

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF OTTUMWA, IOWA**

**FOR THE
FISCAL YEAR ENDED
JUNE 30, 2014**

DEPARTMENT OF FINANCE

**ROBERT P. JAY, JR.
DIRECTOR OF FINANCE**

CITY OF OTTUMWA, IOWA

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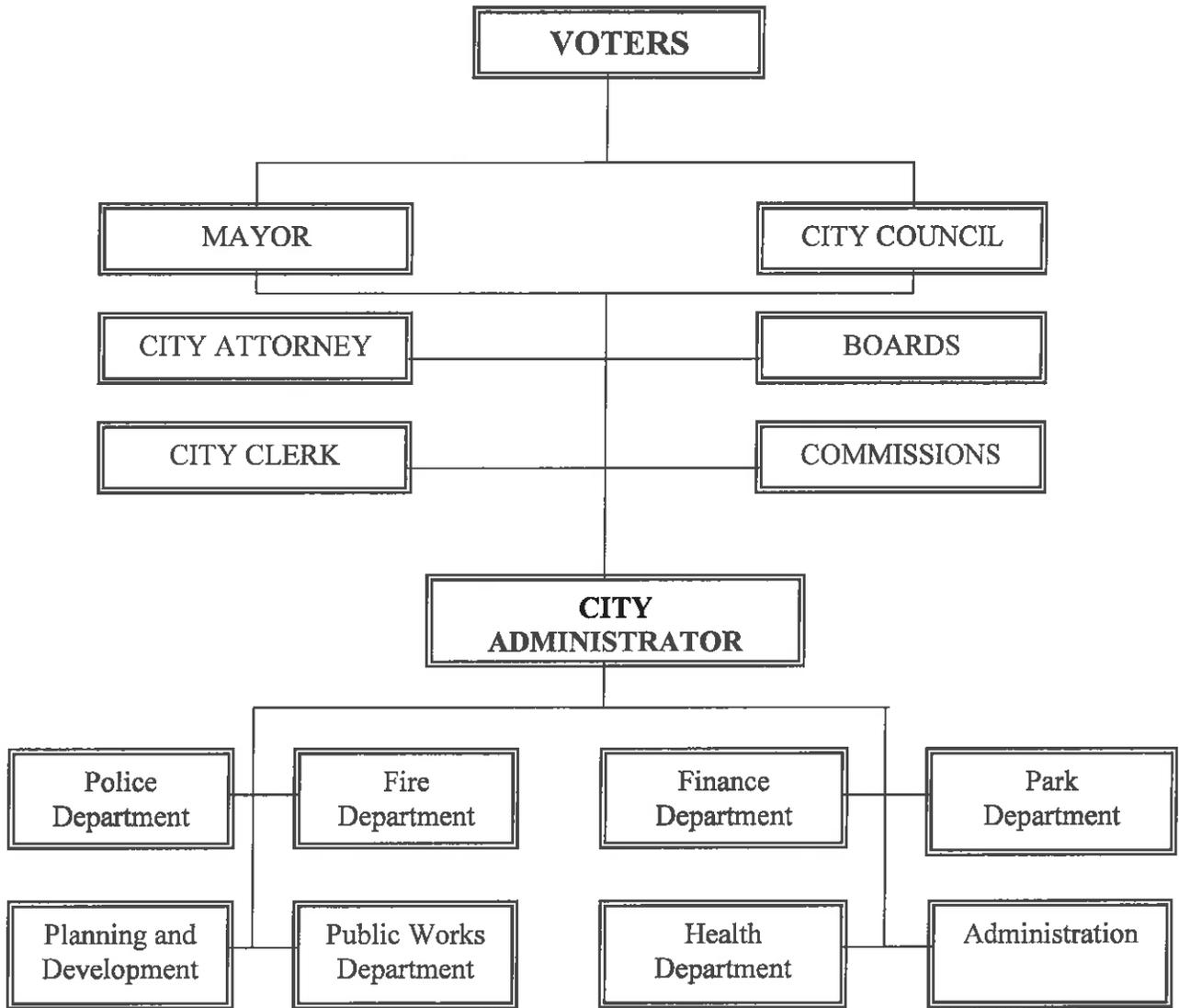
COMPREHENSIVE ANNUAL REPORT

CITY OF OTTUMWA, IOWA

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------------|----------------------------|---------------------|
| (Before January 2014) | | |
| Frank Flanders | Mayor | January 2, 2014 |
| Jeremy Weller | Council Member | January 2, 2014 |
| Brian Morgan | Council Member | January 2, 2014 |
| Bob Meyers | Council Member | January 2, 2014 |
| John Richards | Council Member | January 2, 2016 |
| Mitch Niner | Council Member | January 2, 2016 |
| Robert Jay, Jr. | Finance Director/Treasurer | Indefinite |
| Amanda Valent | City Clerk | Indefinite |
| Joseph Helfenberger | City Administrator | Indefinite |
| Joni Keith | City Attorney | Indefinite |
| (After January 2014) | | |
| Tom Lazio | Mayor | January 2, 2016 |
| John Richards | Council Member | January 2, 2016 |
| Mitch Niner | Council Member | January 2, 2016 |
| Skip Stevens | Council Member | January 2, 2018 |
| Matt Dalbey | Council Member | January 2, 2018 |
| Bob Meyers | Council Member | January 2, 2018 |
| Robert Jay, Jr. | Finance Director/Treasurer | Indefinite |
| Amanda Valent | City Clerk | Indefinite |
| Joseph Helfenberger | City Administrator | Indefinite |
| Joni Keith | City Attorney | Indefinite |

CITY OF OTTUMWA





December 24, 2014

To the Honorable Mayor, Members of the
City Council, City Administrator
and Citizens of the City of Ottumwa

State law requires that every City with a population over 700 complete a set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Anderson, Larkin & Co. P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Ottumwa, incorporated in 1851, is located in the southeastern part of the state. It currently occupies 16 square miles and serves a population of 25,023. The City of Ottumwa is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The City of Ottumwa has operated under the Mayor-Council form of government since 1988 with an appointed city administrator. Policy-making and legislative authority are vested in the City Council consisting of five members, all elected on a non-partisan basis. The Council appoints the city administrator, who in turn appoints the heads of the various departments. Council members serve four-year terms, with three and two members elected every two years. The mayor is elected for a two-year term. The mayor and council members are all elected at large.

The City of Ottumwa provides a full range of municipal services. These services include public safety (Police and Fire), solid waste disposal, parks and recreation, planning and zoning, water and sewer, public improvements, airport, health and social services, mass transportation and general administrative services.

The Ottumwa Housing Authority and Ottumwa Water & Hydro are considered by the City to be substantially autonomous organizations and are, therefore, not included in this report. The City has two funds that are presented on discrete presentation basis. They are the Hazardous Materials (operated by the Ottumwa Fire Department) and 10-15 Transit (operated by Ottumwa Transit) funds. Both are the result of Chapter 28.e agreements executed by County governments in Southeast Iowa. The City is in charge of accounting, cash management and financial reporting for these 28.e organizations, however, they operate autonomously from the City Council, thus they are presented discretely. Effective January 1, 2014, 10-15 Transit separated from the administrative control of the City of Ottumwa. 10-15 Transit's Board is providing administrative oversight for the entity. The City of Ottumwa is no longer in charge of the accounting, cash management and financial reporting for 10-15 Transit.

City of Ottumwa
105 East Third Street, Ottumwa, Iowa 52501
Telephone 641-683-0600 Fax 641-683-0613

In accordance with the Code of Iowa, the City Council annually adopts a budget on substantially the same basis used for financial reporting following required public notice and hearing for all funds. The City budgets capital items and debt principal in the proprietary funds. In addition, depreciation is not budgeted in the proprietary funds. Amendments to the budget are considered and reviewed throughout the fiscal year. Amendments are subject to departmental review and by justification of the city administrator. The budget is formally amended by the City Council following the required public notice and hearing. Annual appropriated budgets are adopted for all City funds. All annual appropriations lapse at fiscal year end.

Formal and legal budgetary control is based upon nine major classes of expenditures, known as functions, not by fund. These nine functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Expenditures may not exceed the overall appropriation for the City. Management may transfer appropriations within each function.

The city administrator presents the annual budget to the City Council for consideration no later than January 31. The Council holds hearings with the public prior to the budget being adopted. By March 15, the adopted budget is certified to the County Auditor who, in turn, certifies the City budget to the Iowa Department of Management.

This budget is effective July 1 and becomes the appropriations for the fiscal year. Strong emphasis is placed on monitoring of budgets especially by major classifications such as personal services, commodities and contractual services and capital outlay. Monthly reports are prepared for each activity and program in order to assure that program expenditures do not exceed budgeted amounts.

Ottumwa has a diversified industrial base and is the manufacturing center for Southeast Iowa. Cargill Meat Solutions and John Deere Ottumwa Works employ 2,500 and 895 respectively. Please refer to the statistical section for more information on major employers in the City.

Public safety costs continue to increase and consume 81% of the net General Fund expenditures (property taxes). Expenses for Public Service have been increasing as well due in part to using local option sales tax to finance an expanded street repair program.

Long-term Financial Planning

The unassigned fund balance in the General Fund was 33% of General Fund revenue. The City Council does not have a formal policy on a targeted fund balance.

Major Initiatives

The Ottumwa Sewer Separation Project's are under construction. Phase 1 was completed June 30, 2008 at a cost of approximately \$9 million. Phase 2 was completed May 6, 2011 at a cost of approximately \$6 million. Phase 3 has been completed with a cost of \$7.4 million. The West End Flood Mitigation project is in process with an estimated total cost of \$20 million (of this amount approximately \$19 million of the funding is coming from FEMA and CDBG funds). Phase 5 is under way with an approximate project cost of \$6 million. Phase 7 is under way with an approximate cost of \$6 million. The City voted recently to extend the Local Option Sales Tax for an additional ten years until December 2025. The City is also utilizing the Iowa Finance Authority State Revolving (SRF) loans to facilitate the sewer separation projects. The SRF loans are being repaid with a combination of local option sales tax proceeds and sewer fee revenue.

The City of Ottumwa in cooperation with Ottumwa Water & Hydro has completed the installation of additional infrastructure at the Ottumwa Industrial Airport and Ottumwa Water & Hydro has installed a new water line to the Ottumwa Industrial Airport at a combined project cost of \$3.1 million. This project was funded with an Economic Development Administration grant and funds provided by the City of Ottumwa and Ottumwa Water & Hydro.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ottumwa for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twentieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the city administrator, mayor and the City council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Ottumwa's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert P. Jay, Jr.", written in a cursive style.

Robert P. Jay, Jr.
Director of Finance/City Treasurer



Government Finance Officers Association

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

Presented to

**City of Ottumwa
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF OTTUMWA, IOWA



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of June 30, 2014, 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 the schedule of funding progress for the retiree health plan on pages 3 through 8 and 54 through 57 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 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 Ottumwa, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The 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 24, 2014, on our consideration of the City of Ottumwa, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ottumwa, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
December 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ottumwa, Iowa, we offer readers of the City of Ottumwa's financial statements this narrative overview and analysis of the financial statements of the City of Ottumwa for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages VI to VIII of this report.

2014 Financial Highlights

- The assets of the City of Ottumwa exceeded its liabilities and deferred inflows of resources at the close of June 30, 2014, by \$116.6 million (net position). Of this amount, \$29.5 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net position increased by \$8.0 million.
- At the close of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$23.6 million, an increase of \$4.2 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3.3 million, or 25 percent of the total general fund expenditures.
- Total City debt increased by \$3.9 million (14.2 percent) during the current fiscal year. The City issued \$9.6 million new bonds and retired \$5.7 million of existing bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Ottumwa's basic financial statements. The City of Ottumwa's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The first two statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City of Ottumwa include general government, police and fire protection, streets and public buildings operation and maintenance, and parks and recreation oriented activities. The major business-type activities of the City include solid waste, sewer system and events center. Included within other business type activities are a transit system, and a golf course. The City's two component units, Hazardous Materials and 10-15 Transit System, are also included. Financial information for these component units is reported separately from the financial information presented for the primary government itself. During the year ended June 30, 2014, 10-15 Transit System transferred its operations into a separate government relieving the City from being financial accountable to 10-15 Transit System. Therefore, as of June 30, 2014, 10-15 Transit System is no longer a component unit of the City of Ottumwa.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position. The Statement of Net Position presents information on all of the City of Ottumwa's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Starting with the adoption of GASB 34, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business activities have long reported capital assets and long-term liabilities.

The Statement of Activities is also included in the government-wide financial statements. The focus of the Statement of Activities is to show how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide statements include the Statement of Net Position and the Statement of Activities and can be found on pages 9 through 11 of this report.

