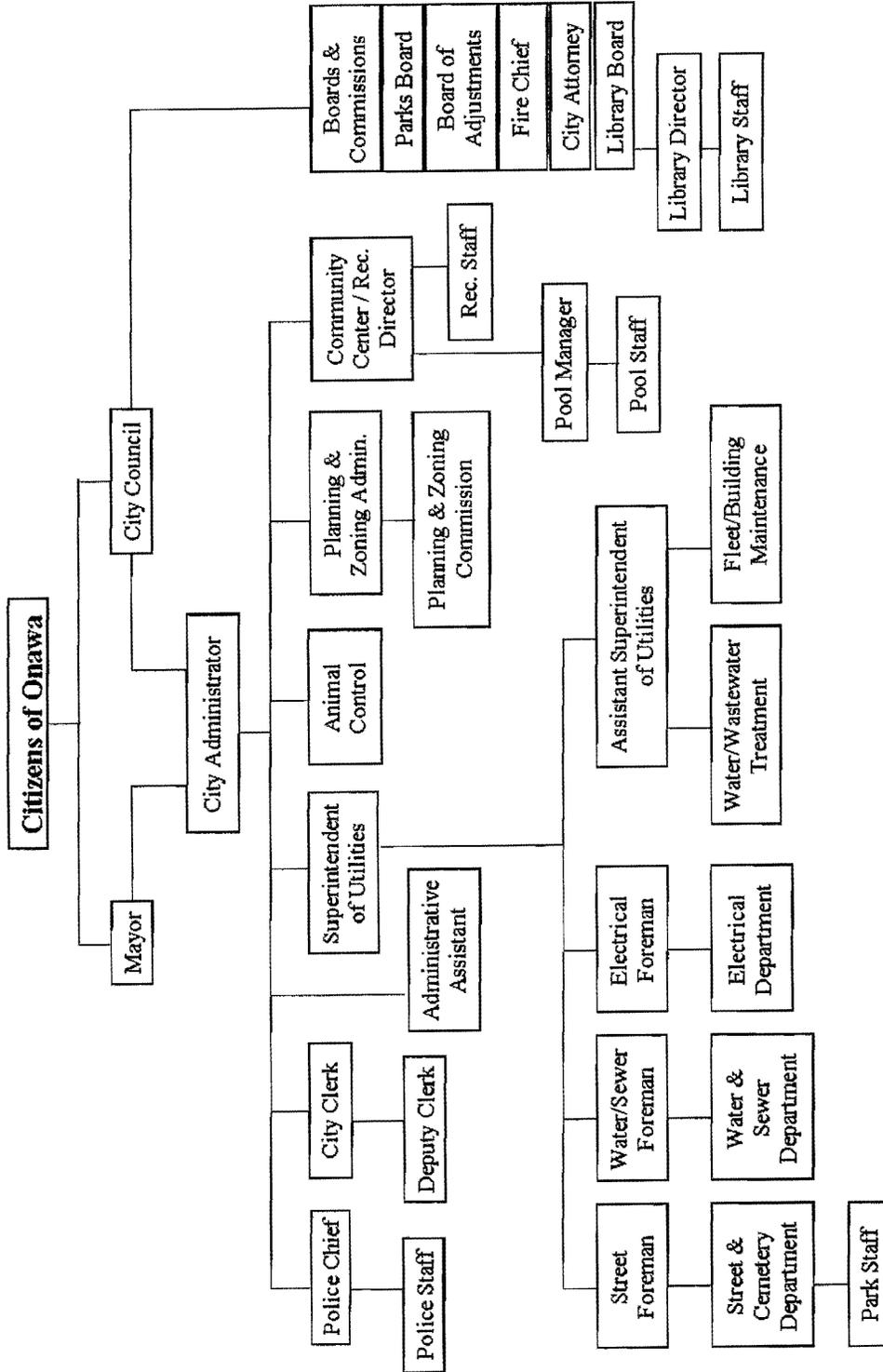
**City of Onawa  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# City of Onawa Organizational Chart



CITY OF ONAWA, IOWA

CITY OFFICIALS

JUNE 30, 2013

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
Bob Skelton	Mayor
Tim Coyle	Mayor Protem
Dennis Nelson	Council Member
Lonnie Campbell	Council Member
Kim Bone	Council Member
Rick Moser	Council Member
Leroy Habinck	Council Member

APPOINTED OFFICIALS

Larry Burks – Resigned 09/12/12	City Administrator
Brad Hanson – Appointed 06/03/13	City Administrator
Chris Hogan	City Clerk
Mike Schmiedt	Attorney
Sundquist Engineering	City Engineer

CITY OF ONAWA, IOWA

APPOINTED BOARDS AND COMMISSIONS

JUNE 30, 2013

ONAWA PARKS AND PLAYGROUNDS

Vonda Broer  
Kurtis Blatchford  
Clint Lamb  
Melissa Pittet  
John Feige

LIBRARY TRUSTEES

Travis Root  
Lou Hewitt  
William Wonder  
Matt Minnihan  
Geri Johnson

PLANNING AND ZONING BOARD

Roger Hansen  
Jim Kelley  
Ken Wingert  
Bob Lesenyie  
John Stroeh  
Rebecca Tanner

BOARD OF ADJUSTMENTS

Joe Scurlock  
Phil Schroder  
Sandy Simpson  
Larry Duval  
Jim Johnson

HEALTH OFFICER

Family Medicine Clinic

FIRE CHIEF

Carl Lamb

WIMECA BOARD DIRECTOR

Vince Phillips

HOUSING AUTHORITY COMMITTEE

Mike Carpenter

LOW RENT HOUSING

Linda Gunderson  
Roger Saxon  
Jerry Laffey  
Duane Simmons  
Jeannie Bottorff

STREET TREE COMMITTEE

Larry Duval  
Ano Wilkins  
Reta Benson  
Brett Ewing

LAW ENFORCEMENT AGENCY

Bob Skelton, Mayor  
Rick Moser  
Kim Bone, Alternate

AIRPORT ADVISORY COMMITTEE

Rick Moser  
Baynard Willey  
Brad Hanson  
Ed Weiner  
Leroy Habinck  
Tim Coyle  
Fran Tramp  
Vincent Willey  
William Wonder

SIMPCO

Bob Skelton  
Lonnie Campbell, Alternate

PERSONNEL COMMITTEE

Rick Moser  
Gary Addy  
Vince Phillips  
Tim Coyle  
Larry Burks – Resigned  
Brad Hanson – Appointed 06/03/13  
Dennis Nelson

CITY OF ONAWA, IOWA

COUNCIL STANDING COMMITTEES

JUNE 30, 2013

FINANCE

Lonnie Campbell  
Dennis Nelson  
Tim Coyle  
Bob Skelton, Alternate

GOVERNMENT AFFAIRS

Lonnie Campbell  
Rick Moser  
Leroy Habinck

CITIZEN RELATIONS

Dennis Nelson  
Kim Bone  
Rick Moser

COMMUNITY PROTECTION/SERVICES

Kim Bone  
Tim Coyle  
Lonnie Campbell

UTILITIES/INFRASTRUCTURE

Leroy Habinck  
Dennis Nelson  
Lonnie Campbell

CITY OF ONAWA, IOWA

CITY PERSONNEL

JUNE 30, 2013

ADMINISTRATION

Larry Burks – Resigned 09/12/12  
Brad Hanson – Appointed 06/13/13  
Chris Hogan  
Terry Christensen  
Elaine Miller

City Administrator  
City Administrator  
City Clerk  
Deputy Clerk  
Administrative Assistant

POLICE DEPARTMENT

Gary Addy  
James Fouts  
Jon Pinkelman  
Lee Kirkpatrick, Jr.  
Kyle Tank  
Joe Farrens

Police Chief  
Assistant Chief  
Patrolman  
Patrolman  
Patrolman  
Part-Time Patrolman

STREETS AND CEMETERY

Randy Larson  
Dave Fender  
Zak Zima

Superintendent Street & Sexton  
Street & Cemetery Crewman  
Street & Cemetery Crewman

MUNICIPAL BUILDINGS

Bob Walker

Maintenance Shop Supervisor

UTILITIES

Roger Gries  
Vincent Phillips  
Ethan Husted  
Curtis Richardson  
Bill Nielsen  
Carl Lamb  
David Richardson

Assistant Superintendent  
Electric Foreman  
Electric Crewman  
Electric Crewman  
Waste Water Treatment  
Water/Sewer Foreman  
Water/Sewer Crewman

LIBRARY

Lori Beck  
Chris Zink  
Amy McDermott  
Ann Crawford / Margaret Blatchford  
Rachel Ruffcorn/Lindsey Butler

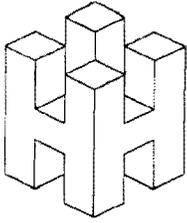
Librarian  
Part-time Clerk  
Part-time Clerk  
Part-time Clerk  
Part-time Clerk

COMMUNITY CENTER

Clint Weaver  
Rachel Cass  
Melissa Gibson

Director  
Part-time Staff  
Part-time Staff

**FINANCIAL SECTION**



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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SIOUX CITY, IOWA 51102

PH. (712) 277-3931  
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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF ONAWA, IOWA, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, Iowa as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 13 through 21, 59, and 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onawa, Iowa's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Onawa, Iowa's basic financial statements for the nine years ended June 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onawa, Iowa's basic financial statements as a whole.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the City of Onawa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Onawa, Iowa's internal control over financial reporting and compliance.

*Hayje, Connor, + Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
December 9, 2013

## Management Discussion and Analysis

June 30, 2013

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, 2013. 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, 2013, by \$16,405,426. Of this amount, \$4,897,677 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by 2.67% or \$427,402 during the year. Of this amount, the net position of our Governmental Activities increased \$348,532 and the net position of our Business-Type Activities increased \$78,870.
- The largest factors in the increase in net position were the increase in cash and investments of \$813,008, decrease in General Obligation Bonds of \$160,000, decrease in Revenue Bonds of \$58,000, decrease in taxes and other receivables of \$67,018, a decrease in WIMECA investments of \$62,355 and a decrease in infrastructure, property and equipment of \$492,609.
- The City's long-term debt decreased due to the scheduled retirement of long-term debt of \$160,000 of General Obligation Bonds and \$58,000 of Revenue Bonds. Outstanding General Obligation debt totals \$1,280,000. Outstanding water revenue bond debt totals \$1,445,000.

### 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 consist of a Statement of Net Position 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 basic 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 Position 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 Position 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 position, 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 position 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 Position 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 Position 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 Position 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 position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position 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 position for the years ended June 30, 2013 and 2012.

	General Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$3,417,665	\$2,920,525	\$4,132,743	\$3,930,259	\$ 7,550,408	\$ 6,850,784
Capital Assets	8,057,167	8,350,358	5,187,492	5,386,910	13,244,659	13,737,268
Total Assets	<u>11,474,832</u>	<u>1,270,883</u>	<u>9,320,235</u>	<u>9,317,169</u>	<u>20,795,067</u>	<u>20,588,052</u>
Long-Term Debt Outstanding	1,280,000	1,440,000	1,445,000	1,503,000	2,725,000	2,943,000
Other Liabilities	1,296,811	1,281,394	367,830	385,634	1,664,641	1,667,028
Total Liabilities	<u>2,576,811</u>	<u>2,721,394</u>	<u>1,812,830</u>	<u>1,888,634</u>	<u>4,389,641</u>	<u>4,610,028</u>
Net Position	<u>8,898,021</u>	<u>8,549,489</u>	<u>7,507,405</u>	<u>7,428,535</u>	<u>16,405,426</u>	<u>15,978,024</u>
Net Investment of Capital Assets	6,815,617	6,953,557	3,758,205	3,900,500	10,573,822	10,854,057
Restricted	933,927	854,833	-	-	933,927	854,833
Unrestricted	<u>1,148,477</u>	<u>741,099</u>	<u>3,749,200</u>	<u>3,528,035</u>	<u>4,897,677</u>	<u>4,269,134</u>
Total Net Position	<u>\$8,898,021</u>	<u>\$8,549,489</u>	<u>\$7,507,405</u>	<u>\$7,428,535</u>	<u>\$16,405,426</u>	<u>\$15,978,024</u>

This summary reflects an increase of 4.08% for the Governmental Activities and an increase of 1.06% in the Business-Type Activities. The Total Net Position increased by 2.67%.