Statement of Net Position as of June 30, 2014 and 2013:

This section discusses and analyzes the significant differences between this and the prior fiscal year. A condensed version of the Statement of Net Position as of June 30, 2014 and 2013 follows:

**Statement of Net Position at Year-end
(In Thousands)**

| | June 30, 2014 | | | June 30, 2013 | | |
|----------------------------------|----------------------------|--------------------------------|---------------------|----------------------------|--------------------------------|---------------------|
| | Governmental Activities | Business Type Activities | Total Government | Governmental Activities | Business Type Activities | Total Government |
| Cash and investments | \$ 24,588.0 | \$ 10,845.1 | \$ 35,433.1 | \$ 21,221.4 | \$ 7,931.8 | \$ 29,153.2 |
| Other assets | 16,937.5 | 4,279.4 | 21,216.9 | 15,754.2 | 3,300.1 | 19,054.3 |
| Capital assets | 48,354.8 | 67,887.5 | 116,242.3 | 46,843.1 | 62,889.6 | 109,732.7 |
| Total assets | 89,880.3 | 83,012.0 | 172,892.3 | 83,818.7 | 74,121.5 | 157,940.2 |
| Current liabilities | 6,239.7 | 5,174.4 | 11,414.1 | 5,488.9 | 4,190.4 | 10,040.7 |
| Noncurrent liabilities | 13,522.7 | 18,089.5 | 31,612.2 | 8,641.0 | 17,460.6 | 26,101.6 |
| Total liabilities | 19,762.4 | 23,263.9 | 43,026.3 | 14,129.9 | 21,651.0 | 35,142.3 |
| Deferred inflows of resources | 12,745.9 | 512.4 | 13,258.3 | 12,681.1 | 532.5 | 13,213.6 |
| Net position: | | | | | | |
| Net investment in capital assets | 33,537.3 | 51,272.0 | 84,809.3 | 37,229.1 | 46,277.3 | 83,506.4 |
| Restricted | 2,238.3 | 95.0 | 2,333.3 | 1,098.0 | 95.0 | 1,193.0 |
| Unrestricted | 21,596.4 | 7,868.8 | 29,465.2 | 18,681.6 | 5,204.3 | 23,885.9 |
| Total net position | \$ 57,372.0 | \$ 59,235.8 | \$ 116,607.8 | \$ 57,008.7 | \$ 51,576.6 | \$ 108,585.3 |

Governmental Activities

The net position for governmental activities increased approximately \$363 thousand or .64 percent. This increase is primarily the result of a \$3.7 million decrease in net investment in capital assets, \$1.1 million increase in restricted assets and \$2.9 million increase in unrestricted assets.

Business-Type Activities

Net position increased \$7.7 million or 14.85% for fiscal year 2014. This is primarily the result of a 5.0 million increase in net investment in capital assets and a 2.7 million increase in unrestricted assets.

Statement of Activities for the Fiscal Years Ended June 30, 2014 and 2013:

A summary version of the Statement of Activities follows:

**Changes In Net Position
For Fiscal Years Ended June 30, 2014 and 2013
(In Thousands)**

| | June 30, 2014 | | | June 30, 2013 | | |
|---|----------------------------|--------------------------------|---------------------|----------------------------|--------------------------------|---------------------|
| | Governmental Activities | Business Type Activities | Total Government | Governmental Activities | Business Type Activities | Total Government |
| Revenues: | | | | | | |
| Charges for services | \$ 8,446.3 | \$ 9,565.0 | \$ 18,011.3 | \$ 7,295.3 | \$ 9,760.3 | \$ 17,055.6 |
| Operating grants, contributions and restricted interest | 1,897.0 | 653.5 | 2,550.5 | 2,144.0 | 566.9 | 2,710.9 |
| Capital grants, contributions and restricted interest | 3,016.9 | 4,905.1 | 7,922.0 | 3,564.7 | 880.2 | 4,444.9 |
| General revenues: | | | | | | |
| Property taxes | 13,004.3 | 447.2 | 13,451.5 | 12,911.9 | 439.5 | 13,351.4 |
| Local option sales tax | 3,367.1 | - | 3,367.1 | 3,092.9 | - | 3,092.9 |
| Other taxes | 680.6 | - | 680.6 | 665.4 | - | 665.4 |
| Investment income | 54.0 | 99.5 | 153.6 | 101.4 | 79.4 | 180.8 |
| Other | 53.2 | 516.5 | 569.7 | 48.5 | - | 48.5 |
| Total revenues | \$ 30,519.4 | \$ 16,186.8 | \$ 46,706.3 | \$ 29,824.1 | \$ 11,726.3 | \$ 41,550.4 |

| | June 30, 2014 | | | June 30, 2013 | | |
|---|----------------------------|--------------------------------|---------------------|----------------------------|--------------------------------|---------------------|
| | Governmental Activities | Business Type Activities | Total Government | Governmental Activities | Business Type Activities | Total Government |
| Expenses: | | | | | | |
| General government | \$ 3,160.0 | \$ - | \$ 3,160.0 | \$ 2,021.6 | \$ - | \$ 2,021.6 |
| Public safety | 8,217.5 | - | 8,217.5 | 8,269.2 | - | 8,269.2 |
| Public services | 9,395.8 | - | 9,395.8 | 8,702.2 | - | 8,702.2 |
| Culture and recreation | 2,925.6 | - | 2,925.6 | 2,806.8 | - | 2,806.8 |
| Community development | 2,000.6 | - | 2,000.6 | 3,192.5 | - | 3,192.5 |
| Interest on long-term debt | 327.7 | - | 327.7 | 539.0 | - | 539.0 |
| Solid waste | - | 3,111.6 | 3,111.6 | - | 2,269.1 | 2,269.1 |
| Sewer utility | - | 6,338.7 | 6,338.7 | - | 6,239.3 | 6,239.3 |
| Events center | - | 1,701.1 | 1,701.1 | - | 1,801.4 | 1,801.4 |
| Ottumwa Transit | - | 1,478.3 | 1,478.3 | - | 1,385.9 | 1,385.9 |
| Golf course | - | 26.8 | 26.8 | - | 37.7 | 37.7 |
| Total expenses | <u>26,027.2</u> | <u>12,656.5</u> | <u>38,683.7</u> | <u>25,531.3</u> | <u>11,733.4</u> | <u>37,264.8</u> |
| Excess(deficiency) of revenue over (under)expenses | 4,492.2 | 3,530.3 | 8,022.5 | 4,292.8 | (7.1) | 4,285.7 |
| Transfers | <u>(4,128.9)</u> | <u>4,128.9</u> | - | <u>(2,909.0)</u> | <u>2,909.0</u> | - |
| Change in net position | 363.3 | 7,659.2 | 8,022.5 | 1,383.8 | 2,901.9 | 4,285.7 |
| Beginning net position, as restated | <u>57,008.7</u> | <u>51,576.6</u> | <u>108,585.3</u> | <u>55,624.9</u> | <u>48,674.7</u> | <u>104,299.6</u> |
| Ending net position | \$ <u>57,372.0</u> | \$ <u>59,235.8</u> | \$ <u>116,607.8</u> | \$ <u>57,008.7</u> | \$ <u>51,576.6</u> | \$ <u>108,585.3</u> |

Governmental Activities

Charges for services make up 28 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes (43 percent), capital grants and contributions (10 percent) and operating grants and contributions (6 percent).

Business Type Activities

In most years, charges for services is the primary revenue source for business type activities. Sewer fees make up the largest portion (38 percent) of total revenues. Other significant items are landfill fees at 16 percent and Event Center fees at 4 percent of total revenue.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers can better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ottumwa maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Road Use Tax, Local Option Sales Tax, Employee Benefits, Street Projects and Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found elsewhere in the report. The basic governmental fund financial statements can be found on pages 12 through 17.

Significant changes in fund balances are summarized below:

General Fund – Increased \$88,458 primarily due to the increase in transfers in offset by an increase in expenditures.

State Road Use Tax – Increased \$11,049 primarily due to an increase in transfers in, and a decrease in transfers out.

Local Option Sales Tax – Increased \$304,369 due to a decrease in transfers out.

Employee Benefits – Increased \$172,147 primarily due to an increase in property taxes received and decrease in transfers out.

Street Projects – Increased \$1,234,731 as the result of a bond issuance for street projects.

Debt Service – Increased \$1,137,316 primarily from the increase in due from other governments.

Proprietary Funds

The City of Ottumwa maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Solid Waste, Events Center, Golf Course and Transit System. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Ottumwa uses internal service funds to account for its payroll clearing, equipment purchasing and employee insurance functions. Because all of these services predominately benefit governmental rather than business type functions, they have been included with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste, Sewer Utility and Events Center as these are considered major proprietary funds of the City. Data from the other two enterprise funds are combined into a single aggregate presentation. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All Internal Service funds are combined into a single aggregate presentation in the proprietary fund financial statements. Individual fund amounts for internal service funds are provided in the form of combining statements found elsewhere in this report. The basic proprietary financial statements can be found on pages 18 through 23 of this report.

Significant changes in net position are summarized below:

Solid Waste – Decreased \$525,351, which is primarily the result of expenditures exceeding revenues.

Sewer Utility – Increased \$7.8 million due to an increase in revenue, an increase in intergovernmental revenue and a net increase of transfers in.

Events Center – Increased \$658,397. This is an increase comparable to the previous year and is primarily due to a reduced operating loss.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budget to actual comparisons for all budgetary funds and a schedule of funding progress for the retiree health plan. This required supplementary information can be found on pages 54 through 57 of this report.

The combining statements referred to earlier in connection with non-major special revenue, capital projects, and permanent funds (governmental), non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information discussed above. Combining and individual fund statements and schedules can be found on pages 58 through 75 of this report. Additionally, the Schedule of Expenditures of Federal Awards can be found on pages 76-77 of this report.

Budgetary Highlights

The City had one budget amendment during the fiscal year. The following summarizes the impact of the amendments on the General Fund. Total budgeted expenditures and transfers out increased \$1,750,597. Public Safety increased \$442,410, Public Works increased \$675,554, Health and Human Services increased \$159,042 and Culture and Recreation increased \$247,585. Community and Economic Development increased \$433,441. General Government increased \$16,150. Capital Projects decreased \$4,264,028. Debt Service decreased \$44,996. Business Type/Enterprises increased \$1,039,510 and Transfers out increased \$3,045,929.

Even with the amendment, the City exceeded the budgeted amount in the general government function for the year ended June 30, 2014.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the City had invested \$116.2 million in capital assets as reflected in the following table. This investment includes land, buildings, improvements, machinery and equipment. Infrastructure is also included. Additional information on the City of Ottumwa's capital assets can be found in the notes on pages 33 through 37 of this report.

Capital Assets at Fiscal Year-End
(Net of Depreciation)
(In Thousand's)

| | Governmental Activities | | Business Type Activities | | Totals | |
|--------------------------------------|----------------------------|--------------------|-----------------------------|--------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 3,542.8 | \$ 3,542.8 | \$ 1,936.7 | \$ 1,854.4 | \$ 5,479.5 | \$ 5,397.2 |
| Buildings | 3,729.5 | 4,045.7 | 27,843.2 | 29,175.2 | 31,572.7 | 33,220.9 |
| Improvements other than buildings | 745.3 | 643.4 | 6,060.2 | 4,674.6 | 6,805.5 | 5,318.0 |
| Machinery and equipment | 2,414.9 | 2,076.2 | 1,519.0 | 1,992.3 | 3,933.9 | 4,068.5 |
| Infrastructure | 34,589.6 | 35,467.0 | 23,224.5 | 22,111.3 | 57,814.1 | 57,578.3 |
| Intangibles | - | - | 62.8 | 67.2 | 62.8 | 67.2 |
| Construction in progress | 3,332.7 | 1,068.0 | 7,241.2 | 3,014.5 | 10,573.9 | 4,082.5 |
| Total | \$ <u>48,354.8</u> | \$ <u>46,843.1</u> | \$ <u>67,887.6</u> | \$ <u>62,889.5</u> | \$ <u>116,242.4</u> | \$ <u>109,732.6</u> |

The following table reconciles the changes in capital assets. Included with additions are increases in construction in progress balances.

Change in Capital Assets
(In Thousand's)

| | Governmental Activities | Business Type Activities | Total |
|--------------------------------|----------------------------|--------------------------------|---------------------|
| Beginning Balance | \$ 46,843.1 | \$ 62,889.5 | \$ 109,732.6 |
| Additions, net of disposals | 4,529.1 | 9,060.5 | 13,589.6 |
| Depreciation, net of disposals | <u>3,017.4</u> | <u>4,062.4</u> | <u>7,079.8</u> |
| Ending balance | \$ <u>48,354.8</u> | \$ <u>67,887.6</u> | \$ <u>116,242.4</u> |

Debt Administration

The amount of debt outstanding at fiscal year end was \$31.4 million as compared to \$27.5 million last fiscal year. New debt issued during the year amounted to \$9.6 million, while a total of \$5.7 million was retired. Of the total debt outstanding, \$21.4 million is backed by the full faith and credit of the City. The remaining \$10.0 million is backed by sewer revenue.

| | Outstanding Debt at Year End (In Thousand's) | |
|----------------------------|---|--------------------|
| | Total | |
| | <u>2014</u> | <u>2013</u> |
| Governmental | | |
| General obligation | | |
| Abated by: | | |
| Property taxes | \$ 8,290.0 | \$ 4,835.0 |
| Tax increment | <u>6,527.5</u> | <u>4,804.0</u> |
| Subtotals | <u>14,817.5</u> | <u>9,639.0</u> |
| Business type | | |
| General obligation | | |
| Abated by: | | |
| Events center/Sales tax | - | 1,190.0 |
| Sewer utility/Sales tax | 6,562.5 | 5,155.0 |
| Solid waste | - | 225.0 |
| Golf course/Property taxes | - | 31.0 |
| Sewer revenue | <u>10,053.0</u> | <u>11,280.0</u> |
| Subtotals | <u>16,615.5</u> | <u>17,881.0</u> |
| Totals | <u>\$ 31,433.0</u> | <u>\$ 27,520.0</u> |

Moody's Investor Services has rated the City's general obligation bonds A1.

For more detailed information on the City's debt and amortization terms, please refer to pages 38 through 40 and 44 through 46 of the Notes to Financial Statements.

Economic Factors

Taxable sales increased 8.9%.

During the current fiscal year, the unassigned fund balance in the general fund increased to \$3,315,849, an increase of \$90,283 from last year. This was due to an increase primarily in property tax revenue, charges for service and an increase in transfers in.

Next Year's Budget and Rates

Taxable values decreased by 3.77 percent which decreased the general fund revenue by \$195,570. This decrease will be offset with a backfill of taxes from the State of Iowa. The estimated backfill totals \$103,688 leaving a net decrease of \$91,882. The total tax levy increased .5928 per \$1,000 or 2.92 percent.

Financial Information Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need financial information, please contact the Office of the Director of Finance/City Treasurer at City Hall, 105 East Third Street, Ottumwa, Iowa 52501-2904.

BASIC FINANCIAL STATEMENTS

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

Exhibit 1

STATEMENT OF NET POSITION
JUNE 30, 2014

| | Primary Government | | | Component Units | | Total Reporting Unit |
|--|-------------------------|--------------------------|--------------------------|---------------------|------------------|-----------------------|
| | Governmental Activities | Business Type Activities | Total Primary Government | Hazardous Materials | 10-15 Transit | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash, cash equivalents and pooled investments | \$ 24,588,080 | \$ 10,845,091 | \$ 35,433,171 | \$ 83,856 | \$ - | \$ 35,517,027 |
| Receivables: | | | | | | |
| Property taxes | 13,197,053 | 522,414 | 13,719,467 | - | - | 13,719,467 |
| Accounts | 496,917 | 218,641 | 715,558 | - | - | 715,558 |
| Due from other governments | 2,030,341 | 2,293,490 | 4,323,831 | 597 | 74,092 | 4,398,520 |
| Inventory | 80,781 | - | 80,781 | - | - | 80,781 |
| Prepaid expenses | 242,395 | 197,706 | 440,101 | 6,856 | - | 446,957 |
| Total current assets | 40,835,567 | 14,077,342 | 54,712,909 | 91,309 | 74,092 | 54,878,310 |
| Noncurrent assets: | | | | | | |
| Due from other governments | 865,000 | 1,047,163 | 1,912,163 | - | - | 1,912,163 |
| Desposit | 25,000 | - | 25,000 | - | - | 25,000 |
| Capital assets: | | | | | | |
| Land | 3,542,781 | 1,936,876 | 5,479,657 | - | - | 5,479,657 |
| Buildings | 13,372,257 | 47,256,352 | 60,628,609 | 204,082 | - | 60,832,691 |
| Improvements other than buildings | 2,009,858 | 11,365,128 | 13,374,986 | - | - | 13,374,986 |
| Machinery and equipment | 10,507,240 | 10,708,793 | 21,216,033 | 232,383 | - | 21,448,416 |
| Infrastructure | 78,383,683 | 28,650,526 | 107,034,209 | - | - | 107,034,209 |
| Construction in progress | 3,332,735 | 7,241,191 | 10,573,926 | - | - | 10,573,926 |
| Less accumulated depreciation | (62,793,762) | (39,333,938) | (102,127,700) | (266,698) | - | (102,394,398) |
| Intangible assets | - | 488,260 | 488,260 | - | - | 488,260 |
| Less accumulated amortization | - | (425,465) | (425,465) | - | - | (425,465) |
| Total noncurrent assets | 49,244,792 | 68,934,886 | 118,179,678 | 169,767 | - | 118,349,245 |
| TOTAL ASSETS | \$ 89,880,359 | \$ 83,012,028 | \$ 172,892,387 | \$ 261,076 | \$ 74,092 | \$ 173,227,555 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | | | | |
| LIABILITIES: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 1,721,241 | \$ 2,310,739 | \$ 4,031,980 | \$ 298 | \$ 74,092 | \$ 4,106,370 |
| Wages and benefits payable | 404,100 | 97,700 | 501,800 | - | - | 501,800 |
| Due to other governments | 323,787 | - | 323,787 | - | - | 323,787 |
| Accrued interest payable | 26,870 | 94,908 | 121,778 | - | - | 121,778 |
| Unearned revenue | 411,564 | 72,247 | 483,811 | - | - | 483,811 |
| General obligation bonds/notes | 2,725,000 | 1,545,000 | 4,270,000 | - | - | 4,270,000 |
| Revenue notes | - | 915,000 | 915,000 | - | - | 915,000 |
| Compensated absences | 627,152 | 138,785 | 765,937 | - | - | 765,937 |
| Total current liabilities | 6,239,714 | 5,174,379 | 11,414,093 | 298 | 74,092 | 11,488,483 |
| Long-term liabilities: | | | | | | |
| General obligation bonds/notes | 12,092,500 | 5,017,500 | 17,110,000 | - | - | 17,110,000 |
| Revenue notes | - | 9,138,000 | 9,138,000 | - | - | 9,138,000 |
| Compensated absences | 114,580 | - | 114,580 | - | - | 114,580 |
| Accrued landfill costs: | | | | | | |
| Closure | - | 1,984,014 | 1,984,014 | - | - | 1,984,014 |
| Post closure | - | 1,556,971 | 1,556,971 | - | - | 1,556,971 |
| Other post employment benefits obligation | 1,315,666 | 392,991 | 1,708,657 | - | - | 1,708,657 |
| Total long-term liabilities | 13,522,746 | 18,089,476 | 31,612,222 | - | - | 31,612,222 |
| TOTAL LIABILITIES | 19,762,460 | 23,263,855 | 43,026,315 | 298 | 74,092 | 43,100,705 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable revenues: | | | | | | |
| Succeeding year property tax | 12,745,915 | 512,375 | 13,258,290 | - | - | 13,258,290 |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 33,537,292 | 51,272,023 | 84,809,315 | 169,767 | - | 84,979,082 |
| Restricted for: | | | | | | |
| Nonexpendable: | | | | | | |
| Endowments | 101,370 | - | 101,370 | - | - | 101,370 |
| Perpetual care | 688,847 | - | 688,847 | - | - | 688,847 |
| Expendable: | | | | | | |
| Endowments | 30,513 | - | 30,513 | - | - | 30,513 |
| Perpetual care | 953 | - | 953 | - | - | 953 |
| Debt service | 1,416,590 | 95,000 | 1,511,590 | - | - | 1,511,590 |
| Unrestricted | 21,596,419 | 7,868,775 | 29,465,194 | 91,011 | - | 29,556,205 |
| TOTAL NET POSITION | \$ 57,371,984 | \$ 59,235,798 | \$ 116,607,782 | \$ 260,778 | \$ - | \$ 116,868,560 |

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges For Service</u> | <u>Operating Grants, Contributions and Restricted Interest</u> | <u>Capital Grants, Contributions and Restricted Interest</u> |
|--|----------------------|--------------------------------|--|--|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,159,972 | \$ 2,268,370 | \$ 59,117 | \$ - |
| Public safety | 8,217,459 | 762,937 | 413,306 | 10,987 |
| Public services | 9,395,829 | 3,996,011 | 1,324,596 | 2,279,623 |
| Culture and recreation | 2,925,607 | 964,102 | 43,242 | - |
| Community development | 2,000,594 | 454,864 | 56,736 | 726,245 |
| Interest on long-term debt | 327,678 | - | - | - |
| Total governmental activities | <u>26,027,139</u> | <u>8,446,284</u> | <u>1,896,997</u> | <u>3,016,855</u> |
| Business-type activities: | | | | |
| Solid waste | 3,111,563 | 2,545,379 | - | - |
| Sewer utility | 6,338,702 | 6,206,861 | 96,130 | 4,878,867 |
| Events center | 1,701,116 | 686,704 | - | - |
| Other business-type activities | 1,505,243 | 126,045 | 557,394 | 26,208 |
| Total business-type activities | <u>12,656,624</u> | <u>9,564,989</u> | <u>653,524</u> | <u>4,905,075</u> |
| Total primary government | \$ <u>38,683,763</u> | \$ <u>18,011,273</u> | \$ <u>2,550,521</u> | \$ <u>7,921,930</u> |
| Component units: | | | | |
| Hazardous materials | \$ 144,144 | \$ 8,314 | \$ 130,221 | \$ - |
| 10-15 transit | 932,904 | 237,115 | 416,530 | - |
| Total component units | \$ <u>1,077,048</u> | \$ <u>245,429</u> | \$ <u>546,751</u> | \$ <u>-</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | |
| Local option sales taxes | | | | |
| Other taxes | | | | |
| Unrestricted investment income | | | | |
| Miscellaneous | | | | |
| Special item: | | | | |
| Transfer of operations | | | | |
| Transfers | | | | |
| Total general revenues, special item and transfers | | | | |
| Change in net position | | | | |
| Net position - Beginning of year, as restated | | | | |
| Net position - End of year | | | | |

See Accompanying Notes to Financial Statements

| Primary Government | | | Component Units | | Total |
|----------------------------|-----------------------------|-----------------------|-------------------------|------------------|-----------------------|
| Governmental Activities | Business-type Activities | Total | Hazardous- Materials | 10-15 Transit | Reporting Unit |
| \$ (832,485) | \$ - | \$ (832,485) | \$ - | \$ - | \$ (832,485) |
| (7,030,229) | - | (7,030,229) | - | - | (7,030,229) |
| (1,795,599) | - | (1,795,599) | - | - | (1,795,599) |
| (1,918,263) | - | (1,918,263) | - | - | (1,918,263) |
| (762,749) | - | (762,749) | - | - | (762,749) |
| <u>(327,678)</u> | - | <u>(327,678)</u> | - | - | <u>(327,678)</u> |
| <u>(12,667,003)</u> | - | <u>(12,667,003)</u> | - | - | <u>(12,667,003)</u> |
| - | (566,184) | (566,184) | - | - | (566,184) |
| - | 4,843,156 | 4,843,156 | - | - | 4,843,156 |
| - | (1,014,412) | (1,014,412) | - | - | (1,014,412) |
| - | <u>(795,596)</u> | <u>(795,596)</u> | - | - | <u>(795,596)</u> |
| - | <u>2,466,964</u> | <u>2,466,964</u> | - | - | <u>2,466,964</u> |
| <u>(12,667,003)</u> | <u>2,466,964</u> | <u>(10,200,039)</u> | - | - | <u>(10,200,039)</u> |
| - | - | - | (5,609) | - | (5,609) |
| - | - | - | - | <u>(279,259)</u> | <u>(279,259)</u> |
| - | - | - | <u>(5,609)</u> | <u>(279,259)</u> | <u>(284,868)</u> |
| 13,004,252 | 447,248 | 13,451,500 | - | - | 13,451,500 |
| 3,367,115 | - | 3,367,115 | - | - | 3,367,115 |
| 680,610 | - | 680,610 | - | - | 680,610 |
| 54,053 | 99,489 | 153,542 | 372 | - | 153,914 |
| 53,160 | 516,533 | 569,693 | 81 | 6,297 | 576,071 |
| - | - | - | - | <u>(570,833)</u> | <u>(570,833)</u> |
| <u>(4,128,926)</u> | <u>4,128,926</u> | - | - | - | - |
| <u>13,030,264</u> | <u>5,192,196</u> | <u>18,222,460</u> | <u>453</u> | <u>(564,536)</u> | <u>17,658,377</u> |
| 363,261 | 7,659,160 | 8,022,421 | (5,156) | (843,795) | 7,173,470 |
| <u>57,008,723</u> | <u>51,576,638</u> | <u>108,585,361</u> | <u>265,934</u> | <u>843,795</u> | <u>109,695,090</u> |
| \$ <u>57,371,984</u> | \$ <u>59,235,798</u> | \$ <u>116,607,782</u> | \$ <u>260,778</u> | \$ <u>-</u> | \$ <u>116,868,560</u> |

CITY OF OTTUMWA, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

| | <u>General</u> | <u>Special Revenue</u> | | |
|---|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| | | <u>State Road Use Tax</u> | <u>Local Option Sales Tax</u> | <u>Employee Benefits</u> |
| <u>ASSETS</u> | | | | |
| Cash, cash equivalents and pooled investments | \$ 3,107,946 | \$ 2,116,173 | \$ 1,410,789 | \$ 828,244 |
| Receivables: | | | | |
| Property taxes | 4,677,155 | - | - | 4,646,685 |
| Accounts | 133,720 | 6,898 | - | - |
| Due from other governments | 359,648 | 476,920 | 525,721 | - |
| Due from other funds | 251,778 | - | - | - |
| Inventory | 3,745 | 38,697 | - | - |
| Prepaid insurance | - | - | - | - |
| Deposit | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | \$ <u>8,533,992</u> | \$ <u>2,638,688</u> | \$ <u>1,936,510</u> | \$ <u>5,474,929</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES:</u> | | | | |
| Accounts payable | \$ 318,819 | \$ 82,639 | \$ - | \$ - |
| Wages and benefits payable | 324,600 | 46,600 | - | - |
| Unearned revenue | 10,496 | - | - | - |
| Due to other funds | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>653,915</u> | <u>129,239</u> | <u>-</u> | <u>-</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | 4,560,483 | - | - | 4,546,949 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>FUND BALANCES:</u> | | | | |
| Nonspendable | 3,745 | 38,697 | - | - |
| Restricted | - | 2,470,752 | 1,936,510 | 927,980 |
| Unassigned | 3,315,849 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCES | <u>3,319,594</u> | <u>2,509,449</u> | <u>1,936,510</u> | <u>927,980</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ <u>8,533,992</u> | \$ <u>2,638,688</u> | \$ <u>1,936,510</u> | \$ <u>5,474,929</u> |

See Accompanying Notes to Financial Statements

| Capital Projects | | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|---------------------|-----------------------------------|--------------------------------|
| <u>Street Projects</u> | <u>Debt Service</u> | | |
| \$ 6,015,054 | \$ 370,930 | \$ 7,419,368 | \$ 21,268,504 |
| - | 2,134,146 | 1,739,067 | 13,197,053 |
| - | - | 356,299 | 496,917 |
| 295,422 | 1,000,000 | 237,630 | 2,895,341 |
| - | - | 1,095 | 252,873 |
| - | - | 38,339 | 80,781 |
| - | - | 242,395 | 242,395 |
| - | - | 25,000 | 25,000 |
| <u>\$ 6,310,476</u> | <u>\$ 3,505,076</u> | <u>\$ 10,059,193</u> | <u>\$ 38,458,864</u> |
| | | | |
| \$ 341,662 | \$ - | \$ 352,664 | \$ 1,095,784 |
| - | - | 32,900 | 404,100 |
| - | - | 401,068 | 411,564 |
| - | - | 252,873 | 252,873 |
| <u>341,662</u> | <u>-</u> | <u>1,039,505</u> | <u>2,164,321</u> |
| | | | |
| - | 2,088,486 | 1,549,997 | 12,745,915 |
| - | - | 1,070,951 | 1,113,393 |
| 5,968,814 | 1,416,590 | 6,641,149 | 19,361,795 |
| - | - | (242,409) | 3,073,440 |
| <u>5,968,814</u> | <u>1,416,590</u> | <u>7,469,691</u> | <u>23,548,628</u> |
| | | | |
| <u>\$ 6,310,476</u> | <u>\$ 3,505,076</u> | <u>\$ 10,059,193</u> | <u>\$ 38,458,864</u> |