Total revenue reported in Fiscal 2013 was \$6,038,519. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2013 and 2012.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues:</b>						
Charges for Services	\$ 137,802	\$ 123,906	\$3,719,993	\$3,240,190	\$3,857,795	\$3,364,096
Operating Grants and Contributions	381,812	339,068	-	-	381,812	339,068
Capital Grants and Contributions	-	333,580	-	-	-	333,580
<b>Total Program Revenues</b>	<b>519,614</b>	<b>796,554</b>	<b>3,719,993</b>	<b>3,240,190</b>	<b>4,239,607</b>	<b>4,036,744</b>
<b>General Revenues &amp; Interfund Transfers:</b>						
Property Taxes	1,134,834	1,043,148	-	-	1,134,834	1,043,148
Local Option Sales Tax	236,657	248,369	-	-	236,657	248,369
Interest	14,407	22,852	676	2,850	15,083	25,702
General Intergovernmental Revenues	43,941	98,795	-	316,758	43,941	415,553
Sale of Merchandise	-	-	18,761	21,446	18,761	21,446
Payment in Lieu of Taxes	119,526	116,200	-	-	119,526	116,200
Miscellaneous	92,270	293,870	136,190	95,334	228,460	389,204
<b>Total General Revenues before Interfund Transfers &amp; Activity in Endowment Fund</b>	<b>1,641,635</b>	<b>1,823,234</b>	<b>155,627</b>	<b>436,388</b>	<b>1,797,262</b>	<b>2,259,622</b>
<b>Activity in Nonexpendable Endowment Funds:</b>						
Interest	600	1,738	-	-	600	1,738
Contributions	1,050	1,050	-	-	1,050	1,050
Less: Transfers to General Fund	(1,053)	(1,954)	-	-	(1,053)	(1,954)
<b>Net Activity in Nonexpendable Endowment Funds</b>	<b>597</b>	<b>834</b>	<b>-</b>	<b>-</b>	<b>597</b>	<b>834</b>
<b>Total General Revenues before Interfund Transfers</b>	<b>1,642,232</b>	<b>1,824,068</b>	<b>155,627</b>	<b>436,388</b>	<b>1,797,859</b>	<b>2,260,456</b>
<b>Interfund Transfers:</b>						
From Nonexpendable Endowment Funds	1,053	1,954	-	-	1,053	1,954
From Business-Type Activities	12,000	12,000	(12,000)	(12,000)	-	-
<b>Total Interfund Transfers</b>	<b>13,053</b>	<b>13,954</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>1,053</b>	<b>1,954</b>
<b>Total General Revenues &amp; Interfund Transfers</b>	<b>1,655,285</b>	<b>1,838,022</b>	<b>143,627</b>	<b>424,388</b>	<b>1,798,912</b>	<b>2,262,410</b>
<b>Total Revenues &amp; Interfund Transfers</b>	<b>\$2,174,899</b>	<b>\$2,634,576</b>	<b>\$3,863,620</b>	<b>\$3,664,578</b>	<b>\$6,038,519</b>	<b>\$6,299,154</b>

Program revenues totaled \$4,239,607 for fiscal year 2013. Governmental Activities provided \$519,614 and Business-Type Activities provided \$3,719,993. Revenue collected for Charges for Services during fiscal year 2013 was \$3,857,795, accounting for 91% of the total program revenues.

General Revenues for fiscal year 2013 totaled \$1,798,912. Governmental Activities provided \$1,655,285 and Business-Type Activities provided \$143,627. Property Tax Revenues for fiscal year 2013 totaled \$1,134,834, accounting for 69% of General Governmental Revenues.

Expenses for fiscal year 2013 totaled \$5,611,117. Expenses for General Governmental Activities totaled \$1,826,367, accounting for 33% of total expenses. Business-Type Activity expenses totaled \$3,784,750, for 67% of the total.

The following table shows total expenses by Function/Program for Fiscal Years 2013 and 2012.

<u>Program Level</u>	<u>General Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Public Safety	\$ 588,187	\$ 594,434	\$ -	\$ -	\$ 588,187	\$ 594,434
Public Works	305,948	294,261	-	-	305,948	294,261
Culture and Recreation	563,787	603,589	-	-	563,787	603,589
Community and Economic Development	82,861	94,352	-	-	82,861	94,352
General Government	253,949	372,720	-	-	253,949	372,720
Debt Service	31,635	70,453	-	-	31,635	70,453
Electric System	-	-	2,801,978	2,704,222	2,801,978	2,704,222
Water System	-	-	452,160	474,458	452,160	474,458
Sewer System	-	-	530,612	584,344	530,612	584,344
<b>Total Expenses</b>	<b>\$1,826,367</b>	<b>\$2,029,809</b>	<b>\$3,784,750</b>	<b>\$3,763,024</b>	<b>\$5,611,117</b>	<b>\$5,792,833</b>

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 \$563,787 and received \$105,703 in revenue, thus leaving a cost to the taxpayer of \$458,084 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	Fines and Forfeits
Special Assessments	Contributions
Licenses and Permits	Refunds/Reimbursements
Intergovernmental Revenue	Grants
Charges for Services	

The total cost of governmental activity this year was \$1,826,367. Of these costs, \$137,802 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$381,812, leaving a Net Expense of \$1,306,753 for Governmental Activities. These expenses of \$1,306,753 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	
	6/30/2013	6/30/2012
Governmental Activities:		
Public Safety	\$ (554,622)	\$ (220,575)
Public Works	28,083	(9,127)
Culture and Recreation	(458,084)	(506,553)
Community and Economic Development	(82,861)	(82,355)
General Government	(207,634)	(344,192)
Debt Service	(31,635)	(70,453)
Total Net (Expense) Revenue		
Governmental Activities	(1,306,753)	(1,233,255)
General Revenues	1,643,285	1,826,022
Excess of Revenues over Expenses		
Before Transfers in	336,532	592,767
Transfers In	12,000	12,000
Change in Net Position	\$ 348,532	\$ 604,767

Total resources available during the year to finance governmental operations were \$10,724,388, consisting of Net Position at July 1, 2012 of \$8,549,489, Program Revenues of \$519,614 and General Revenues of \$1,655,285. Total Governmental Activities during the year expended \$1,826,367; thus, Net Position increased by \$348,532 to \$8,898,021.

**Business-Type Activities**

Business-Type Activities increased the City's net position by \$78,870.

The cost of all Proprietary Activities this year was \$3,784,750. As shown in the Statement of Activities, the amounts paid by users of the systems were \$3,719,993, resulting in total Net Expenses for Business Type Activities of \$64,757. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

<u>Business-Type Activities</u>	2013 Net (Expense) Revenue	2012 Net (Expense) Revenue
Electric System	\$ (164,750)	\$ (519,629)
Water System	5,153	( 54,041)
Sewer System	94,840	50,836
Total Net (Expense) Revenue Business-Type Activities	( 64,757)	(522,834)
Non-Operating Revenues	155,627	436,388
Change in Net Position Before Transfers	90,780	(86,446)
Transfers Out	(12,000)	(12,000)
Change in Net Position	\$ 78,870	\$ (98,446)

Total resources available during the year to finance Proprietary Fund activities were \$11,292,155 consisting of Net Position at July 1, 2012 of \$7,428,535, Program Revenues of \$3,719,993 and General Revenues of \$143,627. Total Proprietary Fund Activities during the year expended \$3,784,750; thus Net Position increased by \$78,870 to \$7,507,405.

**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 \$1,884,941. The combined Governmental Funds balance increased \$461,233 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$112,933. The Tax Increment Financing fund balances increased \$228,365 due to more taxes collected than expenditures from the TIF district and transfers to debt service fund for retirement of TIF debt. The Road Use Tax fund balances increased \$94,046 due to revenues exceeding expenditures. The Local Option Sales Tax fund balances increased by \$38,807 due to accumulation of funds for future infrastructure expenditures. Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year 2013 adopted General Fund Budget amount was \$1,307,427.

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

<u>Expenditures</u>	Budget	Actual	<u>Variance</u>
	<u>Adopted</u>	<u>(Cash Basis)</u>	
Public Safety	\$ 541,049	\$ 526,091	\$ ( 14,958)
Public Works	49,050	38,981	( 10,069)
Culture and Recreation	522,963	478,986	( 43,977)
Community and Economic Development	21,850	15,545	( 6,305)
General Government	172,515	132,428	( 40,087)
Total Expenditures	<u>\$1,307,427</u>	<u>\$1,192,031</u>	<u>\$ (115,396)</u>

**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, 2013, was \$10,573,822 (net of accumulated depreciation and outstanding financings).

The gross additions to capital assets for Fiscal Years 2013 and 2012 are as follows:

	General Governmental Activities		Business-Type Activities		Totals	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	Construction in Progress	\$ 55,262	\$ 668,060	\$ -	\$ 137,829	\$ 55,262
Improvements - Other than Buildings	21,698	11,146	15,012	23,626	36,710	34,772
Equipment	72,367	106,541	38,129	42,945	110,496	149,486
Infrastructure	-	30,000	-	-	-	30,000
Total Additions	<u>\$ 149,327</u>	<u>\$ 815,747</u>	<u>\$ 53,141</u>	<u>\$ 204,400</u>	<u>\$ 202,468</u>	<u>\$1,020,147</u>

Construction in Progress for governmental activities consisted of costs associated with the capital projects in the Public Works and Public Safety 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 \$2,725,000 of debt outstanding. This is a decrease of \$218,000 from the prior year due to the retirement of \$58,000 in State Revolving Funds, Revenue Notes, and the retirement of \$160,000 in General Obligation Bonds.

Debt administration is on track, with 100% of all City debt repaid within the next 12 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 \$5,360,678. With outstanding General Obligation Debt applicable to this limit of \$1,280,000, we are utilizing less than 24% 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 facade and the addition to the library continues to make a positive effect on the City's image.

The General Fund is projected to end fiscal 2014 with a fund balance of approximately \$1,625,705, a 13.0% decrease from fiscal 2013.

The tax levy rates per \$1,000 of taxable valuation for fiscal 2014 are provided below:

General Levy	\$ 8.10000
Civic Center Levy	.13500
Library Levy	.27000
Debt Service levy	2.64914
Emergency	.27000
FICA, IPERS & Employee Benefits	1.51954
Tort Liability levy	<u>.89475</u>
Total	\$ <u>13.83843</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 POSITION  
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Onawa Library Advocates Foundation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 864,871	\$ 312,013	\$ 1,176,884	\$ 14,259
Investments	1,048,068	632,925	1,680,993	21,510
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	344,697	344,697	-
Taxes	12,901	-	12,901	-
Subsequent Year Taxes	1,149,070	-	1,149,070	-
Accrued Interest	6,021	-	6,021	-
Other	22,265	16,024	38,289	-
Special Assessments	48,808	-	48,808	-
Subsequent Year Special Assessments	74,530	-	74,530	-
Internal Balances	(499,481)	499,481	-	-
Due from Other Governments	55,045	-	55,045	-
Inventories	-	274,539	274,539	-
Prepaid Assets	58,844	25,753	84,597	-
Temporary Cash Investments for Equipment	538,273	100,858	639,131	-
Investment in WIMECA	-	1,844,848	1,844,848	-
Restricted Assets - Cash	-	65,892	65,892	-
Unamortized Bond Issue Cost	32,218	-	32,218	-
Unamortized Bond Discount	6,232	-	6,232	-
Unamortized Loan Fees	-	15,713	15,713	-
Land	417,239	9,050	426,289	-
Construction in Progress	439	-	439	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation				
Total Assets	<u>7,639,489</u>	<u>5,178,442</u>	<u>12,817,931</u>	<u>-</u>
	<u>11,474,832</u>	<u>9,320,235</u>	<u>20,795,067</u>	<u>35,769</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	60,057	219,895	279,952	-
Accrued Wages and Benefits	31,849	25,193	57,042	-
Accrued Expenses	493	2,860	3,353	-
Accrued Interest Payable	2,129	3,613	5,742	-
Deferred Revenue - Subsequent Year Taxes	1,149,070	-	1,149,070	-
Notes Payable due within one year	165,000	60,000	225,000	-
Customer Deposits	-	65,892	65,892	-
Compensated Absences due within one year	11,494	12,595	24,089	-
Total Current Liabilities	<u>1,420,092</u>	<u>390,048</u>	<u>1,810,140</u>	<u>-</u>
Non-Current Liabilities:				
Notes Payable due in more than one year	1,115,000	1,385,000	2,500,000	-
Other Postemployment Benefits	7,238	-	7,238	-
Compensated Absences due in more than one year	34,481	37,782	72,263	-
Total Non-Current Liabilities	<u>1,156,719</u>	<u>1,422,782</u>	<u>2,579,501</u>	<u>-</u>
Total Liabilities	<u>2,576,811</u>	<u>1,812,830</u>	<u>4,389,641</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	6,815,617	3,758,205	10,573,822	-
Restricted for:				
Specific Revenues:				
Local Option Sales Tax Purposes	763,563	-	763,563	-
Road Use Tax Purposes	15,126	-	15,126	-
I Jobs	29,202	-	29,202	-
Endowments:				
Nonexpendable	126,036	-	126,036	-
Unrestricted	1,148,477	3,749,200	4,897,677	35,769
Total Net Position	<u>\$ 8,898,021</u>	<u>\$ 7,507,405</u>	<u>\$ 16,405,426</u>	<u>\$ 35,769</u>

See Accompanying Notes to Financial Statements

**CITY OF ONAWA, IOWA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
Public Safety	\$ 588,187	\$ 6,670	\$ 26,895
Public Works	305,948	1,440	332,591
Culture and Recreation	563,787	83,377	22,326
Community and Economic Development	82,861	-	-
General Government	253,949	46,315	-
Debt Service	31,635	-	-
Total Governmental Activities	<u>1,826,367</u>	<u>137,802</u>	<u>381,812</u>
<b>Business-Type Activities:</b>			
Electric System	2,801,978	2,637,228	-
Water System	452,160	457,313	-
Sewer System	530,612	625,452	-
Total Business-Type Activities	<u>3,784,750</u>	<u>3,719,993</u>	<u>-</u>
Total Primary Government	<u>5,611,117</u>	<u>3,857,795</u>	<u>381,812</u>
<b>Component Unit:</b>			
Onawa Library Advocates Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>			
Property Taxes			
Local Option Sales Tax			
Interest			
General Intergovernmental Revenues			
Sale of Merchandise			
Payment in Lieu of Taxes			
Miscellaneous			
Contributions			
Interfund Transfers			
Total General Revenues and Interfund Transfers			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Total	Onawa Library Advocates Foundation
\$ (554,622)	\$ -	\$ (554,622)	\$ -
28,083	-	28,083	-
(458,084)	-	(458,084)	-
(82,861)	-	(82,861)	-
(207,634)	-	(207,634)	-
(31,635)	-	(31,635)	-
<u>(1,306,753)</u>	<u>-</u>	<u>(1,306,753)</u>	<u>-</u>
-	(164,750)	(164,750)	-
-	5,153	5,153	-
-	94,840	94,840	-
<u>-</u>	<u>(64,757)</u>	<u>(64,757)</u>	<u>-</u>
(1,306,753)	(64,757)	(1,371,510)	-
1,134,834	-	1,134,834	-
236,657	-	236,657	-
15,007	676	15,683	516
43,941	-	43,941	-
-	18,761	18,761	-
119,526	-	119,526	-
92,270	136,190	228,460	-
1,050	-	1,050	5,150
12,000	(12,000)	-	-
<u>1,655,285</u>	<u>143,627</u>	<u>1,798,912</u>	<u>5,666</u>
348,532	78,870	427,402	5,666
8,549,489	7,428,535	15,978,024	30,103
<u>\$ 8,898,021</u>	<u>\$ 7,507,405</u>	<u>\$ 16,405,426</u>	<u>\$ 35,769</u>