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

| | |
|--|----------------------|
| Total governmental fund balances | \$ 23,548,628 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$111,148,554 and the accumulated depreciation is \$62,793,762. | 48,354,792 |
| Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The assets and liabilities of the Internal Service funds are included in the statement of net position. | 2,694,119 |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. | (26,870) |
| Amounts due from and due to component units and due from proprietary funds as a result of internal service fund allocations related to the employee insurance fund. | (323,787) |
| Long-term liabilities, including bonds/notes payable, compensated absences payable and other post employment benefits obligation, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(16,874,898)</u> |
| Net position of governmental activities | \$ <u>57,371,984</u> |

CITY OF OTTUMWA, IOWA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>General</u> | <u>State Road Use Tax</u> | <u>Special Revenue Local Option Sales Tax</u> | <u>Employee Benefits</u> |
|--|---------------------|-------------------------------|---|------------------------------|
| REVENUES: | | | | |
| Property tax | \$ 4,837,069 | \$ - | \$ - | \$ 4,443,052 |
| Other city tax | 680,610 | - | 3,367,115 | - |
| Licenses and permits | 353,215 | - | - | - |
| Intergovernmental | 483,410 | 2,530,215 | - | - |
| Use of money and property | 81,033 | - | - | 2,133 |
| Charges for service | 3,456,386 | 641,771 | - | - |
| Other fines | 279,877 | - | - | - |
| Miscellaneous | 34,449 | 45,837 | - | - |
| Total revenues | <u>10,206,049</u> | <u>3,217,823</u> | <u>3,367,115</u> | <u>4,445,185</u> |
| EXPENDITURES: | | | | |
| Operating: | | | | |
| Public safety | 7,235,188 | - | - | - |
| Public works | 2,479,052 | 4,907,705 | - | - |
| Health and social services | 533,237 | - | - | - |
| Culture and recreation | 1,257,049 | - | - | - |
| Community and economic development | 407,111 | - | - | - |
| General government | 1,199,652 | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Total expenditures | <u>13,111,289</u> | <u>4,907,705</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,905,240)</u> | <u>(1,689,882)</u> | <u>3,367,115</u> | <u>4,445,185</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 3,606,076 | 1,954,331 | - | - |
| Transfers out | (612,378) | (253,400) | (3,062,746) | (4,273,038) |
| General obligation bonds/notes issued | - | - | - | - |
| Original issue premium | - | - | - | - |
| Total other financing sources (uses) | <u>2,993,698</u> | <u>1,700,931</u> | <u>(3,062,746)</u> | <u>(4,273,038)</u> |
| Net change in fund balances | 88,458 | 11,049 | 304,369 | 172,147 |
| Fund balances - Beginning of year, as restated | <u>3,231,136</u> | <u>2,498,400</u> | <u>1,632,141</u> | <u>755,833</u> |
| Fund balances - End of year | \$ <u>3,319,594</u> | \$ <u>2,509,449</u> | \$ <u>1,936,510</u> | \$ <u>927,980</u> |

See Accompanying Notes to Financial Statements

| <u>Capital Projects</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------------------|---------------------|--|---|
| \$ - | \$ 2,058,987 | \$ 1,665,144 | \$ 13,004,252 |
| - | - | - | 4,047,725 |
| - | - | - | 353,215 |
| 499,328 | - | 1,400,899 | 4,913,852 |
| 26,159 | - | 792,525 | 901,850 |
| - | - | 480,464 | 4,578,621 |
| - | - | - | 279,877 |
| <u>193,716</u> | - | <u>1,967,372</u> | <u>2,241,374</u> |
| <u>719,203</u> | <u>2,058,987</u> | <u>6,306,404</u> | <u>30,320,766</u> |
| - | - | 238,700 | 7,473,888 |
| - | - | 866,595 | 8,253,352 |
| - | - | 216,373 | 749,610 |
| - | - | 1,305,822 | 2,562,871 |
| - | - | 1,052,989 | 1,460,100 |
| - | - | 1,890,612 | 3,090,264 |
| 2,821,279 | - | 705,671 | 3,526,950 |
| - | <u>2,671,678</u> | - | <u>2,671,678</u> |
| <u>2,821,279</u> | <u>2,671,678</u> | <u>6,276,762</u> | <u>29,788,713</u> |
| <u>(2,102,076)</u> | <u>(612,691)</u> | <u>29,642</u> | <u>532,053</u> |
| 36,807 | 2,073,827 | 863,621 | 8,534,662 |
| - | (1,446,000) | (2,815,469) | (12,463,031) |
| 3,300,000 | 1,000,000 | 3,192,500 | 7,492,500 |
| - | 122,180 | - | 122,180 |
| <u>3,336,807</u> | <u>1,750,007</u> | <u>1,240,652</u> | <u>3,686,311</u> |
| 1,234,731 | 1,137,316 | 1,270,294 | 4,218,364 |
| <u>4,734,083</u> | <u>279,274</u> | <u>6,199,397</u> | <u>19,330,264</u> |
| \$ <u>5,968,814</u> | \$ <u>1,416,590</u> | \$ <u>7,469,691</u> | \$ <u>23,548,628</u> |

CITY OF OTTUMWA, IOWA

Exhibit 6

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE, 30, 2014

Net change in fund balances - Total governmental funds \$ 4,218,364

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

Governmental funds report capital outlays 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 outlay | 3,295,197 |
| Depreciation expense | (4,048,164) |

Expenses in the statement of revenues, expenditures and changes in fund balances shown as prepaid expenses or construction in progress in the statement of activities. 2,264,693

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the State of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

| | |
|--------|-------------|
| Issued | (7,522,500) |
| Repaid | 2,344,000 |

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 governmental funds, as follows:

| | |
|-------------------------------|----------|
| Compensated absences | (18,415) |
| Other postemployment benefits | (64,305) |
| Interest on long-term debt | (11,430) |

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities net of the amount allocated to business-type activities and component units. (94,179)

Change in net position of governmental activities \$ 363,261

CITY OF OTTUMWA, IOWA

Exhibit 7

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

| | Business-Type Activities | | | | | Governmental |
|--|--------------------------|----------------------|----------------------|----------------------------------|-------------------------------|------------------------------|
| | Solid Waste | Sewer Utility | Events Center | Nonmajor Proprietary Funds | Total Proprietary Funds | Internal Service Funds |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash, cash equivalents and pooled investments | \$ 2,026,259 | \$ 8,273,824 | \$ 200,451 | \$ 344,557 | \$ 10,845,091 | \$ 3,319,576 |
| Receivables: | | | | | | |
| Accounts | 190,793 | 12,529 | 8,550 | 6,789 | 218,641 | - |
| Property taxes | - | - | 81,859 | 440,555 | 522,414 | - |
| Due from other governments | - | 1,904,441 | - | 92,363 | 1,996,804 | - |
| Prepaid expenses | 24,253 | 51,975 | 111,695 | 9,783 | 197,706 | - |
| Total current assets | 2,241,305 | 10,242,769 | 402,555 | 894,027 | 13,780,656 | 3,319,576 |
| Noncurrent assets: | | | | | | |
| Due from other governments | 125,506 | 921,657 | - | - | 1,047,163 | - |
| Capital assets: | | | | | | |
| Land | 87,500 | 124,528 | 1,844,648 | 80,000 | 1,936,676 | - |
| Buildings | 1,195,103 | 23,887,701 | 20,702,975 | 1,470,573 | 47,256,352 | - |
| Improvements other than buildings | 5,924,522 | 4,397,080 | 149,964 | 893,562 | 11,365,128 | - |
| Machinery and equipment | 2,939,794 | 3,305,638 | 916,376 | 3,546,985 | 10,708,793 | - |
| Infrastructure | - | 28,348,526 | 302,000 | - | 28,650,526 | - |
| Construction in progress | - | 7,241,191 | - | - | 7,241,191 | - |
| Less accumulated depreciation | (6,218,608) | (24,325,859) | (4,359,720) | (4,429,751) | (39,333,938) | - |
| Total capital assets | 3,928,311 | 42,978,805 | 19,356,243 | 1,561,369 | 67,824,728 | - |
| Other assets: | | | | | | |
| Intangible assets | - | 88,260 | 400,000 | - | 488,260 | - |
| Less accumulated amortization | - | (25,465) | (400,000) | - | (425,465) | - |
| Total other assets | - | 62,795 | - | - | 62,795 | - |
| Total noncurrent assets | 4,053,817 | 43,963,257 | 19,356,243 | 1,561,369 | 68,934,686 | - |
| TOTAL ASSETS | \$ 6,295,122 | \$ 54,206,026 | \$ 19,758,798 | \$ 2,455,396 | \$ 82,715,342 | \$ 3,319,576 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | | | | |
| LIABILITIES: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 71,388 | \$ 2,224,831 | \$ - | \$ 14,520 | \$ 2,310,739 | \$ 625,457 |
| Wages and benefits payable | 23,300 | 49,300 | - | 25,100 | 97,700 | - |
| Accrued interest payable | - | 94,908 | - | - | 94,908 | - |
| Compensated absences payable | 44,248 | 70,968 | - | 23,569 | 138,785 | - |
| Unearned revenue | - | 72,247 | - | - | 72,247 | - |
| Current portion of bonds payable | - | 1,175,000 | - | - | 1,175,000 | - |
| Current portion of notes payable | - | 1,285,000 | - | - | 1,285,000 | - |
| Total current liabilities | 138,936 | 4,972,254 | - | 63,189 | 5,174,379 | 625,457 |
| Long-term liabilities: | | | | | | |
| Accrued landfill costs: | | | | | | |
| Closure | 1,984,014 | - | - | - | 1,984,014 | - |
| Post closure | 1,556,971 | - | - | - | 1,556,971 | - |
| Other post employment benefits obligation | 83,314 | 241,690 | - | 67,987 | 392,991 | - |
| Bonds payable: | | | | | | |
| Long-term | - | 755,000 | - | - | 755,000 | - |
| Notes payable: | | | | | | |
| Long-term | - | 13,400,500 | - | - | 13,400,500 | - |
| Total long-term liabilities | 3,624,299 | 14,397,190 | - | 67,987 | 18,089,476 | - |
| TOTAL LIABILITIES | 3,763,235 | 19,369,444 | - | 131,178 | 23,263,855 | 625,457 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable revenues: | | | | | | |
| Succeeding year property tax | - | - | 81,859 | 430,516 | 512,375 | - |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 3,928,311 | 26,426,100 | 19,356,243 | 1,561,369 | 51,272,023 | - |
| Restricted for: | | | | | | |
| Health insurance | - | - | - | - | - | 1,806,743 |
| Debt service | - | 95,000 | - | - | 95,000 | - |
| Unrestricted | (1,396,424) | 8,315,482 | 320,696 | 332,335 | 7,572,089 | 887,376 |
| TOTAL NET POSITION | 2,531,887 | 34,836,582 | 19,676,939 | 1,893,704 | 58,939,112 | 2,694,119 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 6,295,122 | \$ 54,206,026 | \$ 19,758,798 | \$ 2,455,396 | \$ 82,715,342 | \$ 3,319,576 |

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

Exhibit 8

RECONCILIATION OF THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

| | |
|---|----------------------|
| Ending fund balance - Proprietary funds | \$ 58,939,112 |
| Amounts reported for business-type activities in the statement of net position are different because: | |
| Allocation of internal service funds income increases due from other funds | <u>296,686</u> |
| Net position of business-type activities | \$ <u>59,235,798</u> |

CITY OF OTTUMWA, IOWA

Exhibit 9

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Business-Type Activities</u> | | | | | <u>Governmental</u> |
|---|---------------------------------|--------------------------|--------------------------|---|----------------------|---------------------------------------|
| | <u>Solid Waste</u> | <u>Sewer Utility</u> | <u>Events Center</u> | <u>Nonmajor Proprietary Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
| Operating revenues: | | | | | | |
| Charges for service | \$ 2,545,379 | \$ 6,206,861 | \$ 686,704 | \$ 126,045 | \$ 9,564,989 | \$ 3,211,143 |
| Miscellaneous | <u>36,298</u> | <u>260,466</u> | <u>208,221</u> | <u>11,548</u> | <u>516,533</u> | - |
| Total operating revenues | <u>2,581,677</u> | <u>6,467,327</u> | <u>894,925</u> | <u>137,593</u> | <u>10,081,522</u> | <u>3,211,143</u> |
| Operating expenses: | | | | | | |
| Operations | 2,685,575 | 3,326,595 | 1,180,033 | 1,051,325 | 8,243,528 | 3,086,830 |
| Depreciation/amortization | <u>431,978</u> | <u>2,651,254</u> | <u>521,083</u> | <u>458,148</u> | <u>4,062,463</u> | - |
| Total operating expenses | <u>3,117,553</u> | <u>5,977,849</u> | <u>1,701,116</u> | <u>1,509,473</u> | <u>12,305,991</u> | <u>3,086,830</u> |
| Operating income (loss) | (535,876) | 489,478 | (806,191) | (1,371,880) | (2,224,469) | 124,313 |
| Nonoperating revenue (expense): | | | | | | |
| Interest income | 17,438 | 80,137 | 650 | 1,264 | 99,489 | 9,227 |
| Interest on long-term debt | - | (376,377) | - | - | (376,377) | - |
| Property taxes | - | - | - | 447,248 | 447,248 | - |
| Intergovernmental | <u>-</u> | <u>96,130</u> | <u>-</u> | <u>557,394</u> | <u>653,524</u> | <u>-</u> |
| Total nonoperating revenue (expense) | <u>17,438</u> | <u>(200,110)</u> | <u>650</u> | <u>1,005,906</u> | <u>823,884</u> | <u>9,227</u> |
| Income (loss) before capital contributions and grants and transfers | (518,438) | 289,368 | (805,541) | (365,974) | (1,400,585) | 133,540 |
| Capital contributions and grants | | | | | | |
| Transfers in | 225,000 | 9,065,803 | 1,463,938 | 31,000 | 10,785,741 | 457,500 |
| Transfers out | <u>(231,913)</u> | <u>(6,424,902)</u> | <u>-</u> | <u>-</u> | <u>(6,656,815)</u> | <u>(658,057)</u> |
| Change in net position | (525,351) | 7,809,136 | 658,397 | (308,766) | 7,633,416 | (87,017) |
| Net position - Beginning of year, as restated | <u>3,057,238</u> | <u>27,027,446</u> | <u>19,018,542</u> | <u>2,202,470</u> | <u>51,305,696</u> | <u>2,761,136</u> |
| Net position - End of year | <u>\$ 2,531,887</u> | <u>\$ 34,836,582</u> | <u>\$ 19,676,939</u> | <u>\$ 1,893,704</u> | <u>\$ 58,939,112</u> | <u>\$ 2,694,119</u> |

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

Exhibit 10

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE, 30, 2014

Change in net position - Total proprietary funds \$ 7,633,416

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The change in net assets of the Internal Service Funds is reported with business-type activities net of the amount allocated to governmental activities and component units.