CITY OF ONAWA, IOWA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	TIF	Road Use Tax	Local Option Sales Tax
<b>Assets</b>				
Cash and Pooled Investments	\$ 664,786	\$ -	\$ -	\$ 33,070
Investments	928,568	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Taxes	10,050	379	-	-
Subsequent Year Taxes	729,949	228,072	-	-
Accrued Interest	5,174	-	-	-
Other	21,437	-	178	-
Special Assessments	46,474	-	-	-
Subsequent Year Special Assessments	53,517	-	-	-
Internal Balances	-	-	-	700,000
Due from Other Governmental Agencies	-	-	24,552	30,493
Temporary Cash Investments Designated for Equipment	526,177	-	12,096	-
<b>Total Assets</b>	<b>2,986,132</b>	<b>228,451</b>	<b>36,826</b>	<b>763,563</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	54,344	2,901	2,812	-
Accrued Wages and Compensated Absences	26,035	-	5,814	-
Accrued Expenditures	493	-	-	-
Internal Balances	41,072	7,863	13,074	-
Deferred Revenue - Subsequent Year Taxes	729,949	228,072	-	-
Deferred Revenue - Subsequent Year Assessments	53,517	-	-	-
<b>Total Liabilities</b>	<b>905,410</b>	<b>238,836</b>	<b>21,700</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Perpetual Care	-	-	-	-
Endowment	-	-	-	-
<b>Spendable:</b>				
<b>Restricted For:</b>				
Special Revenue Funds	-	-	15,126	763,563
<b>Assigned For:</b>				
Capital Projects	-	-	-	-
Unassigned	2,080,722	(10,385)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>2,080,722</b>	<b>(10,385)</b>	<b>15,126</b>	<b>763,563</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,986,132</b>	<b>\$ 228,451</b>	<b>\$ 36,826</b>	<b>\$ 763,563</b>

Debt Service	Fire Station Project	2011 Street Project	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 48,234	\$ 746,090
-	-	-	119,500	1,048,068
2,472	-	-	-	12,901
191,049	-	-	-	1,149,070
-	-	587	260	6,021
-	-	-	-	21,615
-	-	2,334	-	48,808
-	-	21,013	-	74,530
-	-	-	-	700,000
-	-	-	-	55,045
-	-	-	-	538,273
<u>193,521</u>	<u>-</u>	<u>23,934</u>	<u>167,994</u>	<u>4,400,421</u>
-	-	-	-	60,057
-	-	-	-	31,849
-	-	-	-	493
12,448	450,782	652,535	21,707	1,199,481
191,049	-	-	-	1,149,070
-	-	21,013	-	74,530
<u>203,497</u>	<u>450,782</u>	<u>673,548</u>	<u>21,707</u>	<u>2,515,480</u>
-	-	-	93,016	93,016
-	-	-	33,020	33,020
-	-	-	29,202	807,891
-	-	-	12,756	12,756
(9,976)	(450,782)	(649,614)	(21,707)	938,258
(9,976)	(450,782)	(649,614)	146,287	1,884,941
<u>\$ 193,521</u>	<u>\$ -</u>	<u>\$ 23,934</u>	<u>\$ 167,994</u>	<u>\$ 4,400,421</u>

**CITY OF ONAWA, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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

Total Fund Balances - Governmental Funds (page 26)	\$	1,884,941
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,057,167
Subsequent year assessments are not available to pay for current period expenditures and are deferred in the funds.		74,530
Internal service fund used by management to fund and maintain the City's health insurance deductible account and is included in the statement of net position.		978
Internal service fund used by management to fund and maintain the City's deductible account and is included in the statement of net position.		118,453
Accrued interest expense does not require the use of current financial resources and is not reported in the governmental funds.		(2,129)
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.		38,450
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		58,844
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term Debt		(1,280,000)
Other Postemployment Benefits Payable		(7,238)
Compensated Absences Payable		(45,975)
		<hr/>
Total Net Position - Governmental Activities (page 22)	\$	<u>8,898,021</u>

**CITY OF ONAWA, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General	TIF	Road Use Tax	Local Option Sales Tax
<b>Revenues:</b>				
Taxes	\$ 707,683	\$ 253,372	\$ -	\$ -
Special Assessments	25,480	-	-	-
Licenses and Permits	15,224	-	-	-
Intergovernmental Revenue	43,941	19,459	290,684	236,657
Charges for Services	81,276	-	-	-
Fines and Forfeits	10,211	-	-	-
Contributions	49,221	-	-	-
Interest	13,820	-	-	-
Payment in Lieu of Taxes	119,526	-	-	-
Miscellaneous	72,810	-	1,244	-
<b>Total Revenue</b>	<b>1,139,192</b>	<b>272,831</b>	<b>291,928</b>	<b>236,657</b>
<b>Expenditures:</b>				
Public Safety	534,153	-	-	-
Public Works	39,118	-	197,882	-
Culture and Recreation	482,738	-	-	-
Community and Economic Development	15,545	44,466	-	22,850
General Government	142,758	-	-	-
Capital Projects	-	-	-	-
Debt Service				
Principal Retirements	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>1,214,312</b>	<b>44,466</b>	<b>197,882</b>	<b>22,850</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(75,120)</b>	<b>228,365</b>	<b>94,046</b>	<b>213,807</b>
<b>Other financing sources (uses):</b>				
Transfers In	188,053	-	-	-
Transfers Out	-	-	-	(175,000)
<b>Total other financing sources (uses)</b>	<b>188,053</b>	<b>-</b>	<b>-</b>	<b>(175,000)</b>
<b>Net Change in Fund Balances</b>	<b>112,933</b>	<b>228,365</b>	<b>94,046</b>	<b>38,807</b>
<b>Fund Balances (Deficit) Beginning of Year</b>	<b>1,967,789</b>	<b>(238,750)</b>	<b>(78,920)</b>	<b>724,756</b>
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 2,080,722</b>	<b>\$ (10,385)</b>	<b>\$ 15,126</b>	<b>\$ 763,563</b>

See Accompanying Notes to Financial Statements

<b>Debt Service</b>	<b>Fire Station Project</b>	<b>2011 Street Project</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 173,779	\$ -	\$ -	\$ -	\$ 1,134,834
-	-	16,360	-	41,840
-	-	-	-	15,224
-	-	-	-	590,741
-	-	-	-	81,276
-	-	-	-	10,211
-	-	-	1,050	50,271
-	-	587	600	15,007
-	-	-	-	119,526
-	-	-	-	74,054
173,779	-	16,947	1,650	2,132,984
-	-	-	-	534,153
-	-	-	-	237,000
-	-	-	-	482,738
-	-	-	-	82,861
-	-	-	-	142,758
-	-	15,409	439	15,848
160,000	-	-	-	160,000
28,393	-	-	-	28,393
188,393	-	15,409	439	1,683,751
(14,614)	-	1,538	1,211	449,233
-	-	-	-	188,053
-	-	-	(1,053)	(176,053)
-	-	-	(1,053)	12,000
(14,614)	-	1,538	158	461,233
4,638	(450,782)	(651,152)	146,129	1,423,708
\$ (9,976)	\$ (450,782)	\$ (649,614)	\$ 146,287	\$ 1,884,941

**CITY OF ONAWA, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds (page 29)	\$ 461,233
<p>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:</p>	
Expenditures for Capital Assets	\$ 149,327
Disposition of Fixed Assets	(57,800)
Depreciation Expense	<u>(384,718)</u>
	(293,191)
Special assessment revenues are deferred in the governmental funds because they are not available to provide current financial resources.	(1,176)
Prepaid expenses are not reported in the governmental funds as they are not available to provide current financial resources.	(694)
Accrued interest expense that does not require current financial resources	1,507
Internal service fund used by management to fund and maintain the City's health insurance deductible account and is included in the Statement of Net Position. The net revenue of this internal service fund is reported with governmental activities.	21,246
Bond issuance costs and bond discounts are recorded in the funds when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(4,749)
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	2,068
Other Postemployment Benefits	2,288
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. 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:	<u>160,000</u>
Change in net position of governmental activities (page 24)	<u>\$ 348,532</u>

**CITY OF ONAWA, IOWA  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	<b>Business-Type Activities</b>	
	<b>Electric System</b>	<b>Water System</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 130,096	\$ 71,176
Investments	450,126	4,185
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	241,366	45,497
Other	14,568	1,421
Internal Balances	199,481	-
Inventories	223,337	49,906
Prepaid Assets	15,852	6,503
Investment in WIMECA	1,844,848	-
Temporary Cash Investments for Equipment	78,531	8,698
<b>Total Current Assets</b>	<b>3,198,205</b>	<b>187,386</b>
Non-Current Assets:		
Restricted Assets - Cash	65,892	-
Unamortized Loan Fees	-	15,713
Land	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,327,434	2,120,161
<b>Total Non-Current Assets</b>	<b>2,393,326</b>	<b>2,135,874</b>
<b>Total Assets</b>	<b>5,591,531</b>	<b>2,323,260</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	188,122	3,618
Accrued Wages	10,606	8,702
Accrued Expenses	2,833	27
Accrued Interest Payable	-	3,613
Notes Payable due in less than one year	-	60,000
Customer Deposits	65,892	-
Compensated Absences due in less than one year	5,704	5,477
<b>Total Current Liabilities</b>	<b>273,157</b>	<b>81,437</b>
Non-Current Liabilities:		
Notes Payable due in more than one year	-	1,385,000
Compensated Absences due in more than one year	17,113	16,429
<b>Total Non-Current Liabilities</b>	<b>17,113</b>	<b>1,401,429</b>
<b>Total Liabilities</b>	<b>290,270</b>	<b>1,482,866</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,327,434	690,874
Unrestricted	2,973,827	149,520
<b>Total Net Position</b>	<b>\$ 5,301,261</b>	<b>\$ 840,394</b>

<u>Business-Type Activities</u>		<u>Governmental Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 110,741	\$ 312,013	\$ 118,781	
178,614	632,925	-	
57,834	344,697	-	
35	16,024	650	
300,000	499,481	-	
1,296	274,539	-	
3,398	25,753	-	
-	1,844,848	-	
13,629	100,858	-	
<u>665,547</u>	<u>4,051,138</u>	<u>119,431</u>	
-	65,892	-	
-	15,713	-	
9,050	9,050	-	
730,847	5,178,442	-	
<u>739,897</u>	<u>5,269,097</u>	<u>-</u>	
<u>1,405,444</u>	<u>9,320,235</u>	<u>119,431</u>	
28,155	219,895	-	
5,885	25,193	-	
-	2,860	-	
-	3,613	-	
-	60,000	-	
-	65,892	-	
1,414	12,595	-	
<u>35,454</u>	<u>390,048</u>	<u>-</u>	
-	1,385,000	-	
4,240	37,782	-	
<u>4,240</u>	<u>1,422,782</u>	<u>-</u>	
<u>39,694</u>	<u>1,812,830</u>	<u>-</u>	
739,897	3,758,205	-	
625,853	3,749,200	119,431	
<u>\$ 1,365,750</u>	<u>\$ 7,507,405</u>	<u>\$ 119,431</u>	

**CITY OF ONAWA, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>	
	<u>Electric System</u>	<u>Water System</u>
Operating Revenues:		
Charges for Services	\$ 2,637,228	\$ 457,313
Total Operating Revenues	<u>2,637,228</u>	<u>457,313</u>
Operating Expenses:		
Production	2,182,209	97,588
Distribution	414,239	199,719
Customer Accounts/Administration	85,359	58,642
Solid Waste	-	-
Depreciation and Amortization	120,171	96,211
Deductibles	-	-
Total Operating Expenses	<u>2,801,978</u>	<u>452,160</u>
Operating Income (Loss)	(164,750)	5,153
Non-Operating Revenues (Expenses):		
Interest Income	483	13
Sale of Merchandise	2,859	15,902
Equity in Net Income of WIMECA	158,148	-
Annual Loan Fee	-	(3,758)
Interest Expense	-	(44,945)
Other Non-Operating Revenues	24,427	2,318
Total Non-Operating Revenues (Expenses)	<u>185,917</u>	<u>(30,470)</u>
Income (Loss) before Transfers	21,167	(25,317)
Transfers Out	<u>(12,000)</u>	-
Change in Net Position	9,167	(25,317)
Net Position - Beginning	<u>5,292,094</u>	<u>865,711</u>
Net Position - Ending	<u>\$ 5,301,261</u>	<u>\$ 840,394</u>