25,744

Change in net position of business-type activities \$ 7,659,160

CITY OF OTTUMWA, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Solid Waste</u> |
|--|------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | |
| Cash received from operations | \$ 2,701,345 |
| Cash received (paid) from (to) employees | (659,316) |
| Cash paid to suppliers | <u>(1,073,867)</u> |
| Cash used in operations | <u>(1,733,183)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>968,162</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | |
| Property taxes | - |
| Intergovernmental | - |
| Transfers from other funds | 225,000 |
| Transfers to other funds | <u>(231,913)</u> |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>(6,913)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | |
| Issuance of long-term debt | - |
| Payment of long-term debt: | - |
| General obligation bonds | (225,000) |
| Notes payable | - |
| Payment of interest on long-term debt | (1,797,964) |
| Additions to property and equipment | - |
| Capital contributions and grants | <u>-</u> |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(2,022,964)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | |
| Interest income received | <u>17,438</u> |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS | <u>(1,044,277)</u> |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year</u> | <u>3,070,536</u> |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year</u> | <u>\$ 2,026,259</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | |
| Operating income (loss) | \$ (535,876) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation and amortization expense | 431,978 |
| Changes in assets and liabilities: | |
| Decrease (increase) in receivables | 119,668 |
| Decrease (increase) in prepaid expenses | (4,451) |
| Decrease in due from other governments | - |
| Increase (decrease) in accounts payable | 5,001 |
| Increase in wages and benefits payable | 1,500 |
| Increase in compensated absences payable | 1,833 |
| Increase in other post employment benefits | 9,195 |
| Increase in accrued landfill costs | 946,361 |
| Decrease in unearned revenue | (7,047) |
| Decrease in due to other governments | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 968,162</u> |

See Accompanying Notes to Financial Statements

| Sewer Utility | Events Center | Nonmajor Proprietary Funds | Total Enterprise Funds | Internal Service Funds |
|---------------------|---------------------|----------------------------------|------------------------------|------------------------------|
| \$ 6,481,080 | \$ 886,605 | \$ 146,921 | \$ 10,215,951 | \$ 3,239,770 |
| (1,511,738) | - | (590,958) | (2,762,012) | 181,834 |
| <u>(1,898,582)</u> | <u>(1,187,679)</u> | <u>(434,476)</u> | <u>(4,594,604)</u> | <u>(3,306,199)</u> |
| <u>(3,410,320)</u> | <u>(1,187,679)</u> | <u>(1,025,434)</u> | <u>(7,356,616)</u> | <u>(3,124,365)</u> |
| <u>3,070,760</u> | <u>(301,074)</u> | <u>(878,513)</u> | <u>2,859,335</u> | <u>115,405</u> |
| - | - | 447,275 | 447,275 | - |
| 96,130 | - | 465,031 | 561,161 | - |
| 9,065,803 | 1,463,938 | 31,000 | 10,785,741 | 457,500 |
| <u>(6,424,902)</u> | <u>-</u> | <u>-</u> | <u>(6,656,815)</u> | <u>(658,057)</u> |
| <u>2,737,031</u> | <u>1,463,938</u> | <u>943,306</u> | <u>5,137,362</u> | <u>(200,557)</u> |
| 2,102,500 | - | - | 2,102,500 | - |
| (475,000) | - | (31,000) | (506,000) | - |
| (1,447,000) | (1,190,000) | - | (2,862,000) | - |
| (316,684) | - | - | (316,684) | - |
| (5,416,091) | (23,172) | (67,475) | (7,304,702) | - |
| <u>3,677,756</u> | <u>-</u> | <u>26,208</u> | <u>3,703,964</u> | <u>-</u> |
| <u>(1,874,519)</u> | <u>(1,213,172)</u> | <u>(72,267)</u> | <u>(5,182,922)</u> | <u>-</u> |
| <u>80,137</u> | <u>650</u> | <u>1,264</u> | <u>99,489</u> | <u>9,227</u> |
| 4,013,409 | (49,658) | (6,210) | 2,913,264 | (75,925) |
| <u>4,260,415</u> | <u>250,109</u> | <u>350,767</u> | <u>7,931,827</u> | <u>3,395,501</u> |
| \$ <u>8,273,824</u> | \$ <u>200,451</u> | \$ <u>344,557</u> | \$ <u>10,845,091</u> | \$ <u>3,319,576</u> |
| \$ 489,478 | \$ (806,191) | \$ (1,371,880) | \$ (2,224,469) | \$ 124,313 |
| 2,651,254 | 521,083 | 458,148 | 4,062,463 | - |
| 13,753 | (8,550) | 6,004 | 130,875 | 6,332 |
| 5,266 | 30,591 | 17,948 | 49,354 | - |
| - | 230 | - | 230 | 19,833 |
| (74,382) | (38,237) | (3,095) | (110,713) | (35,073) |
| 4,800 | - | 5,100 | 11,400 | - |
| 8,826 | - | 8,030 | 18,689 | - |
| 22,580 | - | 8,268 | 40,043 | - |
| - | - | - | 946,361 | - |
| (50,815) | - | - | (57,862) | - |
| <u>-</u> | <u>-</u> | <u>(7,036)</u> | <u>(7,036)</u> | <u>-</u> |
| \$ <u>3,070,760</u> | \$ <u>(301,074)</u> | \$ <u>(878,513)</u> | \$ <u>2,859,335</u> | \$ <u>115,405</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ottumwa, Iowa is a political subdivision of the State of Iowa located in Wapello County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager form of government with the Mayor and Council members elected on a non-partisan basis. The City provides numerous services to its citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates an airport, a water recreation park, a mass transportation system, a wide range of parks and recreational facilities and sewer and sanitation utilities.

The financial statements of the City of Ottumwa, Iowa have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, the City of Ottumwa, 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 Ottumwa, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City handles the cash management and financial reporting of the two component units. In addition, city employees perform the duties at the direction of the respective boards.

Discretely Presented Component Units: The component units' columns in the government-wide financial statements include the financial data of the City's component units. They are each reported in separate columns to emphasize that they are legally separate from the City. Separate financial statements of these two component units may be obtained from the City's finance department.

Hazardous Materials: The Hazardous Materials component unit includes all operations of the Hazardous Materials response team operated by the Ottumwa Fire Department, under the authority of the Southeast Iowa Response Group Board consisting of eleven county supervisors from Wapello County and ten nearby counties. The elected City officials are financially accountable for the organization. The City handles all of the accounting, budgeting, payroll, treasury management and administrative functions for the organization.

10-15 Transit: The 10-15 Transit component unit operates the bus service to various agencies and individuals provided in the ten county Area 15 under the authority of the 10-15 Transit Board consisting of ten county supervisors from Wapello County and nine surrounding counties. Until January 1, 2014, the City handled all of the accounting, budgeting, payroll, treasury management and administrative functions for the organization. Subsequent to January 1, 2014, the assets were transferred to a separate governmental entity relieving the City from being financially accountable for the organization.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the City's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position – consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds, respectively.

The City reports the following major governmental funds:

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

Special Revenue:

State Road Use Tax – to account for State Road Use Tax allocated to the City to be used to maintain and improve the City streets.

Local Option Sales Tax – to account for the 1% sales tax.

Employee Benefits – to account for property taxes assessed for employee benefits.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Capital Projects:

Street Projects – to account for bond proceeds and construction costs of street projects.

Debt Service – to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

Enterprise:

Solid Waste – to account for the operation and maintenance of the recycling center and Ottumwa-Wapello County Landfill Facility.

Sewer Utility – to account for the operation and maintenance of the sanitary sewer treatment plant, collection lines and debt service on revenue bonds.

Events Center – to account for the operation and maintenance of the Bridge View Events Center facility (a Vision Iowa project).

Measurement Focus and Basis of Accounting

The Government-wide and the 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 all 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 from 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

General Fund

The General Fund accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, state shared revenues, licenses and permits and charges for services. Primary expenditures are for police and fire protection, general administration and parks.

Special Revenue Funds

Special Revenue Funds account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. Funds included in this category are:

State Road Use Tax – to account for State Road Use Tax allocated to the City to be used to maintain and improve the City streets.

Tax Increment Financing – tax increment financing for the Westgate Economic Development Urban Renewal Project Area, Airport Urban Renewal Project Area, Pennsylvania/Jefferson Urban Renewal Project Area and Wildwood/Highway 34 Urban Renewal Project Area.

Local Option Sales Tax – to account for the 1% sales tax.

Employee Benefits – to account for property taxes assessed for employee benefits.

Airport – to account for all operations of the regional airport under guidance of the Airport Advisory Board.

Emergency – to account for the special 27¢ tax levy.

Library – to account for all operations of the Public Library under guidance of the Library Board.

Cemetery – to account for operations of the Ottumwa, Calvary and Jewish Cemeteries under guidance of the Cemetery Board of Trustees.

Block Grants – to account for monies received to rehabilitate and maintain declining areas.

Risk Management – to account for the City's property and casualty insurance coverage, and Iowa Code Chapter 411 medical coverage for fire fighters and police officers.

Fire Bequest – to account for donations and grants received to purchase items for the Fire Department.

Retiree Health Insurance – to account for medical and life insurance costs of City retirees.

Library Bequest – to account for donations to the Library designated for purposes other than general operations.

Park Bequest – to account for donations, grants and expenses of the Trees Forever Committee.

Police Bequest – to account for donations and service fees to the Police Department designated for purposes other than general operations.

Historic Preservation – to account for grants and related items with or concerning the Historic Preservation Commission.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition and construction of capital facilities and other fixed assets with the exception of those that are financed by special assessments or by enterprise fund monies. Capital projects for enterprise fund activities are accounted for in the Capital Projects Funds when these projects are financed through the issuance of general obligation bonds, revenue bonds, intergovernmental revenues or major private donations.

Sidewalks – to account for bonds issued, assessments and construction costs for sidewalks assessed to property owners.

Airport Projects – to account for airport improvements.

Street Projects – to account for bond proceeds and construction costs of street projects.

Park Projects – to account for bond proceeds, donations and grants for construction of recreation trails and other park projects.

Other Bond Projects – to account for monies received for miscellaneous development projects.

Levee Repairs – to account for bond proceeds for levee repair projects.

Debt Service Fund

Debt Service Fund accounts for the payment of principal and interest on the City's general obligation debt.

Permanent Funds:

Cemetery Perpetual Care – to account for the collection of a portion of cemetery lot sales designated for perpetual care.

Cemetery Memorial – to account for the collection of contributions for floral decoration on lots, Fry bequests and Hall bequests.

Proprietary Fund Types

Enterprise Funds

Enterprise Funds are used to account for operations which are intended to be self-supporting primarily through user charges. Included in this category are:

Solid Waste – to account for the operation and maintenance of the recycling center and Ottumwa-Wapello County Landfill facility.

Sewer Utility – to account for the operation and maintenance of the sanitary sewer treatment plant, collection lines and debt service on revenue bonds.

Events Center – to account for the operation and maintenance of the Bridge View Events Center facility.

Transit – to account for the operation of the city public transit system.

Golf Course – to account for the operation and maintenance of the Cedar Creek Golf Course.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Continued)

Internal Service Funds

Internal Service Funds are used to account for the operation of the Payroll Clearing, Equipment Purchasing and Employee Insurance funds. Charges are made to other City departments to support these activities, including equipment replacement.

Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the general government function.

Deposits and Investments

The City maintains a cash and investment pool to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report.

The City's deposits, in banks, at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts and warrants or improvement certificates of a drainage district.

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

Cash and pooled investments are considered "cash and cash equivalents" for statement of cash flows purposes even though they may still be subject to credit risk, concentration risk, or custodial credit risk. Certificates of deposit and U.S. Treasury Bills with maturities in excess of 397 days are considered investments for statement of cash flows purposes. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

Receivables

The City has recorded several types of receivables on its balance sheet from sources around the State of Iowa, including the state and federal governments, through grant agreements. The risk of loss on receivables is the balance owed at the time of default. No allowance for bad debts is considered necessary.