<u>Business-Type Activities</u>		<u>Governmental</u>
<u>Sewer</u>		<u>Activities</u>
<u>System</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 625,452	\$ 3,719,993	\$ 31,091
625,452	3,719,993	31,091
82,577	2,362,374	-
114,465	728,423	-
53,541	197,542	-
242,975	242,975	-
37,054	253,436	-
-	-	9,845
530,612	3,784,750	9,845
94,840	(64,757)	21,246
180	676	-
-	18,761	-
-	158,148	-
-	(3,758)	-
-	(44,945)	-
-	26,745	-
180	155,627	-
95,020	90,870	21,246
-	(12,000)	-
95,020	78,870	21,246
1,270,730	7,428,535	98,185
\$ 1,365,750	\$ 7,507,405	\$ 119,431

**CITY OF ONAWA, IOWA  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-Type Activities</b>	
	<b>Electric System</b>	<b>Water System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,635,449	\$ 458,440
Cash Paid to Suppliers for Goods and Services	(2,407,989)	(140,033)
Cash Paid to Employees for Services	(269,491)	(230,597)
Other Nonoperating Income	37,462	20,280
Cash Received for Customer Deposits	5,133	-
Net Cash Provided by Operating Activities	<u>564</u>	<u>108,090</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers (to) Other Funds	(12,000)	-
Advances from (to) Other funds	(199,481)	-
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(211,481)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(40,250)	(12,891)
Loan Fees Paid	-	(3,758)
Principal Paid on Notes and Bonds	-	(58,000)
Interest Paid on Notes and Bonds	-	(45,090)
Net Cash (Used) for Capital and Related Financing Activities	<u>(40,250)</u>	<u>(119,739)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Temporary Cash Investments - Equipment	(18,000)	-
Dividends Received	220,503	-
Net Cash Provided for Investing Activities	<u>202,503</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(48,664)	(11,649)
Cash and Cash Equivalents at Beginning of Year	<u>244,652</u>	<u>82,825</u>
Cash and Cash Equivalents at End of Year	<u>\$ 195,988</u>	<u>\$ 71,176</u>
<b>Supplemental Disclosures:</b>		
<b>Noncash Investing and Financing Activities</b>		
Reinvestment of the Earnings from WIMECA	\$ 158,148	\$ -
Reinvestment of Interest on Investments	645	36
	<u>\$ 158,793</u>	<u>\$ 36</u>

<u>Business-Type Activities</u>		<u>Governmental</u>
<u>Sewer</u>		<u>Activities</u>
<u>System</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 626,055	\$ 3,719,944	\$ 31,041
(340,438)	(2,888,460)	(10,039)
(152,926)	(653,014)	-
-	57,742	-
-	5,133	-
<u>132,691</u>	<u>241,345</u>	<u>21,002</u>
-	(12,000)	-
<u>(86,798)</u>	<u>(286,279)</u>	<u>97,779</u>
(86,798)	(298,279)	97,779
-	(53,141)	-
-	(3,758)	-
-	(58,000)	-
-	(45,090)	-
<u>-</u>	<u>(159,989)</u>	<u>-</u>
-	(18,000)	-
<u>-</u>	<u>220,503</u>	<u>-</u>
-	202,503	-
45,893	(14,420)	118,781
<u>64,848</u>	<u>392,325</u>	<u>-</u>
<u>\$ 110,741</u>	<u>\$ 377,905</u>	<u>\$ 118,781</u>
\$ -	\$ 158,148	
216	897	
<u>\$ 216</u>	<u>\$ 159,045</u>	

(Continued)

**CITY OF ONAWA, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-Type Activities</b>	
	<b>Electric System</b>	<b>Water System</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (164,750)	\$ 5,153
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	120,171	96,211
Other Non-Operating Income	27,286	18,220
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	(1,780)	1,127
Other Receivable	10,177	2,060
Prepaid Expenses	(100)	56
Inventories	23,690	(10,817)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	(21,531)	(6,001)
Accrued Wages and Compensated Absences	2,292	2,077
Accrued Expenses	(24)	4
Customer Deposits	5,133	-
<b>Total Adjustments</b>	<b>165,314</b>	<b>102,937</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 564</b>	<b>\$ 108,090</b>

<b>Business-Type Activities</b>		<b>Governmental Activities</b>	
<b>Sewer System</b>	<b>Total</b>	<b>Internal Service</b>	
\$ 94,840	\$ (64,757)	\$ 21,246	
37,054	253,436	-	
-	45,506	-	
422	(231)	-	
181	12,418	(50)	
116	72	-	
(313)	12,560	-	
(406)	(27,938)	(194)	
797	5,166	-	
-	(20)	-	
-	5,133	-	
<u>37,851</u>	<u>306,102</u>	<u>(244)</u>	
<u>\$ 132,691</u>	<u>\$ 241,345</u>	<u>\$ 21,002</u>	

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**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) as prescribed by the Governmental Accounting Standards Board.

**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 504A of the Code of Iowa, to promote the Onawa Public Library. The Foundation's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City.

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. Basic Financial Statements-Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position 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:

**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.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

2) Special Revenue Funds

The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for construction 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 Fire Station Project Fund is used to account for the cost of construction of the new fire station.

2011 and 2013 Street Project Funds are used to account for the cost of street reconstruction.

**Proprietary Fund Types** – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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.

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.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

- 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 and are not eliminated in the process of consolidation.

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 and are not eliminated in the process of consolidation.

**D. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter 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.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

**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.
- 2) Investments  
The City uses the following methods in determining the reported amounts.

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

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

**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 becomes 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012. Any county collections on the 2012-2013 tax levy remitted to the City within 60 days subsequent to June 30, 2013, 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, 2013, 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.

**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.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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

**L. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items.

**M. Restricted Cash**

Cash restricted for utility deposits.

**N. 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 and Equipment	3 - 20 Years
Infrastructure	15 - 70 Years

**O. 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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**P. 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.

**Q. 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, 2013**

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

**R. 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.

**S. 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.

**T. Fund Equity**

Fund balances for each of the City's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact
- *Restricted fund balance* – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through city ordinance approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.
- *Assigned fund balance* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. City council approval is required to be taken to assign amounts to a specific purpose.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classification could be used.

In addition, the Statement clarifies the definitions of the various types of governmental funds. Interpretations of certain terms within the new definition of special revenue funds may affect which activities the City can report in special revenue funds.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2013, 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, 2013, are shown below:

	<b>Primary Government</b>	<b>Bank Balance</b>
Demand Deposits	\$ 1,664,110	\$ 1,698,622
Savings Deposits	1,065,232	1,065,232
Certificate of Deposits	833,503	833,503
	<b>\$ 3,562,845</b>	<b>\$ 3,597,357</b>

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, 2013, 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.

There were no significant changes in investments held during the fiscal year ended June 30, 2013.

**Note 3 - RECEIVABLES**

Receivables at June 30, 2013 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$18,142 at June 30, 2013.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2013, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$24,552
Due from the State of Iowa for local option sales taxes	30,493
Total Due From Other Governments	<b>\$55,045</b>

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2013, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>TIF</u>	<u>Road Use Tax</u>	<u>Fire Station Fund</u>	<u>Fund Due From Nonmajor Governmental Funds</u>	<u>2011 Street Project</u>	<u>Debt Service Fund</u>	<u>General Fund</u>	<u>Totals</u>
Special Revenue: Local Option Sales Tax	\$ 7,863	\$13,074	\$450,782		\$187,209		\$41,072	\$ 700,000
Proprietary: Electric Fund					199,481			199,481
Proprietary: Sewer Fund				\$ 21,707	265,845	\$12,448		300,000
	<u>\$ 7,863</u>	<u>\$ 13,074</u>	<u>\$450,782</u>	<u>\$ 21,707</u>	<u>\$652,535</u>	<u>\$12,448</u>	<u>\$41,072</u>	<u>\$1,199,481</u>

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

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 417,239	\$ -	\$ -	\$ 417,239
Construction in Progress	710,822	55,262	765,645	439
Total capital assets not being depreciated	<u>1,128,061</u>	<u>55,262</u>	<u>765,645</u>	<u>417,678</u>
Capital assets being depreciated:				
Buildings	5,641,168	-	-	5,641,168
Improvements	652,158	21,698	-	673,856
Equipment	2,330,837	113,651	-	2,444,488
Infrastructure	1,450,223	666,561	-	2,116,784
Total capital assets being depreciated	<u>10,074,386</u>	<u>801,910</u>	<u>-</u>	<u>10,876,296</u>
Less: Accumulated Depreciation for:				
Buildings	930,312	114,444	-	1,044,756
Improvements	237,189	27,053	-	264,242
Equipment	1,344,901	147,676	-	1,492,577
Infrastructure	339,687	95,545	-	435,232
Total Accumulated Depreciation	<u>2,852,089</u>	<u>384,718</u>	<u>-</u>	<u>3,236,807</u>
Total capital assets being depreciated, net	<u>7,222,297</u>	<u>417,192</u>	<u>-</u>	<u>7,639,489</u>
Governmental activities capital assets, net	<u>\$ 8,350,358</u>	<u>\$ 472,454</u>	<u>\$ 765,645</u>	<u>\$ 8,057,167</u>
<b>Business-Type Activities:</b>				
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	1,314,791	38,129	-	1,352,920
Buildings, Utility Plant, Lines, Etc.	8,991,188	15,012	-	9,006,200
Total capital assets being depreciated	<u>10,305,979</u>	<u>53,141</u>	<u>-</u>	<u>10,359,120</u>
Less: Accumulated Depreciation for:				
Equipment	1,065,192	57,918	-	1,123,110
Buildings, Utility Plant, Lines, Etc.	3,862,927	194,641	-	4,057,568
Total Accumulated Depreciation	<u>4,928,119</u>	<u>252,559</u>	<u>-</u>	<u>5,180,678</u>
Total capital assets being depreciated, net	<u>5,377,860</u>	<u>(199,418)</u>	<u>-</u>	<u>5,178,442</u>
Business-Type activities capital assets, net	<u>\$ 5,386,910</u>	<u>\$(199,418)</u>	<u>\$ -</u>	<u>\$5,187,492</u>



**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 7 - LONG-TERM DEBT – (Continued)**

The City has issued general obligation bonds as follows:

\$830,000 2012 General Obligation Bonds due in annual installments of \$100,000 to \$125,000 through 2019.

\$650,000 2010 General Obligation Bonds due in annual installments of \$40,000 to \$55,000 through 2025.

General obligation bonds outstanding as of June 30, 2013 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Library	.65 – 1.60%	\$ 710,000
Governmental Activities – Fire	2.00 - 4.05%	570,000
		<u>\$ 1,280,000</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 165,000	\$ 25,547
2015	165,000	23,935
2016	165,000	22,073
2017	165,000	19,860
2018	165,000	17,295
2019-2025	455,000	56,742
Total	<u>\$ 1,280,000</u>	<u>\$ 165,452</u>

**Revenue Bond**

The City entered into a Loan (Revenue Bond) Agreement with the Iowa Finance Authority in the amount of \$1,560,000 for the construction of a water system. The loan has an interest rate of 3% and a servicing fee of .25%. The city has agreed to establish rates and other charges to be sufficient to meet the expenses of the water system and to produce and maintain net revenues at a level not less than 110% of the principal and interest of the revenue bond. The rates for year ending June 30, 2013 were sufficient enough to meet 110% requirement. The outstanding loan amount at June 30, 2013 was \$1,445,000.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 7 - LONG-TERM DEBT – (Continued)**

Revenue bond debt service requirements to maturity are as follows:

<b>Year Ended</b>	<b>Service</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Fee</b>	<b>Total</b>
2014	\$ 60,000	\$ 43,350	\$ 3,612	\$ 106,962
2015	62,000	41,550	3,463	107,013
2016	64,000	39,690	3,307	106,997
2017	66,000	37,770	3,148	106,918
2018	69,000	35,790	2,983	107,773
2019-2023	378,000	146,610	12,217	536,827
2024-2028	443,000	86,130	7,177	536,307
2029-2031	303,000	18,360	1,530	322,890
<b>TOTAL</b>	<b>\$ 1,445,000</b>	<b>\$ 449,250</b>	<b>\$ 37,437</b>	<b>\$ 1,931,687</b>

**Changes in Long-Term Liabilities**

Long-Term Liability activity for the year ended June 30, 2013, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation	\$ 1,440,000		\$ 160,000	\$ 1,280,000	\$ 165,000
Other Postemployment Benefits	9,526	\$ 3,526	5,814	7,238	
Compensated Absences	48,043	9,943	12,011	45,975	11,494
<b>Total</b>	<b>1,497,569</b>	<b>13,469</b>	<b>177,825</b>	<b>1,333,213</b>	<b>176,494</b>
<b>Business-Type Activities:</b>					
Revenue Bonds	1,503,000		58,000	1,445,000	60,000
Compensated Absences	44,841	16,747	11,211	50,377	12,595
<b>Total</b>	<b>\$ 1,547,841</b>	<b>\$ 16,747</b>	<b>\$ 69,211</b>	<b>\$ 1,495,377</b>	<b>\$ 72,595</b>

For the governmental activities, other post employment benefits, and compensated absences, obligations are generally liquidated by the general fund and the general obligation bonds will be repaid by debt service tax levies.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

<u>Transfers From</u>	<u>Transfer to</u> <u>General</u>
Business-Type Activities - Electric	\$ 12,000
Local Option Sales Tax	175,000
Nonmajor Governmental	<u>1,053</u>
	<u>\$ 188,053</u>

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.

Most plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of annual covered payroll except for public safety employees, in which case, the percentages are actuarially determined. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$91,339, \$97,261, and \$83,313, respectively, equal to the required contributions for each year.

Effective July 1, 2013, the City's required contribution to IPERS increased to 8.93% and 10.14% of annual covered payroll for plan members and police employees, respectively.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description. The City operates a single-employer group health plan which provides medical/prescription drug benefits for retirees and their spouses, under COBRA provisions. There are 24 active members in the plan. Participants must be age 55 or older with at least ten years of service at retirement.

The medical/prescription drug coverage is a partially self-funded medical plan, administered by Three Rivers Benefit Corporation. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis with the funds being paid from the governmental fund related to the various employees.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and the City's net OPEB obligation:

Annual required contribution	\$ 3,682
Interest on net OPEB obligation	429
Adjustment to annual required contribution	<u>(585)</u>
Annual OPEB cost	3,526
Contributions made	<u>(5,814)</u>
decrease in net OPEB obligation	(2,288)
Net OPEB obligation beginning of year	<u>9,526</u>
Net OPEB obligation end of year	<u>\$ 7,238</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)**

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,526	-0-	\$ 7,238
June 30, 2012	\$ 3,360	-0-	\$ 9,526
June 30, 2011	\$ 3,083	-0-	\$ 6,166
June 30, 2010	\$ 3,083	-0-	\$ 3,083

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$7,238, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,238. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,059,670 and the ratio of the UAAL to covered payroll was .68%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the Alternative Measurement Method (AMM) permitted under GASB Statement 45, a simplified version of the Projected Unit Credit Actuarial Cost Method was used to determine the annual required contribution. The actuarial assumptions include a 4.5% investment return rate based on the City's funding policy, 3% salary increases and a 3% inflation rate. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables. Based on the assumption that retirees were to participate in the insurance until their sick leave account was exhausted. At that time continued participation was assumed to be 10% for active employees that are currently waiving coverage.

Projected claim costs of the medical plan are \$12,471 and \$14,990 annually for retirees and spouses, respectively, less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 11 - DEFICIT FUND EQUITY**

The City has six funds with deficit equity balances at June 30, 2013. The City intends to finance these deficits from various resources including general funds, special assessments to be collected and future property tax levies and TIF revenues.

The individual fund deficits were as follows:

Special Revenue – TIF.....	\$ 10,385
Debt Service .....	9,976
Capital Project – 2011 Street Project.....	649,614
Capital Project – Library Expansion.....	21,268
Capital Project – Fire Station .....	450,782
Capital Project – 2013 Street Project.....	\$ 439

**Note 12 - OTHER FUNDS**

The following nonmajor funds have Restricted Fund Balances for specific purposes:

I-Jobs: For I-Jobs expenditures	\$ 29,202
Airport Project: For airport project	\$ 12,756

The following nonmajor funds have Nonspendable Fund Balances:

Cemetery Perpetual Care: For cemetery maintenance	\$ 93,016
Library Endowment Fund: For library books, etc.	\$ 33,020

The following nonmajor funds have Unassigned Deficit Fund Balances:

Library Project	\$(21,268)
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**Note 13 - RISK MANAGEMENT**

The City is a member of the Iowa Communities Assurance Pool as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 13 - RISK MANAGEMENT – (Continued)**

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2013 were \$88,881.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsurance by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim has incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**Note 14 - 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, 2012 represents 32.32% of the total member business.

**CITY OF ONAWA, IOWA**  
**Notes to Financial Statements**  
**June 30, 2013**

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**Note 14 - INVESTMENT IN WIMECA – (Continued)**

The last available information for WIMECA is from its December 31, 2012 independent audit report. These financial statements are available at the City office.

The summary financial information of WIMECA is as follows:	December 31,
	<u>2012</u>
Total Assets	\$ <u>5,941,600</u>
Total Liabilities	584,755
Total Equity	<u>5,356,845</u>
Total Liabilities and Equity	<u>5,941,600</u>
Total Revenue	6,906,646
Total Expense	<u>6,417,327</u>
Net Earnings	\$ <u>489,319</u>

At December 31, 2012, WIMECA had no outstanding bonds.

At June 30, 2013, the City of Onawa Electric Enterprise Fund investment in WIMECA was as follows:

	June 30,
	<u>2013</u>
Beginning Balance at July 1, 2012	\$ 1,907,203
Add: Net Earnings	158,148
Less: Dividends Paid	<u>(220,503)</u>
Ending Balance at June 30, 2013	\$ <u>1,844,848</u>

**Note 15 - CONTINGENCIES AND COMMITMENTS**

On June 21, 2010, the City Council authorized the City to enter into a garbage hauling contract with Ross Enterprises, Inc. for the period of July 1, 2010 through June 30, 2015 at an annual cost of approximately \$130,000 for FY 2011, with an annual increase of approximately 2.5% for FY 2012 - FY 2015, based on the number of customers. This annual cost is subject to adjustment based on increases in fuel costs.

**Note 16 - SUBSEQUENT EVENTS**

The City has evaluated all subsequent events through December 9, 2013, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ONAWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**  
**YEAR ENDED JUNE 30, 2013**

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, 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 Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

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

<u>Function</u>	<u>Budgeted</u> <u>Original</u>
Public Safety	\$ 541,049
Public Works	363,018
Culture & Recreation	522,963
Community & Economic Development	166,470
General Government	172,515
Capital Projects	935,000
Debt Service	191,648
Business-Type Activities	4,436,633
Total	<u>\$ 7,329,296</u>

CITY OF ONAWA, IOWA  
Schedule of Funding Progress for the  
Retiree Health Plan

Required Supplementary Information

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 23,744	\$ 23,744	0.00%	\$ 940,710	2.5%
2011	July 1, 2009	-	\$ 23,744	\$ 23,744	0.00%	\$ 940,710	2.5%
2012	July 1, 2009	-	\$ 23,744	\$ 23,744	0.00%	\$ 940,710	2.5%
2013	July 1, 2012	-	\$ 36,301	\$ 36,301	0.00%	\$ 937,869	3.9%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

**CITY OF ONAWA**  
**Required Supplementary Information - Budgetary Reporting**  
**For the Year Ended June 30, 2013**

	<b>Actual Amounts</b>		
	<b>Governmental Fund Types</b>	<b>Proprietary Fund Types</b>	<b>Total Actual</b>
<b>Revenues:</b>			
Taxes	\$ 1,133,372	\$ -	\$ 1,133,372
Special Assessments	40,138	-	40,138
Licenses and Permits	15,224	-	15,224
Intergovernmental Revenue	594,520	-	594,520
Charges for Services	112,317	3,719,762	3,832,079
Fines and Forfeits	10,211	-	10,211
Contributions	50,271	-	50,271
Grants	19,415	-	19,415
Interest	17,894	896	18,790
Payment in Lieu of Taxes	119,526	-	119,526
Miscellaneous	90,802	278,428	369,230
<b>Total Revenues</b>	<b>2,203,690</b>	<b>3,999,086</b>	<b>6,202,776</b>
<b>Expenditures/Expenses:</b>			
Public Safety	526,091	-	526,091
Public Works	234,894	-	234,894
Culture and Recreation	478,986	-	478,986
Community and Economic Development	79,961	-	79,961
General Government	132,428	-	132,428
Capital Projects	42,840	-	42,840
Debt Service	188,393	-	188,393
Business-Type Activities	9,845	3,696,330	3,706,175
<b>Total Expenditures/Expenses</b>	<b>1,693,438</b>	<b>3,696,330</b>	<b>5,389,768</b>
Excess (Deficiency) of Revenues over Expenditures/Expenses	510,252	302,756	813,008
<b>Other Financing Sources (Uses):</b>			
Transfers In	188,053	-	188,053
Transfers Out	(176,053)	(12,000)	(188,053)
<b>Total Other Financing Sources (Uses)</b>	<b>12,000</b>	<b>(12,000)</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	522,252	290,756	813,008
Fund Balance/Retained Earnings at Beginning of Year	1,690,758	1,483,288	3,174,046
Fund Balance/Retained Earnings at End of Year	<u>\$ 2,213,010</u>	<u>\$ 1,774,044</u>	<u>\$ 3,987,054</u>

<b>Budgeted Amounts</b>		<b>Final Budget Favorable (Unfavorable)</b>
<b>Original</b>	<b>Final</b>	
\$ 1,127,747	\$ 1,127,747	\$ 5,625
28,966	28,966	11,172
12,790	12,790	2,434
1,467,857	1,467,857	(873,337)
4,468,328	4,468,328	(636,249)
-	-	10,211
-	-	50,271
-	-	19,415
13,607	13,607	5,183
-	-	119,526
48,205	48,205	321,025
<u>7,167,500</u>	<u>7,167,500</u>	<u>(964,724)</u>
541,049	541,049	14,958
363,018	363,018	128,124
522,963	522,963	43,977
166,470	166,470	86,509
172,515	172,515	40,087
935,000	935,000	892,160
191,648	191,648	3,255
4,436,633	4,436,633	730,458
<u>7,329,296</u>	<u>7,329,296</u>	<u>1,939,528</u>
<u>(161,796)</u>	<u>(161,796)</u>	<u>974,804</u>
292,000	292,000	103,947
<u>(292,000)</u>	<u>(292,000)</u>	<u>(103,947)</u>
-	-	-
<u>\$ (161,796)</u>	<u>\$ (161,796)</u>	<u>\$ 974,804</u>

**CITY OF ONAWA**  
**Required Supplementary Information - Budgetary Reporting**  
**For the Year Ended June 30, 2013**

<b>Governmental and Proprietary Fund Types</b>			
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
<b>Revenues:</b>			
Taxes	\$ 1,133,372	\$ 1,462	\$ 1,134,834
Special Assessments	40,138	1,702	41,840
Licenses and Permits	15,224	-	15,224
Intergovernmental Revenue	594,520	(3,779)	590,741
Charges for Services	3,832,079	281	3,832,360
Fines and Forfeits	10,211	-	10,211
Contributions	50,271	-	50,271
Grants	19,415	(19,415)	-
Interest	18,790	(3,107)	15,683
Payment in Lieu of Taxes	119,526	-	119,526
Miscellaneous	369,230	(91,522)	277,708
<b>Total Revenues</b>	<b>6,202,776</b>	<b>(114,378)</b>	<b>6,088,398</b>
<b>Expenditures/Expenses:</b>			
Public Safety	526,091	8,062	534,153
Public Works	234,894	2,106	237,000
Culture and Recreation	478,986	3,752	482,738
Community and Economic Development	79,961	2,900	82,861
General Government	132,428	10,330	142,758
Capital Projects	42,840	(26,992)	15,848
Debt Service	188,393	-	188,393
Business-Type Activities	3,706,175	137,123	3,843,298
<b>Total Expenditures/Expenses</b>	<b>5,389,768</b>	<b>137,281</b>	<b>5,527,049</b>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	813,008	(251,659)	561,349
<b>Other Financing Sources (Uses):</b>			
Transfers In	188,053	-	188,053
Transfers Out	(188,053)	-	(188,053)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	813,008	(251,659)	561,349
Fund Balance/Retained Earnings at Beginning of Year	2,749,892	6,200,536	8,950,428
<b>Fund Balance/Retained Earnings at End of Year</b>	<b>\$ 3,562,900</b>	<b>\$ 5,948,877</b>	<b>\$ 9,511,777</b>

**SUPPLEMENTARY INFORMATION**

**CITY OF ONAWA, IOWA  
 COMBINING BALANCE SHEET  
 GOVERNMENTAL NONMAJOR FUNDS  
 JUNE 30, 2013**

	Special Revenue Fund I-Jobs	Capital Projects		
		2013 Street Project	Airport Project	Library Project
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 29,202	\$ -	\$ 12,756	\$ -
Investments	-	-	-	-
Accrued Interest	-	-	-	-
Total Assets	<u>29,202</u>	<u>-</u>	<u>12,756</u>	<u>-</u>
<b>LIABILITIES</b>				
Due to Other Funds	-	439	-	21,268
Total Liabilities	<u>-</u>	<u>439</u>	<u>-</u>	<u>21,268</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Perpetual Care	-	-	-	-
Endowment	-	-	-	-
Restricted For:				
I-Jobs	29,202	-	-	-
Assigned For:				
Capital Projects	-	-	12,756	-
Unassigned	-	(439)	-	(21,268)
Total Fund Balances (Deficits)	<u>29,202</u>	<u>(439)</u>	<u>12,756</u>	<u>(21,268)</u>
Total Liabilities and Fund Balances	<u>\$ 29,202</u>	<u>\$ -</u>	<u>\$ 12,756</u>	<u>\$ -</u>

Permanent Fund		Total
Cemetery Perpetual Care Fund	Library Endowment Fund	Governmental Nonmajor Funds
\$ 6,276	\$ -	\$ 48,234
86,500	33,000	119,500
240	20	260
<u>93,016</u>	<u>33,020</u>	<u>167,994</u>
-	-	21,707
-	-	<u>21,707</u>
93,016	-	93,016
-	33,020	33,020
-	-	29,202
-	-	12,756
-	-	(21,707)
<u>93,016</u>	<u>33,020</u>	<u>146,287</u>
<u>\$ 93,016</u>	<u>\$ 33,020</u>	<u>\$ 167,994</u>

**CITY OF ONAWA, IOWA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL NONMAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Fund I-Jobs	Capital Projects		
		2013 Street Project	Airport Project	Library Project
<b>Revenues:</b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Capital Projects	-	439	-	-
Total Expenditures	-	439	-	-
Excess (deficiency) of revenues over expenditures	-	(439)	-	-
<b>Other financing sources (uses):</b>				
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	-	(439)	-	-
Fund balances (deficits) -beginning of year	29,202	-	12,756	(21,268)
Fund balances (deficits) - end of year	\$ 29,202	\$ (439)	\$ 12,756	\$ (21,268)