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing in Governmental and Proprietary Funds is accounted for using the accrual basis of accounting.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Receivable, Including Tax Increment Financing (Continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2014 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City 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 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 in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

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.

Due from and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. It consists of parts and supplies in the Central Garage, merchandise and concessions at The Beach Ottumwa, and fuel at the Airport. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

| <u>Asset Class</u> | <u>Amount</u> |
|--|---------------|
| Land, buildings and other improvements | \$ 25,000 |
| Intangibles | 5,000 |
| Machinery, equipment and vehicles | 5,000 |
| Infrastructure | 25,000 |

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

| | |
|--------------------|----------------|
| Buildings | 15 to 50 Years |
| Other improvements | 8 to 50 Years |
| Intangibles | 5 to 20 Years |
| Vehicles | 5 to 15 Years |
| Other equipment | 5 to 20 Years |
| Infrastructure | 15 to 30 Years |

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

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 that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax that will not be recognized as revenue until the year for which they are levied.

Fund Equity

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

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Unassigned – All amounts not included in other spendable classifications.

The City would typically use Restricted fund balances first but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the Governmental Fund Types.

Nonrecurring or nonroutine transfers of equity between funds are recorded as equity transfers and, accordingly, are reported as additions or deductions from balances of Governmental Fund Types.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

| | Balance Beginning of Year | Additions/ Transfers In | Deletions/ Transfers Out | Balance End of Year |
|--|---------------------------------|----------------------------|-----------------------------|---------------------------|
| Governmental Activities: | | | | |
| By type: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,542,781 | \$ - | \$ - | \$ 3,542,781 |
| Construction in progress | 1,068,042 | 3,607,568 | (1,342,875) | 3,332,735 |
| Total capital assets not being depreciated | <u>4,610,823</u> | <u>3,607,568</u> | <u>(1,342,875)</u> | <u>6,875,516</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 13,372,257 | - | - | 13,372,257 |
| Improvements other than buildings | 1,790,321 | 219,537 | - | 2,009,858 |
| Machinery and equipment | 10,527,483 | 1,010,565 | (1,030,808) | 10,507,240 |
| Infrastructure | 76,318,588 | 2,065,095 | - | 78,383,683 |
| | <u>102,008,649</u> | <u>3,295,197</u> | <u>(1,030,808)</u> | <u>104,273,038</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (9,326,574) | (316,234) | - | (9,642,808) |
| Improvements other than buildings | (1,146,958) | (117,616) | - | (1,264,574) |
| Machinery and equipment | (8,451,258) | (671,863) | 1,030,808 | (8,092,313) |
| Infrastructure | (40,851,616) | (2,942,451) | - | (43,794,067) |
| | <u>(59,776,406)</u> | <u>(4,048,164)</u> | <u>1,030,808</u> | <u>(62,793,762)</u> |
| Total capital assets being depreciated, net | <u>42,232,243</u> | <u>(752,967)</u> | <u>-</u> | <u>41,479,276</u> |
| Governmental activities capital assets, net | <u>\$ 46,843,066</u> | <u>\$ 2,854,601</u> | <u>\$ (1,342,875)</u> | <u>\$ 48,354,792</u> |
| By function and activity: | | | | |
| General government: | | | | |
| City clerk | \$ 10,373 | \$ - | \$ - | \$ 10,373 |
| Finance | 229,244 | - | - | 229,244 |
| City hall | 3,756,857 | - | - | 3,756,857 |
| Public information | 55,269 | - | - | 55,269 |
| Total general government | <u>4,051,743</u> | <u>-</u> | <u>-</u> | <u>4,051,743</u> |
| Public safety: | | | | |
| Police | 1,695,976 | 212,712 | (600,897) | 1,307,791 |
| Fire | 3,203,919 | 129,339 | (135,000) | 3,198,258 |
| Health and inspection | 122,151 | - | - | 122,151 |
| Animal control | 26,287 | 45,673 | (26,287) | 45,673 |
| Total public safety | <u>5,048,333</u> | <u>387,724</u> | <u>(762,184)</u> | <u>4,673,873</u> |
| Highways and streets: | | | | |
| Traffic maintenance | 579,208 | 10,281 | - | 589,489 |
| Electric/traffic light maintenance | 379,390 | 12,075 | - | 391,465 |
| Engineering | 182,739 | 26,326 | - | 209,065 |
| Street maintenance (including culverts) | 2,965,075 | 273,937 | - | 3,239,012 |
| Snow/ice maintenance | 181,802 | - | - | 181,802 |
| Street cleaning | 453,848 | 180,135 | (226,826) | 407,157 |
| Street projects (including sidewalks) | 47,011,607 | 1,303,878 | - | 48,315,485 |
| Parking | 1,303,092 | - | - | 1,303,092 |
| Total highways and streets | <u>53,056,761</u> | <u>1,806,632</u> | <u>(226,826)</u> | <u>54,636,567</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2: CAPITAL ASSETS (Continued)

| | <u>Balance</u> <u>Beginning of</u> <u>Year</u> | <u>Additions/</u> <u>Transfers In</u> | <u>Deletions/</u> <u>Transfers Out</u> | <u>Balance</u> <u>End</u> <u>of Year</u> |
|--|--|--|---|--|
| <u>By function and activity: (Continued)</u> | | | | |
| Culture and recreation: | | | | |
| Library | 1,981,399 | 17,527 | - | 1,998,926 |
| Parks | 2,357,135 | 107,353 | (41,798) | 2,422,690 |
| Senior citizens center | 131,316 | - | - | 131,316 |
| The Beach | 4,132,660 | 65,060 | - | 4,197,720 |
| Trails | 1,276,084 | - | - | 1,276,084 |
| Total culture and recreation | <u>9,878,594</u> | <u>189,940</u> | <u>(41,798)</u> | <u>10,026,736</u> |
| Cemetery | <u>711,373</u> | <u>-</u> | <u>-</u> | <u>711,373</u> |
| Airport | <u>18,475,369</u> | <u>910,901</u> | <u>-</u> | <u>19,386,270</u> |
| Construction in progress | <u>1,068,042</u> | <u>3,607,568</u> | <u>(1,342,875)</u> | <u>3,332,735</u> |
| Levee | <u>168,580</u> | <u>-</u> | <u>-</u> | <u>168,580</u> |
| TIF projects | <u>11,905,594</u> | <u>-</u> | <u>-</u> | <u>11,905,594</u> |
| Downtown Step One | <u>275,163</u> | <u>-</u> | <u>-</u> | <u>275,163</u> |
| Land - No designation | <u>1,979,920</u> | <u>-</u> | <u>-</u> | <u>1,979,920</u> |
| Total governmental activities | <u>\$ 106,619,472</u> | <u>\$ 6,902,765</u> | <u>\$ (2,373,683)</u> | <u>\$ 111,148,554</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2: CAPITAL ASSETS (Continued)

| | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other than Buildings</u> | <u>Machinery and Equipment</u> | <u>Infra- structure</u> | <u>Construction in Progress</u> | <u>Total</u> |
|--|---------------------|----------------------|--|--|-----------------------------|-------------------------------------|-----------------------|
| By function and activity | | | | | | | |
| General government: | | | | | | | |
| City clerk | \$ - | \$ - | \$ - | \$ 10,373 | \$ - | \$ - | \$ 10,373 |
| Finance | - | - | - | 229,244 | - | - | 229,244 |
| City hall | - | 3,535,759 | - | 13,675 | 207,423 | - | 3,756,857 |
| Public information | - | - | - | 55,269 | - | - | 55,269 |
| Total general government | - | 3,535,759 | - | 308,561 | 207,423 | - | 4,051,743 |
| Public safety: | | | | | | | |
| Police | - | - | - | 1,307,791 | - | - | 1,307,791 |
| Fire | - | 983,243 | 65,291 | 2,038,922 | 110,802 | - | 3,198,258 |
| Health and inspection | - | - | - | 122,151 | - | - | 122,151 |
| Animal control | - | - | - | 45,673 | - | - | 45,673 |
| Total public safety | - | 983,243 | 65,291 | 3,514,537 | 110,802 | - | 4,673,873 |
| Highways and streets: | | | | | | | |
| Traffic maintenance | - | 134,900 | - | 284,659 | 169,930 | - | 589,489 |
| Electric/traffic light maintenance | - | - | - | 162,175 | 229,290 | - | 391,465 |
| Engineering | - | - | - | 209,065 | - | - | 209,065 |
| Street maintenance | 66,240 | 595,884 | 31,900 | 2,434,704 | 110,284 | - | 3,239,012 |
| Snow/ice maintenance | - | 63,679 | - | 118,123 | - | - | 181,802 |
| Street cleaning | - | - | - | 407,157 | - | - | 407,157 |
| Street projects (including sidewalks) | - | - | - | - | 48,315,485 | - | 48,315,485 |
| Parking | 653,718 | 39,754 | - | 10,895 | 598,725 | - | 1,303,092 |
| Total highways and streets | 719,958 | 834,217 | 31,900 | 3,626,778 | 49,423,714 | - | 54,636,567 |
| Culture and recreation: | | | | | | | |
| Library | - | 1,496,091 | 104,127 | 363,224 | 35,484 | - | 1,998,926 |
| Parks | - | 256,957 | 654,518 | 823,888 | 687,327 | - | 2,422,690 |
| Senior citizens center | - | - | - | - | 131,316 | - | 131,316 |
| The Beach | 283,421 | 2,458,704 | 375,645 | 1,079,950 | - | - | 4,197,720 |
| Trails | - | - | - | - | 1,276,084 | - | 1,276,084 |
| Total culture and recreation | 283,421 | 4,211,752 | 1,134,290 | 2,267,062 | 2,130,211 | - | 10,026,736 |
| Cemetery | 26,000 | 293,393 | 146,032 | 199,757 | 46,191 | - | 711,373 |
| Airport | 372,575 | 3,383,637 | 463,765 | 590,545 | 14,575,748 | - | 19,386,270 |
| Construction in progress | - | - | - | - | - | 3,332,735 | 3,332,735 |
| Levee | - | - | 168,580 | - | - | - | 168,580 |
| TIF projects | 16,000 | - | - | - | 11,889,594 | - | 11,905,594 |
| Downtown Step One | 144,907 | 130,256 | - | - | - | - | 275,163 |
| Land - No designation | 1,979,920 | - | - | - | - | - | 1,979,920 |
| Total governmental activities | \$ 3,542,781 | \$ 13,372,257 | \$ 2,009,858 | \$ 10,507,240 | \$ 78,383,683 | \$ 3,332,735 | \$ 111,148,554 |

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2: CAPITAL ASSETS (Continued)

| | Balance Beginning of Year | Additions/ Transfers In | Deletions/ Transfers Out | Balance End of Year |
|--|---------------------------------|----------------------------|-----------------------------|---------------------------|
| Business type activities | | | | |
| By type: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,854,376 | \$ 82,300 | \$ - | \$ 1,936,676 |
| Construction in progress | 3,014,540 | 8,143,159 | (3,916,508) | 7,241,191 |
| Total capital assets not being depreciated | 4,868,916 | 8,225,459 | (3,916,508) | 9,177,867 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 47,223,592 | 32,760 | - | 47,256,352 |
| Improvements other than buildings | 9,382,903 | 1,982,225 | - | 11,365,128 |
| Machinery and equipment | 10,348,535 | 360,258 | - | 10,708,793 |
| Infrastructure | 26,274,322 | 2,376,204 | - | 28,650,526 |
| Intangibles | 488,260 | - | - | 488,260 |
| | <u>93,717,612</u> | <u>4,751,447</u> | <u>-</u> | <u>98,469,059</u> |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | 18,048,381 | 1,364,780 | - | 19,413,171 |
| Improvements other than buildings | 4,756,286 | 566,584 | - | 5,304,872 |
| Machinery and equipment | 8,356,205 | 833,610 | - | 9,189,815 |
| Infrastructure | 4,163,014 | 1,263,066 | - | 5,426,080 |
| Intangibles | 421,352 | 4,413 | - | 425,465 |
| | <u>35,698,949</u> | <u>4,062,463</u> | <u>-</u> | <u>39,759,403</u> |
| Total capital assets being depreciated/amortized, net | 58,020,672 | 688,964 | - | 58,709,656 |
| Business type activities capital assets, net | \$ 62,889,588 | \$ 8,914,443 | \$ (3,916,508) | \$ 67,887,523 |
| By function and activity: | | | | |
| Solid waste | \$ 8,410,939 | \$ 1,736,080 | \$ - | \$ 10,146,919 |
| Sewer utility | 57,144,714 | 3,007,019 | - | 60,151,733 |
| Events center | 24,092,791 | 23,172 | - | 24,115,963 |
| Transit | 4,411,775 | 53,956 | - | 4,465,731 |
| Golf course | 1,511,869 | 13,520 | - | 1,525,389 |
| Construction in progress | 3,014,540 | 8,143,159 | (3,916,508) | 7,241,191 |
| Total business type | \$ 98,585,528 | \$ 12,976,906 | \$ (3,916,508) | \$ 107,646,926 |

| | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Infra- structure | Intangibles | Construction in Progress | Total |
|-----------------------------------|---------------------|----------------------|---|-------------------------------|----------------------|-------------------|-----------------------------|-----------------------|
| By function and activity | | | | | | | | |
| Solid waste | \$ 87,500 | \$ 1,195,103 | \$ 5,924,522 | \$ 2,939,794 | \$ - | \$ - | \$ - | \$ 10,146,919 |
| Sewer utility | 124,528 | 23,887,701 | 4,397,080 | 3,305,638 | 28,348,526 | 88,260 | - | 60,151,733 |
| Events center | 1,644,648 | 20,702,975 | 149,964 | 916,376 | 302,000 | 400,000 | - | 24,115,963 |
| Transit | - | 1,295,718 | - | 3,170,013 | - | - | - | 4,465,731 |
| Golf course | 80,000 | 174,855 | 893,562 | 376,972 | - | - | - | 1,525,389 |
| Construction in progress | - | - | - | - | - | - | 7,241,191 | 7,241,191 |
| Total business type assets | \$ 1,936,676 | \$ 47,256,352 | \$ 11,365,128 | \$ 10,708,793 | \$ 28,650,526 | \$ 488,260 | \$ 7,241,191 | \$ 107,646,926 |