Permanent Fund		Total
Cemetery Perpetual Care Fund	Library Endowment Fund	Governmental Nonmajor Funds
\$ 1,050	\$ -	\$ 1,050
418	182	600
<u>1,468</u>	<u>182</u>	<u>1,650</u>
-	-	439
-	-	<u>439</u>
1,468	182	1,211
(871)	(182)	(1,053)
<u>(871)</u>	<u>(182)</u>	<u>(1,053)</u>
597	-	158
<u>92,419</u>	<u>33,020</u>	<u>146,129</u>
<u>\$ 93,016</u>	<u>\$ 33,020</u>	<u>\$ 146,287</u>

**CITY OF ONAWA, IOWA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2013**

		<b>Risk Insurance</b>	<b>Health Insurance Deductibles</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash	\$	118,453	\$ 328	\$ 118,781
Accounts Receivable		-	650	650
Total Assets		<u>118,453</u>	<u>978</u>	<u>119,431</u>
<b>LIABILITIES</b>				
None		-	-	-
Total Liabilities		<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		<b>\$ 118,453</b>	<b>\$ 978</b>	<b>\$ 119,431</b>

**CITY OF ONAWA, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Risk Insurance</b>	<b>Health Insurance Deductibles</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Charges for Services to Operating Funds	\$ -	\$ 31,091	\$ 31,091
Total Operating Revenues	-	31,091	31,091
<b>Operating Expenses:</b>			
General Government	-	9,845	9,845
Total Operating Expenses	-	9,845	9,845
Operating Income	-	21,246	21,246
Net position - beginning	118,453	(20,268)	98,185
Net position - ending	\$ 118,453	\$ 978	\$ 119,431

**CITY OF ONAWA, IOWA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	Risk Insurance	Health Insurance Deductibles	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ -	\$ 31,041	\$ 31,041
Cash Paid to Suppliers	-	(10,039)	(10,039)
Net Cash Provided by Operating Activities	-	21,002	21,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Advances From (to) Other funds	118,453	(20,674)	97,779
Net Cash Provided (Used) for Investing Activities	118,453	(20,674)	97,779
Net Increase in Cash and Cash Equivalents	118,453	328	118,781
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ 118,453	\$ 328	\$ 118,781
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ -	\$ 21,246	\$ 21,246
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Decrease in Accounts Receivable	-	50	50
(Decrease) in Accounts Payable	-	(194)	(194)
Total Adjustments	-	(144)	(144)
Net Cash Provided by Operating Activities	\$ -	\$ 21,102	\$ 21,102

**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
Financial Trends	72 – 82
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	83 – 87
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	88 – 91
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.	
Demographic and Economic Information	92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	93 – 101
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.	

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 Position by Component<sup>1</sup>  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

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

Notes:

<sup>1</sup> Accounting standards require that the net position be reported in three components in the financial statements: Invested in capital assets, net of related debt; restricted and unrestricted. The net position is 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.

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 4,316,440	\$ 4,710,430	\$ 5,232,130	\$ 6,285,730	\$6,953,557	\$6,815,617
1,288,965	1,310,684	979,785	1,019,651	854,833	933,927
<u>1,569,514</u>	<u>1,492,477</u>	<u>1,453,877</u>	<u>639,341</u>	<u>741,099</u>	<u>1,148,477</u>
<u>\$ 7,174,919</u>	<u>\$ 7,513,591</u>	<u>\$ 7,665,792</u>	<u>\$ 7,944,722</u>	<u>\$8,549,489</u>	<u>\$8,898,021</u>
\$ 3,198,303	\$ 3,075,590	\$ 3,322,127	\$ 3,902,382	\$3,900,500	\$3,758,205
-	-	-	-	-	-
<u>4,492,369</u>	<u>4,361,240</u>	<u>4,003,467</u>	<u>3,624,599</u>	<u>3,528,035</u>	<u>3,749,200</u>
<u>\$ 7,690,672</u>	<u>\$ 7,436,830</u>	<u>\$ 7,325,594</u>	<u>\$ 7,526,981</u>	<u>\$ 7,428,535</u>	<u>\$ 7,507,405</u>
\$ 7,514,743	\$ 7,786,020	\$ 8,554,257	\$ 10,188,112	\$10,854,057	\$10,573,822
1,288,965	1,310,684	979,785	1,019,651	854,833	933,927
<u>6,061,883</u>	<u>5,853,717</u>	<u>5,457,344</u>	<u>4,263,940</u>	<u>4,269,134</u>	<u>4,897,677</u>
<u>\$ 14,865,591</u>	<u>\$ 14,950,421</u>	<u>\$ 14,991,386</u>	<u>\$ 15,471,703</u>	<u>\$15,978,024</u>	<u>\$16,405,426</u>

CITY OF ONAWA, IOWA

TABLE II

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

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

	<u>Fiscal Year</u>					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	522,880	\$ 531,966	\$ 544,259	\$ 537,893	\$ 594,434	\$ 588,187
	261,866	223,606	295,307	299,537	294,261	305,948
	560,377	550,496	554,150	520,619	603,589	563,787
	81,891	74,567	104,579	68,046	94,352	82,861
	187,646	217,204	204,968	274,008	372,720	253,949
	62,696	57,786	52,130	60,082	70,453	31,635
	<u>\$ 1,677,356</u>	<u>\$ 1,655,625</u>	<u>\$ 1,755,393</u>	<u>\$ 1,760,185</u>	<u>\$ 2,029,809</u>	<u>\$ 1,826,367</u>
\$	1,846,979	\$ 2,315,641	\$ 2,522,518	\$ 2,552,807	\$ 2,704,222	\$ 2,801,978
	354,763	406,944	360,061	438,065	474,458	452,160
	546,477	579,552	586,126	583,486	584,344	530,612
	<u>\$ 2,748,219</u>	<u>\$ 3,302,137</u>	<u>\$ 3,468,705</u>	<u>\$ 3,574,358</u>	<u>\$ 3,763,024</u>	<u>\$ 3,784,750</u>
	<u>\$ 4,425,575</u>	<u>\$ 4,957,762</u>	<u>\$ 5,224,098</u>	<u>\$ 5,334,543</u>	<u>\$ 5,792,833</u>	<u>\$ 5,611,117</u>
\$	11,160	\$ 8,905	\$ 5,993	\$ 8,404	\$ 5,230	\$ 6,670
	-	-	1,200	1,680	1,200	1,440
	76,468	82,070	73,854	91,749	88,948	83,377
	20,983	20,983	40,535	11,958	28,528	46,315
	443,136	448,699	406,090	349,756	339,068	381,812
	125,000	54,741	-	-	333,580	-
	<u>\$ 676,747</u>	<u>\$ 615,398</u>	<u>\$ 527,672</u>	<u>\$ 463,547</u>	<u>\$ 796,554</u>	<u>\$ 519,614</u>
\$	1,782,798	\$ 1,879,394	\$ 2,156,096	\$ 2,174,275	\$ 2,184,593	\$ 2,637,228
	295,074	358,309	353,034	378,616	420,417	457,313
	483,054	562,825	572,319	607,347	635,180	625,452
	<u>\$ 2,560,926</u>	<u>\$ 2,800,528</u>	<u>\$ 3,081,449</u>	<u>\$ 3,160,238</u>	<u>\$ 3,240,190</u>	<u>\$ 3,719,993</u>
	<u>\$ 3,237,673</u>	<u>\$ 3,415,926</u>	<u>\$ 3,609,121</u>	<u>\$ 3,623,785</u>	<u>\$ 4,036,744</u>	<u>\$ 4,239,607</u>
\$	(1,000,609)	\$ (1,040,227)	\$ (1,227,721)	\$ (1,296,638)	\$(1,233,255)	\$(1,306,753)
	(187,293)	(501,609)	(387,256)	(414,120)	(522,834)	(64,757)
	<u>\$ (1,187,902)</u>	<u>\$ (1,541,836)</u>	<u>\$ (1,614,977)</u>	<u>\$ (1,710,758)</u>	<u>\$(1,756,089)</u>	<u>\$(1,371,510)</u>

CITY OF ONAWA, IOWA

TABLE II (Continued)

Changes in Net Position<sup>1</sup>  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

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

Notes:

<sup>1</sup> 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.

	Fiscal Year					
	2008	2009	2010	2011	2012	2013
\$	965,446	\$ 885,342	\$ 895,992	\$ 982,281	\$ 1,043,148	\$1,134,834
	165,688	195,433	193,364	212,364	248,369	236,657
	110,437	66,164	49,132	32,691	24,590	15,007
	24,319	48,533	63,012	104,526	98,795	43,941
	88,672	92,484	102,418	112,917	116,200	119,526
	1,275	825	600	2,025	1,050	1,050
	61,572	64,518	63,404	116,764	293,870	92,270
	8,325	13,600	-	-	-	-
	12,000	12,000	12,000	12,000	12,000	12,000
\$	<u>1,437,734</u>	<u>\$ 1,378,899</u>	<u>\$ 1,379,922</u>	<u>\$ 1,575,568</u>	<u>\$ 1,838,022</u>	<u>\$1,655,285</u>
\$	92,421	\$ 60,091	\$ 40,815	\$ 13,387	\$ 2,850	\$ 676
	-	-	-	455,495	316,758	-
	23,619	16,774	17,854	15,469	21,446	18,761
	190,377	182,902	229,351	143,156	95,334	136,190
	4,064	-	-	-	-	-
	-	-	-	-	-	-
	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
\$	<u>298,481</u>	<u>\$ 247,767</u>	<u>\$ 276,020</u>	<u>\$ 615,507</u>	<u>\$ 424,388</u>	<u>\$ 143,627</u>
\$	<u>1,736,215</u>	<u>\$ 1,626,666</u>	<u>\$ 1,655,942</u>	<u>\$ 2,191,075</u>	<u>\$ 2,262,410</u>	<u>\$1,798,912</u>
\$	437,125	\$ 338,672	\$ 152,201	\$ 278,930	\$ 604,767	\$ 348,532
	111,188	(253,842)	(111,236)	201,387	(98,446)	78,870
\$	<u>548,313</u>	<u>\$ 84,830</u>	<u>\$ 40,965</u>	<u>\$ 480,317</u>	<u>\$ 506,321</u>	<u>\$ 427,402</u>

CITY OF ONAWA, IOWA

TABLE III

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Unreserved	\$ 1,387,212	\$ 1,408,105	\$ 1,507,762	\$ 1,661,160
Unassigned	-	-	-	-
Total General Fund	<u>\$ 1,387,212</u>	<u>\$ 1,408,105</u>	<u>\$ 1,507,762</u>	<u>\$ 1,661,160</u>
All Other Governmental Funds				
Reserved	\$ 232,713	\$ 114,345	\$ 116,325	\$ 121,522
Unreserved, reported in:				
Debt Service Fund	(40,842)	(8,348)	4,674	12,370
Special Revenue Funds	391,229	525,367	684,263	869,653
Capital Projects Funds	854,744	(599,243)	(701,834)	(466,044)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds <sup>1</sup>	<u>\$ 1,437,844</u>	<u>\$ 32,121</u>	<u>\$ 103,428</u>	<u>\$ 537,501</u>
Total Governmental Funds				
Reserved	\$ 232,713	\$ 114,345	\$ 116,325	\$ 121,522
Unreserved, reported in:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Governmental Funds	<u>\$ 2,825,056</u>	<u>\$ 1,440,226</u>	<u>\$ 1,611,190</u>	<u>\$ 2,198,661</u>

Notes:

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

The City implemented GASB 54 in 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,723,495	\$ 1,745,805	\$ 1,696,968	\$ -	\$ -	\$ -
-	-	-	1,814,096	1,967,789	2,080,722
<u>\$ 1,723,495</u>	<u>\$ 1,745,805</u>	<u>\$ 1,696,968</u>	<u>\$ 1,814,096</u>	<u>\$ 1,967,789</u>	<u>\$ 2,080,722</u>
\$ 122,463	\$ 124,083	\$ 122,824	\$ -	\$ -	\$ -
13,381	14,708	14,821	-	-	-
1,100,105	1,114,203	754,545	-	-	-
(462,151)	(510,466)	(397,118)	-	-	-
-	-	-	124,606	125,439	126,036
-	-	-	924,579	758,596	807,891
-	-	-	12,756	12,756	12,756
-	-	-	(1,409,645)	(1,440,872)	(1,142,464)
<u>\$ 773,798</u>	<u>\$ 742,528</u>	<u>\$ 495,072</u>	<u>\$ (347,704)</u>	<u>\$ (544,081)</u>	<u>\$ (195,781)</u>
\$ 122,463	\$ 124,083	\$ 122,824	\$ -	\$ -	\$ -
2,374,830	2,364,250	2,069,216	-	-	-
-	-	-	124,606	125,439	126,036
-	-	-	924,579	758,596	807,891
-	-	-	12,756	12,756	12,756
-	-	-	404,451	526,917	938,258
<u>\$ 2,497,293</u>	<u>\$ 2,488,333</u>	<u>\$ 2,192,040</u>	<u>\$ 1,466,392</u>	<u>\$ 1,423,708</u>	<u>\$ 1,884,941</u>