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CAPITAL ASSETS (Continued)

A summary of property, plant and equipment at June 30, 2014, was as follows:

| | <u>Business Type</u> | <u>Governmental Activities</u> |
|---|--------------------------|------------------------------------|
| Capital assets not being depreciated: | | |
| Land | \$ 1,936,676 | \$ 3,542,781 |
| Construction in progress | 7,241,191 | 3,332,735 |
| Total capital assets not being depreciated | <u>9,177,867</u> | <u>6,875,516</u> |
| Capital assets being depreciated/amortized: | | |
| Buildings | 47,256,352 | 13,372,257 |
| Improvements other than buildings | 11,365,128 | 2,009,858 |
| Machinery and equipment | 10,708,793 | 10,507,240 |
| Infrastructure | 28,650,526 | 78,383,683 |
| Intangibles | 488,260 | - |
| | <u>98,469,059</u> | <u>104,273,038</u> |
| Less accumulated depreciation/amortization | <u>(39,759,403)</u> | <u>(62,793,762)</u> |
| Total capital assets being depreciated/amortized, net | <u>58,709,656</u> | <u>41,479,276</u> |
| Total capital assets, net | <u>\$ 67,887,523</u> | <u>\$ 48,354,792</u> |

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

| | | |
|--|--|---------------------|
| Government activities: | | |
| General government | | \$ 46,511 |
| Public safety | | 309,627 |
| Public services | | 2,708,474 |
| Culture and recreation | | 431,926 |
| Community development | | 551,626 |
| Total depreciation expense - Governmental activities | | <u>\$ 4,048,164</u> |
| Business type activities | | |
| Solid waste | | \$ 431,978 |
| Sewer utility | | 2,651,254 |
| Events center | | 521,083 |
| Transit | | 427,030 |
| Golf course | | 31,118 |
| Total depreciation/amortization expense - Business type activities | | <u>\$ 4,062,463</u> |

Discretely presented component units:

| | <u>Balance Beginning of Year</u> | <u>Additions/ Transfers In</u> | <u>Deletions/ Transfers Out</u> | <u>Balance End of Year</u> |
|---|--|------------------------------------|-------------------------------------|------------------------------------|
| By type: | | | | |
| Capital assets not being depreciated: | \$ - | \$ - | \$ - | \$ - |
| Capital assets being depreciated: | | | | |
| Buildings | 239,400 | - | (35,318) | 204,082 |
| Machinery and equipment | 3,488,450 | - | (3,256,067) | 232,383 |
| | <u>3,727,850</u> | <u>-</u> | <u>(3,291,385)</u> | <u>436,465</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (88,500) | (11,381) | 15,697 | (84,184) |
| Machinery and equipment | (2,870,184) | (127,990) | 2,815,660 | (182,514) |
| | <u>(2,958,684)</u> | <u>(139,371)</u> | <u>2,831,357</u> | <u>(266,698)</u> |
| Total assets being depreciated, net | <u>769,166</u> | <u>(139,371)</u> | <u>(460,028)</u> | <u>169,767</u> |
| Total discretely presented component units capital assets, net | <u>\$ 769,166</u> | <u>\$ (139,371)</u> | <u>\$ (460,028)</u> | <u>\$ 169,767</u> |
| By function and activity: | | | | |
| Hazard materials | \$ 436,465 | \$ - | \$ - | \$ 436,465 |
| 10-15 transit | <u>3,291,385</u> | <u>-</u> | <u>(3,291,385)</u> | <u>-</u> |
| Total discretely presented component units | <u>\$ 3,727,850</u> | <u>\$ -</u> | <u>\$ (3,291,385)</u> | <u>\$ 436,465</u> |
| Depreciation expense | | | | <u>\$ 139,371</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 3: LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2014 is as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|----------------------------------|---------------------------------|---------------------|---------------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 7,459,000 | \$ 5,430,000 | \$ 1,424,000 | \$ 11,465,000 | \$ 2,270,000 |
| General obligation notes | 2,180,000 | 2,092,500 | 920,000 | 3,352,500 | 455,000 |
| Compensated absences | 723,317 | 647,068 | 628,653 | 741,732 | 627,152 |
| Net OPEB liability | <u>1,251,361</u> | <u>64,305</u> | <u>-</u> | <u>1,315,666</u> | <u>-</u> |
| Total | \$ 11,613,678 | \$ 8,233,873 | \$ 2,972,653 | \$ 16,874,898 | \$ 3,352,152 |
| Business type activities: | | | | | |
| General obligation bonds | \$ 2,436,000 | \$ - | \$ 506,000 | \$ 1,930,000 | \$ 1,175,000 |
| General obligation notes | 4,165,000 | 2,092,500 | 1,625,000 | 4,632,500 | 370,000 |
| Revenue notes | 11,280,000 | 10,000 | 1,237,000 | 10,053,000 | 915,000 |
| Compensated absences | 120,096 | 138,785 | 120,096 | 138,785 | 138,785 |
| Net OPEB liability | <u>352,948</u> | <u>40,043</u> | <u>-</u> | <u>392,991</u> | <u>-</u> |
| Total | \$ 18,354,044 | \$ 2,281,328 | \$ 3,488,096 | \$ 17,147,276 | \$ 2,598,785 |

A summary of the annual general obligation bond/note principal and interest requirements to maturity by year is as follows:

Governmental activities:

| June 30, | General Obligation Bonds | | General Obligation Notes | | Totals * | |
|--------------|--------------------------|---------------------|--------------------------|-------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 2,270,000 | \$ 210,112 | \$ 455,000 | \$ 25,450 | \$ 2,725,000 | \$ 235,562 |
| 2016 | 1,690,000 | 183,105 | 575,000 | 60,715 | 2,265,000 | 243,820 |
| 2017 | 1,110,000 | 162,016 | 220,000 | 44,283 | 1,330,000 | 206,299 |
| 2018 | 1,130,000 | 143,803 | 225,000 | 39,993 | 1,355,000 | 183,796 |
| 2019 | 1,165,000 | 124,802 | 230,000 | 35,419 | 1,395,000 | 160,221 |
| 2020-2024 | 3,150,000 | 372,456 | 512,500 | 109,177 | 3,662,500 | 481,633 |
| 2025-2029 | 650,000 | 147,880 | 585,000 | 178,625 | 1,235,000 | 326,505 |
| 2030-2033 | 300,000 | 20,020 | 550,000 | 56,000 | 850,000 | 76,020 |
| Total | \$ 11,465,000 | \$ 1,364,194 | \$ 3,352,500 | \$ 549,662 | \$ 14,817,500 | \$ 1,913,856 |

Business type activities:

| June 30, | General Obligation Bonds | | General Obligation Notes | | Totals * | |
|--------------|--------------------------|------------------|--------------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 1,175,000 | \$ 57,900 | \$ 370,000 | \$ 230,753 | \$ 1,545,000 | \$ 288,653 |
| 2016 | 755,000 | 11,325 | 460,000 | 124,785 | 1,215,000 | 136,110 |
| 2017 | - | - | 400,000 | 116,967 | 400,000 | 116,967 |
| 2018 | - | - | 400,000 | 105,857 | 400,000 | 105,857 |
| 2019 | - | - | 410,000 | 94,881 | 410,000 | 94,881 |
| 2020-2024 | - | - | 2,192,500 | 347,893 | 2,192,500 | 347,893 |
| 2025-2026 | - | - | 400,000 | 14,700 | 400,000 | 14,700 |
| Total | \$ 1,930,000 | \$ 69,225 | \$ 4,632,500 | \$ 1,035,836 | \$ 6,562,500 | \$ 1,105,061 |

The following funds have contributed to the liquidation of the Net OPEB liability. General, State Road Use, Solid Waste, Sewer Utility, Airport, Library, Cemetery and Transit.

During the year ended June 30, 2014, Ottumwa Water and Hydro was advanced \$1,000,000 funded with general obligation bonds to assist with financing of water main projects in conjunction with City of Ottumwa street projects. The Ottumwa Water and Hydro has entered into a repayment agreement for the amortized life of the outstanding bonds.

* Part of these payments may come from sources other than the debt service tax levy.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 3: LONG-TERM LIABILITIES (Continued)

The following is a summary of bond/note transactions for the year ended June 30, 2014, and details of bonds/notes payable at June 30, 2014:

| <u>Obligation</u> | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Amount Originally Issued</u> |
|---------------------------------------|----------------------|----------------------|---|
| <u>Governmental Activities:</u> | | | |
| <u>General Obligation Bonds:</u> | | | |
| Corporate Purpose - Series 2011 | March 3, 2011 | 2.00 | \$ 3,600,000 |
| Corporate Purpose - Series 2011A | September 20, 2011 | 2.25-4.40 | 2,050,000 |
| Corporate Purpose - 2013A | March 20, 2013 | .35-1.10 | 4,365,000 |
| Corporate Purpose - 2013B | March 20, 2013 | .45-.70 | 870,000 |
| Corporate Purpose - Series 2013C | November 18, 2013 | 2.00 | 1,330,000 |
| Corporate Purpose - Series 2014A | April 14, 2014 | 2.00-2.10 | 4,100,000 |
| <u>General Obligation Notes:</u> | | | |
| Corporate Purpose - Series 2012A | April 2, 2012 | 2.00-2.30 | 880,000 |
| Refunding - Series 2012B | December 5, 2012 | 2.00 | 1,280,000 |
| Refunding - Series 2012C | December 5, 2012 | 3.00 | 1,410,000 |
| Corporate Purpose - Series 2013D | December 30, 2013 | 3.00-4.00 | 4,185,000 |
| Total Governmental Activities | | | |
| <u>Business-type Activities:</u> | | | |
| <u>General Obligation Bonds:</u> | | | |
| Corporate Purpose - Series 2011 | March 3, 2011 | 2.00 | 3,600,000 |
| Refunding - Series 2012D | December 5, 2012 | 3.00 | 2,880,000 |
| <u>General Obligation Notes:</u> | | | |
| Refunding - Series 2010 | August 18, 2010 | 2.00 | 4,640,000 |
| Corporate Purpose - Series 2012 | April 2, 2012 | 2.00-2.30 | 3,155,000 |
| Refunding - Series 2012C | December 5, 2012 | 3.00 | 1,410,000 |
| Corporate Purpose - Series 2013D | December 30, 2013 | 3.00-4.00 | 4,185,000 |
| Total Business-type Activities | | | |
| Grand Total | | | |

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

| <u>Balance</u> <u>Beginning</u> <u>of Year</u> | <u>Issued</u> <u>During</u> <u>Year</u> | <u>Paid</u> <u>During</u> <u>Year</u> | <u>Balance</u> <u>End</u> <u>of Year</u> |
|--|---|---|--|
| \$ 269,000 | \$ - | \$ 269,000 | \$ - |
| 1,955,000 | - | 80,000 | 1,875,000 |
| 4,365,000 | - | 775,000 | 3,590,000 |
| 870,000 | - | 300,000 | 570,000 |
| - | 1,330,000 | - | 1,330,000 |
| - | 4,100,000 | - | 4,100,000 |
| <u>7,459,000</u> | <u>5,430,000</u> | <u>1,424,000</u> | <u>11,465,000</u> |
| 740,000 | - | 130,000 | 610,000 |
| 975,000 | - | 325,000 | 650,000 |
| 465,000 | - | 465,000 | - |
| - | 2,092,500 | - | 2,092,500 |
| <u>2,180,000</u> | <u>2,092,500</u> | <u>920,000</u> | <u>3,352,500</u> |
| <u>9,639,000</u> | <u>7,522,500</u> | <u>2,344,000</u> | <u>14,817,500</u> |
| 31,000 | - | 31,000 | - |
| 2,405,000 | - | 475,000 | 1,930,000 |
| <u>2,436,000</u> | - | <u>506,000</u> | <u>1,930,000</u> |
| 1,190,000 | - | 1,190,000 | - |
| 2,750,000 | - | 210,000 | 2,540,000 |
| 225,000 | - | 225,000 | - |
| - | 2,092,500 | - | 2,092,500 |
| <u>4,165,000</u> | <u>2,092,500</u> | <u>1,625,000</u> | <u>4,632,500</u> |
| <u>6,601,000</u> | <u>2,092,500</u> | <u>2,131,000</u> | <u>6,562,500</u> |
| <u>\$ 16,240,000</u> | <u>\$ 9,615,000</u> | <u>\$ 4,475,000</u> | <u>\$ 21,380,000</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 4: PENSION AND RETIREMENT BENEFITS

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by contacting Municipal Fire and Police Retirement System of Iowa, 7155 Lake Dr., West Des Moines, Iowa 50266.