CITY OF ONAWA, IOWA

TABLE IV

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>				
Taxes	\$ 1,010,540	\$ 1,124,437	\$ 1,055,853	\$ 1,128,832
Special Assessments	63,047	82,285	28,791	82,372
Licenses and Permits	21,470	28,813	26,446	34,298
Intergovernmental Revenue	468,180	497,583	496,157	469,443
Charges for Services	71,991	84,338	76,924	84,727
Fines and Forfeits	13,356	8,066	14,848	14,885
Contributions	364,420	278,773	146,917	66,161
Grants	60,000	-	-	-
Interest	68,431	75,957	95,990	121,100
Payment in Lieu of Taxes	84,552	87,654	86,578	92,785
Miscellaneous	46,107	31,136	34,490	102,312
Total Revenues	<u>\$ 2,272,094</u>	<u>\$ 2,299,042</u>	<u>\$ 2,062,994</u>	<u>\$ 2,196,915</u>
<b>Expenditures<sup>1</sup></b>				
Public Safety	\$ 419,319	\$ 495,741	\$ 449,045	\$ 481,879
Public Works	296,917	195,237	282,362	232,819
Culture and Recreation	448,863	363,075	403,074	386,380
Community and Economic Development	153,740	359,477	95,261	86,137
General Government	153,604	140,858	162,244	127,417
Capital Projects	932,109	1,975,890	278,639	127,851
Debt Service				
Principal Retirements	60,000	145,000	645,000	150,000
Interest	67,148	85,887	81,405	71,961
Total Expenditures	<u>\$ 2,531,700</u>	<u>\$ 3,761,165</u>	<u>\$ 2,397,030</u>	<u>\$ 1,664,444</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (259,606)	\$ (1,462,123)	\$ (334,036)	\$ 532,471
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Bonds	\$ 1,500,000	\$ -	\$ 505,000	\$ -
Transfers In	387,915	545,989	341,755	591,110
Transfers Out	(387,915)	(468,696)	(341,755)	(551,110)
Sale of Real Estate and Other Assets	-	-	-	15,000
Total Other Financing Sources (Uses)	<u>\$ 1,500,000</u>	<u>\$ 77,293</u>	<u>\$ 505,000</u>	<u>\$ 55,000</u>
Net change in fund balances	<u>\$ 1,240,394</u>	<u>\$ (1,384,830)</u>	<u>\$ 170,964</u>	<u>\$ 587,471</u>
Total Capital Expenditures from Reconciliation of Statement of Revenues, expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities				
	1,134,661	2,413,445	445,746	157,446
Debt service as a percentage of non-capital expenditures <sup>2</sup>				
	9.10%	17.13%	37.23%	14.73%

	<u>Fiscal Year</u>					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	965,446	\$ 885,342	\$ 895,992	\$ 981,688	\$1,043,148	\$1,134,834
	74,235	103,828	65,997	44,009	22,118	41,840
	30,449	35,050	37,345	9,338	14,102	15,224
	474,859	500,149	527,807	604,801	966,016	590,741
	75,109	82,322	71,274	89,614	86,577	81,276
	13,934	11,636	9,773	12,219	8,801	10,211
	36,430	97,927	104,370	39,567	32,891	50,271
	-	-	-	-	-	-
	110,437	66,164	49,132	33,284	24,590	15,007
	88,672	92,484	102,418	112,917	116,200	119,526
	195,420	69,318	69,997	128,160	315,826	74,054
	<u>\$ 2,064,991</u>	<u>\$ 1,944,220</u>	<u>\$ 1,934,105</u>	<u>\$ 2,055,597</u>	<u>\$2,630,269</u>	<u>\$2,132,984</u>
\$	543,171	\$ 652,694	\$ 527,035	\$ 536,217	\$ 542,856	\$ 534,153
	259,566	315,799	348,416	379,258	330,149	237,000
	410,044	489,568	509,251	628,515	497,388	482,738
	81,891	74,567	104,579	68,046	94,352	82,861
	143,970	143,245	130,196	213,853	302,263	142,758
	195,438	146,256	395,296	1,372,769	637,991	15,848
	165,000	175,000	175,000	185,000	1,035,000	160,000
	63,270	58,255	52,625	59,587	74,954	28,393
	<u>\$ 1,862,350</u>	<u>\$ 2,055,384</u>	<u>\$ 2,242,398</u>	<u>\$ 3,443,245</u>	<u>\$3,514,953</u>	<u>\$1,683,751</u>
\$	202,641	\$ (111,164)	\$ (308,293)	\$(1,387,648)	\$(884,684)	\$ 449,233
\$	-	\$ -	\$ -	\$ 650,000	\$ 830,000	\$ -
	372,796	303,972	867,760	248,454	595,516	188,053
	(360,796)	(291,972)	(855,760)	(236,454)	(583,516)	(176,053)
	83,325	50,000	-	-	-	-
	<u>\$ 95,325</u>	<u>\$ 62,000</u>	<u>\$ 12,000</u>	<u>\$ 662,000</u>	<u>\$ 842,000</u>	<u>\$ 12,000</u>
	<u>\$ 297,966</u>	<u>\$ (49,164)</u>	<u>\$ (296,293)</u>	<u>\$ (725,648)</u>	<u>\$ (42,684)</u>	<u>\$ 461,233</u>
	315,792	509,351	564,534	1,787,011	815,748	149,327
	14.76%	15.09%	13.57%	14.77%	41.12%	12.28%

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>Public Safety</u>	<u>Public Works</u>	<u>Culture &amp; Recreation</u>	<u>Community &amp; Economic Development</u>	<u>General Government</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
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
2008-09	652,694	315,799	489,568	74,567	143,245	233,255	146,256	2,055,384
2009-10	527,035	348,416	509,251	104,579	130,196	227,625	395,296	2,242,398
2010-11	536,217	379,258	628,515	68,046	213,853	244,587	1,372,769	3,443,245
2011-12	542,856	330,149	497,388	94,352	302,263	1,109,954	637,991	3,514,953
2012-13	\$ 534,153	\$ 237,439	\$ 526,804	\$ 38,795	\$ 142,758	\$ 188,393	\$ 15,409	\$1,683,751

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>
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	382,358	2,195,915
2007-08	965,446	30,449	474,859	75,109	13,934	74,235	430,959	2,064,991
2008-09	885,342	35,050	500,149	82,322	11,636	103,828	325,893	1,944,220
2009-10	895,992	37,345	527,807	71,274	9,773	65,997	325,917	1,934,105
2010-11	981,688	9,338	604,801	89,614	12,219	44,009	963,928	2,705,597
2011-12	1,043,148	14,102	966,016	86,577	8,801	22,118	489,507	2,630,269
2012-13	\$1,134,834	\$ 15,224	\$ 590,741	\$ 81,276	\$ 10,211	\$ 41,848	\$ 258,850	\$2,132,984

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<sup>1</sup></u>
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	687,004	100.17	5,660
2008-09	744,688	752,215	101.01	224
2009-10	798,699	793,710	99.38	6,420
2010-11	832,457	818,634	98.34	6,107
2011-12	882,881	867,616	98.27	7,698
2012-13	\$ 893,733	\$ 875,623	97.97%	\$ 8,584

TABLE VIII

Assessed and Taxable Value of Property  
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Real Property</u>	
	<u>Assessed Value</u>	<u>Taxable Value</u>
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
2008-09	100,630,414	59,526,703
2009-10	102,400,242	59,085,451
2010-11	104,873,399	60,650,334
2011-12	106,047,339	62,494,514
2012-13	\$106,951,407	\$62,344,840

<sup>1</sup> The Monona County Treasurer's Office does not record for which year delinquent payments are made therefore delinquent collections are all included in one amount.

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
\$ 550,471	99.68%
593,380	96.81
687,561	97.84
656,078	97.84
674,760	100.99
752,439	101.04
800,136	100.18
824,741	99.07
875,314	99.14
\$ 884,207	98.93%

<u>Utilities</u>		<u>Total</u>		<u>Ratio of Total Taxable Value</u>	<u>City's Total Direct Rate</u>
<u>Assessed Value</u>	<u>Taxable Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>		
\$1,607,102	\$1,607,102	\$ 92,670,088	\$60,011,516	64.76%	12.20166
406,150	406,150	93,316,086	57,741,439	61.88	13.65668
442,291	442,291	96,886,902	60,554,613	62.50	13.61467
511,068	511,068	96,406,430	58,964,966	61.16	13.97673
441,847	441,847	96,901,289	58,767,376	60.65	13.08122
476,986	476,986	101,107,400	60,003,689	59.35	13.05176
441,788	441,788	102,842,030	59,527,239	57.88	13.24699
372,360	372,360	105,245,759	61,022,694	57.98	13.42917
289,712	289,712	106,337,051	62,784,226	59.04	13.78411
\$ 262,097	\$ 262,097	\$107,213,564	\$62,606,937	58.39%	13.89426

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

City of Onawa				
Tax Rates				
Fiscal Year	General	Special Revenue	Debt Service	Total Direct
2003-04	9.67543	2.33942	0.18681	12.20166
2004-05	9.85210	1.35698	2.44760	13.65668
2005-06	9.78634	1.55807	2.27026	13.61467
2006-07	9.90098	1.77006	2.30569	13.97673
2007-08	9.68263	1.14266	2.25593	13.08122
2008-09	9.57487	1.22236	2.25453	13.05176
2009-10	9.51294	1.60857	2.12548	13.24699
2010-11	9.48824	1.87545	2.06548	13.42917
2011-12	9.46065	1.49049	2.83297	13.78411
2012-13	9.46336	1.67713	2.75377	13.89426

Tax Levies				
2003-04	436,736	104,636	10,864	552,236
2004-05	416,593	57,695	138,675	612,963
2005-06	487,292	78,000	137,475	702,767
2006-07	456,405	82,164	135,955	674,524
2007-08	495,282	58,000	132,575	685,857
2008-09	540,856	68,552	135,280	744,688
2009-10	570,320	95,754	132,625	798,699
2010-11	583,267	114,445	134,745	832,457
2011-12	598,435	93,579	190,867	882,881
2012-13	597,085	105,000	191,648	893,773

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.

Overlapping

Tax Rates					
West Monona School	Monona County	Western Iowa Tech	State Levy	Total Overlapping	Total Direct and Overlapping
11.84505	6.38161	0.54141	0.00400	18.77207	30.97373
12.34320	6.86233	0.57204	0.00400	19.78157	33.43825
13.38780	7.06811	0.69873	0.00400	21.15864	34.77331
15.68733	7.11172	0.71282	0.00400	23.51587	37.49260
15.80332	7.16224	0.73555	0.00350	23.70461	36.78583
14.83407	8.21534	0.82762	0.00350	23.88053	36.93229
15.05894	7.71758	0.82137	0.00300	23.60089	36.84788
14.98761	7.78490	0.81778	0.00340	23.59369	37.02286
14.89493	7.66076	0.77869	0.00320	23.33758	37.12169
16.73448	7.68089	0.77849	0.00330	25.19716	39.09142

Tax Levies

710,839	382,970	32,491	240	1,126,540	1,678,776
712,714	396,240	33,030	231	1,142,215	1,755,178
810,693	428,007	42,311	242	1,281,253	1,984,547
925,003	419,342	41,442	236	1,386,023	2,060,547
928,720	420,906	43,226	207	1,393,059	2,078,916
890,099	492,951	49,660	210	1,432,920	2,177,608
896,417	459,406	48,894	179	1,404,896	2,203,595
914,584	475,056	49,903	207	1,439,750	2,272,207
935,167	480,975	48,889	201	1,465,232	2,348,113
1,047,695	480,877	48,739	207	1,577,518	2,471,291

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>
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	191,787
2007-08	259,511	67,724	26.10	154,435
2008-09	292,046	90,455	30.97	201,591
2009-10	210,254	51,968	24.72	158,286
2010-11	205,517	44,009	21.41	161,508
2011-12	161,508	38,695	23.96	122,813
2012-13	\$ 165,178	\$ 41,840	25.33%	\$ 123,338

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>
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	13,381	1,516,619	.026 to 1	501.90	2.74
2008-09	3,091	60,003,689	1,355,000	14,708	1,340,292	.022 to 1	433.61	2.42
2009-10	3,091	59,527,239	1,180,000	14,821	1,165,179	.020 to 1	376.96	2.10
2010-11	2,998	61,022,694	1,645,000	6,675	1,638,325	.027 to 1	546.47	2.28
2011-12	2,998	62,784,226	1,440,000	4,638	1,435,362	.023 to 1	478.77	1.99
2012-13	2,998	\$62,606,937	\$1,280,000	\$ -	\$1,280,000	.020 to 1	\$ 426.95	1.78%

Note: City-wide personal income data from the year 2010 and 2000 in the amount of \$72,011,960 and \$55,415,448 respectively, from Table XVI, was used to calculate the net bonded debt as a percentage of personal income.

CITY OF ONAWA, IOWA

TABLE XII

Legal Debt Margin Information  
Last Ten Fiscal Years

	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 4,633,504	\$ 4,665,804	\$ 4,817,537	\$ 4,820,322
Total Net Debt Applicable to Limit	<u>2,151,429</u>	<u>1,995,715</u>	<u>1,845,000</u>	<u>1,695,000</u>
Legal Debt Margin	\$ 2,482,075	\$ 2,670,089	\$ 2,972,537	\$ 3,125,322
Total Net Debt Applicable to the Limit as a percentage of debt limit	46.43%	42.77%	38.30%	35.16%

TABLE XIII

Computation of Legal Debt Margin  
June 30, 2013

Assessed Property Value Total Real Estate and Corporation	<u>\$ 107,213,564</u>
Debt Limit - 5% of Total Actual Valuation	\$ 5,360,678
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	<u>1,280,000</u>
Legal Debt Margin	<u>\$ 4,080,678</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.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 4,845,064	\$ 5,055,370	\$ 5,142,102	\$ 5,262,288	\$ 5,316,853	\$ 5,360,678
<u>1,530,000</u>	<u>1,355,000</u>	<u>1,180,000</u>	<u>1,645,000</u>	<u>1,440,000</u>	<u>1,280,000</u>
\$ 3,315,064	\$ 3,700,370	\$ 3,962,102	\$ 3,617,288	\$ 3,876,853	\$ 4,080,678
31.58%	26.80%	22.95%	31.26%	27.08%	23.88%

CITY OF ONAWA, IOWA

TABLE XIV

Computation of Direct and Overlapping Debt  
June 30, 2013

<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>1,280,000</u>	100%	\$ <u>1,280,000</u>
Total	\$ <u>1,280,000</u>		\$ <u>1,280,000</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>
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
2008-09	175,000	58,255	233,255	1,316,205	17.72
2009-10	175,000	52,625	227,625	1,294,023	17.59
2010-11	185,000	59,587	244,587	1,258,023	19.44
2011-12	205,000	59,478	264,478	1,399,816	18.89
2012-13	\$ 160,000	\$ 28,393	\$ 188,393	\$1,214,312	15.51%

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 %
2010	2,998	\$ 72,011,960	\$ 24,020	43.8	678	7.4 %

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 Deposits (2) (3)
	No. of Units	No. of Value	Units	Value	(in Thousands)
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
2008-09	(1)	171,622	3	380,875	112,534
2009-10	1	60,000	5	462,000	102,953
2010-11	5	3,045,030	5	920,000	127,404
2011-12	20	6,191,860	74	456,471	130,315
2012-13	9	\$ 577,890	62	\$ 615,646	\$ 135,931

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, 2013  
Last Ten Fiscal Years

<u>Taxpayer</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Iowa Lincoln County Property, LLC				
Western Iowa Cooperative	\$ 750,422	\$ 1,659,824	\$ 1,659,824	\$ 1,688,462
Vetter Equipment	1,015,000	1,015,000	850,000	850,000
Onawa – Pam Limited Partnership	1,207,409	1,146,494	1,146,494	1,146,494
Westendorf, Inc.	1,140,984	1,061,653	1,061,653	1,061,653
Union Pacific Railroad				
Bradley Properties, LLC		824,000	824,000	824,000
Matthew and Christine Westendorf				
James W & Diane P Stangel		597,279	597,279	
Qwest Corp				
Regal Manors of Onawa, Inc.	2,319,778	2,299,145	2,299,145	2,299,145
Richard Stillman				
NFG, LLC.	743,744			
NILS Holdings LLC	813,288	738,098	738,098	738,098
Timothy and Brenda Peters				
Brett and Debra Ewing	896,335	647,179	647,179	647,179
Sarah and Derek Cartmill	821,460	629,559	629,559	629,199
Longlines, Inc.	688,429			593,720
	<u>\$10,396,849</u>	<u>\$10,618,231</u>	<u>\$10,453,231</u>	<u>\$10,477,950</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
				\$ 3,419,584	\$ 2,896,591
\$ 2,359,905	\$ 3,054,167	\$ 3,330,662	\$ 3,370,908	3,342,982	2,874,460
850,000	850,000	890,817	1,293,471	1,177,100	1,012,306
1,103,855	1,061,214	1,124,887	1,166,507	1,166,507	1,012,004
1,009,529	1,009,529	1,009,529	1,012,004	1,012,004	1,003,197
					936,232
824,000	824,000	873,662	879,028	879,028	755,964
695,615	771,906	771,906	720,688	720,688	720,688
				748,529	690,305
					668,140
2,621,918	2,527,859	2,724,305	2,984,226		
824,040	912,678	762,665	675,057		
		754,007	770,914	754,071	
724,983	711,870	754,582	733,129	733,129	
	626,651				
659,824					
<u>\$11,673,669</u>	<u>\$12,349,874</u>	<u>\$12,997,022</u>	<u>\$13,605,932</u>	<u>\$13,953,622</u>	<u>\$12,569,887</u>

CITY OF ONAWA, IOWA

TABLE XIX

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Function</b>										
General Government	4	4	4	4	4	4	4	4	4	4
Library	2.5	2.5	2.6	2.6	2.6	2.6	3.5	2.7	2.7	2.6
Public Safety										
Police Officers	6	6	6	6	6	6	6	6	6.4	6.3
Fire Volunteers	24	24	24	24	24	25	22	22	22	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	6	7	7	7	7	7	7	7	3.1	3.3
Electric	4	4	4	4	4	4	4	4	3	3
Water	3	3	3	3	3	3	3	3	3	3
Sewer	3	3	3	3	3	3	3	3	3	2
	<u>54</u>	<u>55</u>	<u>55.1</u>	<u>55.1</u>	<u>55.1</u>	<u>56.1</u>	<u>54</u>	<u>53.2</u>	<u>48.7</u>	<u>49.7</u>

Source: City of Onawa Accounting Department

CITY OF ONAWA, IOWA

TABLE XX

Principal Employers

<u>Employer</u>	<u>Employees</u>					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Burgess Health Center	221	245	250	250	252	261
West Monona School District	101	110	128	131	123	117
Monona County	110	110	109	107	105	106
Elmwood Care Center	85	89	81	80	81	62
Westendorf Manufacturing, Inc	75	74	74	74	72	89
City of Onawa	71	65	64	62	55	59
McDonald's Restaurant	49	55	47	41	48	48
Crossroads of Western Iowa	41	50	38	36	37	36
Vaughn Foods	40	38	39	40	35	37
Stangel Pharmacy	26	35	34	32	28	28

Source: Monona County Economic Development Partnership  
Iowa Area Development Group and direct  
communication with employers.

Note: Comparative data for 2003-2007 is not currently available  
The total employment of the City of Onawa is not available

CITY OF ONAWA, IOWA

TABLE XXI

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police				
Physical Arrests	174	154	136	190
Parking Violations	48	203	47	24
Traffic Violations	462	174	222	183
Fire				
Number of Calls Answered	43	46	64	47
Highways and Streets				
Street Maintenance (Miles)	40	40	40	40
Street Reconstruction (Blocks)	10	19	14	17
Building Permits				
Number	88	87	81	67
Value	3,717,616	4,841,880	1,904,285	5,353,689
Permit Fees	2,000	3,315	4,565	2,420
Water				
Water Pumped (in thousands of gallons)	183,600	177,991	193,084	173,487
Water Billed (in thousands of gallons)	107,433	96,013	103,043	99,765
Percent Accountable	59%	54%	53%	58%

Source: City of Onawa Accounting Department

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
117	81	76	78	112	155
7	7	4	-	3	-
133	119	191	105	134	220
54	38	32	54	56	57
32	32	32	35	35	35
12	5	2	-	5	5
77	87	95	79	94	71
3,290,666	919,105	1,103,609	4,352,815	6,648,331	1,193,536
3,325	3,020	4,210	3,700	8,210	8,450
159,913	169,416	177,128	194,567	195,525	189,069
97,374	97,568	91,268	97,220	92,224	89,655
61%	58%	52%	50%	47%	47%

CITY OF ONAWA, IOWA

TABLE XXII

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police				
Stations	1	1	1	1
Patrol Units	6	6	6	6
Fire Stations	2	2	2	2
Highways and Streets				
Streets City Maintained (miles)	40	40	40	40
Culture and Recreation				
Parks	4	4	4	4
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	1	1	1	1
Cemetery				
Cemeteries (acres)	21	21	21	21
Water				
Water Mains (miles)	n/a	28	28	28
Number of Service Connections	1,389	1,384	1,385	1,391
Daily Ave. Consumption in Gallons	501,546	485,912	527,396	473,807
Fire Hydrants	n/a	n/a	n/a	96
Maximum Daily Capacity (thousands in gallons)	1,728,000	1,728,000	1,728,000	1,728,000
Sewer				
Sanitary Sewer (miles)	n/a	39.5	39.5	39.5
Number of Treatment Plants	1	1	1	1
Number of Service Connections	1,361	1,355	1,356	1,364
Daily Ave. Treatments in Gallons	264,406	241,986	262,988	230,645
Maximum Daily Capacity (thousands in gallons)	852,000	852,000	852,000	852,000

Source: City of Onawa Accounting Department

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	1
6	6	6	6	6	7
2	2	2	2	1	1
40	32	32	35.3	35.3	35.3
4	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	1	1	1	1	1
21	21	21	21	21	21
28	28.5	40	40	40	40
1,394	1,398	1,494	1,488	1,487	1,494
438,118	464,153	485,304	533,060	534,221	517,997
96	99	100	101	101	101
1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
39.5	39.5	39.75	39.75	39.75	39.75
1	1	1	1	1	1
1,368	1,373	1,388	1,382	1,385	1,388
264,967	253,145	417,047	538,151	386,691	276,644
852,000	852,000	852,000	852,000	852,000	852,000

CITY OF ONAWA, IOWA

TABLE XXIII

Miscellaneous Statistics

Date of Incorporation	1859
Form of Government	Mayor - Council
Area	5.3 Sq Miles
Miles of Streets	35.3
Number of Street Lights	414
Fire Protection:	
Number of Stations	1
Number of Volunteer Firemen	24
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	7
Education:	
Number of Schools	1 Public (Elementary, Middle, High School Early Childhood Development)
Municipal Water Department:	
Number of Consumers	1,494
Average Daily Consumption	517,997 Gallons
Miles of Water Mains	40 Miles
Miles of Sewers:	
Sanitary Sewers	39.75 Miles
Lift Stations	4
Building Permits Issued 2012-13	71
Recreation and Culture	
Number of Parks	4
Number of Libraries	1
Number of Volumes	31,742
Total Library Circulation	31,287

## COMMENTS AND RECOMMENDATIONS

CITY OF ONAWA, IOWA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012

Status of Prior Audit Findings

II-A-12 Segregation of Accounting Functions

Observation - The finding was incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendation - The auditor recommended 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.

Current Status - The City did not correct this weakness, and it is renumbered below as II-A-13.

III-H-12 Financial Condition

Condition - The finding was fund deficits in several individual funds.

Recommendation - The auditor recommended the City monitor these funds and investigate alternatives to eliminate these deficits.

Current Status - The City did not correct this audit finding, and it is renumbered below as III-H-13.

III-I-12 Water Loss

Condition - The finding was percentage water loss calculated was significantly greater than the allowable rate set by the Iowa Department of Natural Resources.

Recommendation - The auditor recommended the City should ensure all usage locations are metered and all meters are read on a routine basis. In addition, the City should attempt to locate major leaks and repair or replace as necessary.

Current Status - The City did not correct this audit finding, and it is renumbered below as III-I-13.

III-J-12 Annual Financial Report

Condition - The finding was the annual financial report was not filed by December 1.

Recommendation - The auditor recommended the City should file the report by December 1.

Current Status - The City did not correct this audit finding, and it is renumbered below as III-J-13.

III-K-12 Revenue Bond

Condition - The finding was the City did not meet required net revenue bond covenants in the Water System.

Recommendation - The auditor recommended the City review water rates and implement cost controls.

Current Status - The City corrected this audit finding.

CITY OF ONAWA, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

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 non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Material Weakness:

II-A-13 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 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 a limited number of personnel available and we accept 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 controls impossible.

Instances of Non-Compliance:

No matters were reported.

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Part III: Other Findings Related to Required Statutory Reporting

- III-A-13     Certified Budget - Disbursements did not exceed the amount budgeted in any function and the amended budget was adopted by May 31.
- III-B-13     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-13     Travel Expense - No expenditures of City money for travel expense of spouses of City officials or employees were noted.
- III-D-13     Business Transactions - No significant transactions between the City and City officials or employees were noted.
- III-E-13     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-13     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. Publication of Council minutes appear to be completed within fifteen days.
- III-G-13     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-13     Financial Condition - There were fund deficits in the following individual funds at June 30, 2013:

Special Revenue - TIF	\$ 10,385
Debt Service	\$ 9,976
Capital Project - Library Expansion	\$ 21,268
Capital Project - 2011 Street Project	\$ 649,614
Capital Project - Fire Station	\$ 450,782
Capital Project - 2013 Street Project	\$ 439

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.

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

III-I-13 Water Loss - The percentage water loss calculated was significantly greater than the allowable rate set by the Iowa Department of Natural Resources.

Recommendation - The City should ensure all usage locations are metered and all meters are read on a routine basis. In addition, the City should attempt to locate major leaks and repair or replace as necessary.

Response - The City is in the process of trying to identify potential leaks in the water system and are continually replacing water meters.

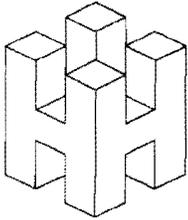
Conclusion - Response accepted.

III-J-13 Annual Financial Report - The annual financial report was not filed by December 1.

Recommendation - The annual financial report in future years should be completed by December 1 to comply with the Code of the State of Iowa.

Response - Historically, we have waited until the completion of the audit to ensure accuracy.

Conclusion - Response accepted.



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Onawa, Iowa's basic financial statements and have issued our report thereon date December 9, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Onawa, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Onawa, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Onawa, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Onawa, Iowa's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

*A significant deficiency* is a deficiency or a combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

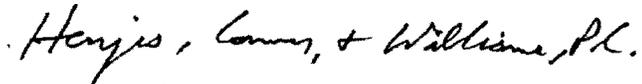
As part of obtaining reasonable assurance about whether the City of Onawa, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

### **City of Onawa, Iowa's Response to Findings**

The City of Onawa, Iowa's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. City of Onawa, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

  
Certified Public Accountants

Sioux City, Iowa  
December 9, 2013