Plan members are required to contribute 9.4% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 30.12% of earnable compensation. Contribution rates are established and may be amended by state statute. Contributions are paid out of the General Fund. The City's contributions to MFPRSI for the years ended June 30, 2014, 2013 and 2012, which met the required contribution for each year, respectively, are as follows:

| <u>Fiscal Year</u> | <u>Required Contributions</u> | <u>Percentage Invested</u> |
|------------------------|-----------------------------------|--------------------------------|
| 2014 | \$ 1,140,998 | 100% |
| 2013 | \$ 970,250 | 100% |
| 2012 | \$ 896,878 | 100% |

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 to plan 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 regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. Contributions are paid primarily from the following funds: General Fund, Solid Waste, Sewer Utility, Transit, Airport, Library and Cemetery. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012, which were equal to the required contribution for each year, respectively, are as follows:

| <u>Fiscal Year</u> | <u>Required Contributions</u> | <u>Percentage Invested</u> |
|------------------------|-----------------------------------|--------------------------------|
| 2014 | \$ 578,757 | 100% |
| 2013 | \$ 568,369 | 100% |
| 2012 | \$ 527,538 | 100% |

NOTE 5: OTHER EMPLOYEE BENEFITS

All full-time City employees accumulate vacation hours for subsequent use or payment upon termination, death or retirement. The maximum vacation accumulation is limited to one and one-half (two and one-half for fire fighters) the amount earned in one year. Any unused vacation accumulation is payable upon termination, death or retirement.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 5: OTHER EMPLOYEE BENEFITS (Continued)

All full-time City employees accumulate sick leave hours for subsequent use. No accumulation of sick leave is payable upon termination, death or retirement.

| <u>Business Type Funds</u> | <u>Vacation</u> | <u>Due Within One Year</u> |
|-------------------------------|-----------------------|--------------------------------|
| <u>Enterprise Funds:</u> | | |
| Solid waste | \$ 44,248 | \$ 44,248 |
| Sewer utility | 70,968 | 70,968 |
| Transit | <u>23,569</u> | <u>23,569</u> |
| Total Enterprise Funds | <u>138,785</u> | <u>138,785</u> |
| <u>Governmental Funds</u> | | |
| <u>Special Revenue Funds:</u> | | |
| Airport | 9,046 | 9,046 |
| Library | 25,536 | 25,536 |
| Cemetery | 6,918 | 6,918 |
| State road use tax | <u>58,836</u> | <u>58,836</u> |
| Total Special Revenue Funds | 100,336 | 100,336 |
| <u>General</u> | 641,396 | 526,816 |
| Total Governmental Funds | <u>741,732</u> | <u>627,152</u> |
| Total – All funds | \$ <u>880,517</u> | \$ <u>765,937</u> |

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health care plan which provides health, dental and life benefits to retirees and their spouses participating until death with surviving spouse benefits. There are 27 active and 124 retired members in the plan. The plan does not issue a stand alone financial report nor is it included in the report of another entity.

All employees hired before February 22, 1993 with twenty years of service are eligible for post-retirement benefits.

Required monthly contributions vary and are a percent of total cost. GASB requires estimated retiree costs to be based on experience taking the older ages in to account. The excess of expected age adjusted (or actual) costs over retiree contributions equals the implicit subsidy that forms the baseline cost for the valuation.

Health benefits for actives and retirees under 65 and dental are self-funded but administered by Wellmark. For persons over 65 a Medicare Supplement plan is purchased and prescription drug coverage is the same as for actives and under 65 retirees.

Life insurance for retirees is \$4,000 with no additional reductions. Retirees do not contribute for this coverage.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree health care on a pay-as-you-go basis.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2014, the amount actually contributed to the plan and changes in the City’s net OPEB obligation:

| | |
|--|---------------------|
| Annual required contribution | \$ 727,728 |
| Interest on net OPEB obligation | 64,172 |
| Adjustment to annual required contribution | <u>(34,226)</u> |
| Annual OPEB cost | 757,674 |
| Contributions made | (653,326) |
| Increase in net OPEB cost | 104,348 |
| Net OPEB obligation beginning of year | <u>1,604,309</u> |
| Net OPEB obligation end of year | \$ <u>1,708,657</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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, 2014.

For the year ended June 30, 2014, the City contributed \$653,326 to the plan.

The City’s Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------|-------------------------|---|----------------------------|
| June 30, 2012 | \$ <u>654,849</u> | 73.0 % | \$ <u>1,510,338</u> |
| June 30, 2013 | \$ <u>704,158</u> | 86.7 % | \$ <u>1,604,309</u> |
| June 30, 2014 | \$ <u>757,674</u> | 86.2 % | \$ <u>1,708,657</u> |

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$10,792,527 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,792,527. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,825,000 and the ratio of the UAAL to covered payroll was 491.4%. As of June 30, 2014, there were no trust fund assets.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 assumption 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 of the Retiree Health Plan, 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 that are 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 the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate based on the City's funding policy. The projected annual medical trend rate is 12%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.8% each year until reaching the 4.5% ultimate trend rate. An inflation rate of 0% is assumed for purpose of this computation.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 7: OTHER NOTES PAYABLE

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the various sewer revenue notes described below. These notes are payable solely from wastewater customer net revenues and are payable through 2041. Annual principal and interest payments on these notes are expected to require less than 90% of net revenues. The total principal and interest remaining to be paid on the notes is \$14,062,970 for the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$1,531,865 and \$3,140,732, respectively.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to a revenue note retirement account for the purpose of making the note principal and interest payments when due.
- c) Additionally, monthly transfers of \$41,667 to separate wastewater improvement and replacement accounts shall be made until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- d) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

During the year ended June 30, 2014, the City was in compliance with the revenue note provisions.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 7: OTHER NOTES PAYABLE (Continued)

Details of revenue notes payable at June 30, 2014 are as follows:

Business type activities:

During the year ended June 30, 2007, the City entered into an agreement with the Iowa Finance Authority in connection with the issuance of a Sewer Revenue Capital Loan Note (Waste water plant improvements). The note calls for annual payments beginning June 1, 2010, with interest due semi-annually calculated at 3.00% with final maturity date of June 1, 2039. Proceeds received during fiscal year 2014 were \$5,000.

During the year ended June 30, 2009, the City entered into an agreement with the Iowa Finance Authority in connection with the issuance of a Sewer Revenue Capital Loan Note for engineering, planning and design work related to the waste water plant and collection system. The note calls for annual payments beginning June 1, 2013, with interest due semi-annually calculated at 1.75% with final maturity date June 1, 2019.

During the year ended June 30, 2010, the City entered into an agreement with Iowa Finance Authority to borrow up to \$5,426,000 with the issuance of a Sewer Revenue Capital Loan Note (Phase 3 construction). The note calls for annual principal payments beginning on June 1, 2011, with interest due semi-annually at the rate of 3.00% with a final maturity date of June 1, 2041. Proceeds received during fiscal year 2014 were \$5,000.

During the year ended June 30, 2012, the City entered into an agreement with various financial institutions in connection with the issuance of a Sewer Revenue refunding Capital Loan note to borrow up to \$4,273,000 for the purposes of refunding of the notes related to the Phase 1, Phase 2 and Phase 3 sewer separation project. The note calls for annual payments beginning June 1, 2012, with interest due semi-annually at the rate of 1.34%, with final maturity on June 1, 2016.

The following is a summary of note transactions for the year ended June 30, 2014:

| <u>Description</u> | <u>Interest Rate</u> | <u>Balance Beginning of Year</u> | <u>Proceeds During Year</u> | <u>Payments During Year</u> | <u>Balance End of Year</u> | <u>Interest Expense</u> |
|--------------------------------|----------------------|----------------------------------|-----------------------------|-----------------------------|----------------------------|-------------------------|
| <u>Business Type Funds:</u> | | | | | | |
| <u>Sewer Utility:</u> | | | | | | |
| Waste water plant improvements | 3.00% | \$ 3,096,000 | \$ 5,000 | \$ 80,000 | \$ 3,021,000 | \$ 92,906 |
| North side study | 1.75% | 552,000 | - | 88,000 | 464,000 | 9,660 |
| Phase 3 – construction | 3.00% | 5,419,000 | 5,000 | 1,000 | 5,423,000 | 162,645 |
| Construction refinance | 1.34% | <u>2,213,000</u> | - | <u>1,068,000</u> | <u>1,145,000</u> | <u>29,654</u> |
| Total enterprise funds | | \$ <u>11,280,000</u> | \$ <u>10,000</u> | \$ <u>1,237,000</u> | \$ <u>10,053,000</u> | \$ <u>294,865</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 7: OTHER NOTES PAYABLE (Continued)

The following table summarizes the principal and interest due on the City's other notes payable:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 915,000 | \$ 276,783 | \$ 1,191,783 |
| 2016 | 716,000 | 262,759 | 978,759 |
| 2017 | 321,000 | 249,123 | 570,123 |
| 2018 | 330,000 | 240,655 | 570,655 |
| 2019 | 339,000 | 231,930 | 570,930 |
| 2020 – 2024 | 1,333,000 | 1,037,310 | 2,370,310 |
| 2025 – 2029 | 1,557,000 | 824,340 | 2,381,340 |
| 2030 – 2034 | 1,820,000 | 575,490 | 2,395,490 |
| 2035 – 2039 | 2,127,000 | 284,670 | 2,411,670 |
| 2040 – 2041 | <u>595,000</u> | <u>26,910</u> | <u>621,910</u> |
| Total | \$ <u>10,053,000</u> | \$ <u>4,009,970</u> | \$ <u>14,062,970</u> |

NOTE 8: INTEREST EXPENSE

Interest expense for the year ended June 30, 2014 is summarized below:

| <u>Fund</u> | <u>General Obligation Bonds</u> | <u>Other Notes</u> | <u>Total</u> |
|---------------|---|------------------------|-------------------|
| Debt service | \$ 115,628 | \$ 77,900 | \$ 193,528 |
| Sewer utility | <u>72,150</u> | <u>424,403</u> | <u>496,553</u> |
| Totals | \$ <u>187,778</u> | \$ <u>502,303</u> | \$ <u>690,081</u> |

NOTE 9: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2014 the City had signed several construction contracts that are summarized below:

| | |
|------------------------------|----------------------|
| Total commitments | \$ 33,549,052 |
| Less amounts paid or accrued | <u>6,880,606</u> |
| Remaining commitments | \$ <u>26,668,446</u> |

A significant portion of these commitments are for street, sewer and airport projects and are financed by general obligation bonds and FAA Grants. The remaining balance at June 30, 2014 will be paid as work on the projects progress.

NOTE 10: INTERNAL SERVICE FUNDS NET POSITION

The following is a summary of the changes in the internal service funds net position for the year ended June 30, 2014:

| | <u>Equipment Purchasing</u> | <u>Employee Insurance</u> | <u>Total</u> |
|----------------------------------|---------------------------------|-------------------------------|---------------------|
| Net position - Beginning of year | \$ 1,087,933 | \$ 1,673,203 | \$ 2,761,136 |
| Change in net position | <u>(200,557)</u> | <u>133,540</u> | <u>(67,017)</u> |
| Net position - End of year | \$ <u>887,376</u> | \$ <u>1,806,743</u> | \$ <u>2,694,119</u> |

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 11: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Ottumwa Cemetery. The amount is reflected in net position as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2014, net appreciation of \$30,513 was available to be spent, of which \$30,513 is restricted to specific purposes.

NOTE 12: RESERVED NET POSITION

Reserved net position for the business type activities consisted of the following at June 30, 2014:

| <u>Fund</u> | <u>Description</u> | <u>Total</u> |
|---------------|--------------------|------------------|
| Sewer Sinking | Debt service | \$ <u>95,000</u> |

NOTE 13: CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill is very large and the City expects it to remain in operation for another 40 to 50 years. The state and federal regulations require individual cells to be monitored for 30 years after closure. The \$3,540,985 reported as landfill closure and post closure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 95% of the estimated capacity of the cell the City is currently using (which was recently expanded). Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. As future cells are developed in the landfill, the related closure and post closure costs will be accounted for and accrued over the respective operating lives of each cell. The following table summarizes the estimated liability and funds set aside for closure and post closure costs:

| | <u>Closure</u> | <u>Post Closure</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| Balance, July 1, 2013 | \$ 1,269,074 | \$ 1,325,550 | \$ 2,594,624 |
| Fiscal year 2013 costs adjusted | <u>714,940</u> | <u>231,421</u> | <u>946,361</u> |
| Balance, June 30, 2014 | \$ <u>1,984,014</u> | \$ <u>1,556,971</u> | \$ <u>3,540,985</u> |

The City currently has funded \$664,850 for post closure and \$249,748 for closure cost. The unfunded portion of the closure and post closure liability of \$2,626,387 is provided by the City in the form of a local government guarantee.

NOTE 14: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$5,093 during the year ended June 30, 2014.

NOTE 15: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 15: RISK MANAGEMENT (Continued)

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 the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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 any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures 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, 2014 were \$405,978.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts total Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the City's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and public employee blanket bond. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 16: SELF INSURED HEALTH CARE

The City of Ottumwa maintains a self-funded health insurance plan for City employees. This plan is funded by the City and is administered by a third party. The City pays the administrator a monthly fixed fee for various claim administration services. The City carries specific stop-loss and aggregate stop-loss insurance against catastrophic losses. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The following is a summary of claims and changes in the liability for the year.

| | <u>Year Ended</u> | |
|-------------------------------|----------------------|----------------------|
| | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
| Liability - Beginning of year | \$ 634,711 | \$ 377,167 |
| Payments and accruals | (3,300,199) | (2,538,376) |
| Estimated claims incurred | <u>3,086,830</u> | <u>2,795,920</u> |
| Liability – End of year | \$ <u>421,342</u> | \$ <u>634,711</u> |

The above liabilities are included in accounts payable on the balance sheet.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17: SEWER UTILITY FUND

The combining statement of net position for the Sewer Utility Fund as of June 30, 2014 is as follows:

| | <u>Sewer Utility</u> | <u>Sewer Sinking</u> | <u>Sewer Improvement</u> | <u>Sewer Construction</u> | <u>Total</u> |
|-------------------------------------|--------------------------|--------------------------|------------------------------|-------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and pooled investments | \$ 1,798,986 | \$ 95,000 | \$ 1,360,000 | \$ 5,019,838 | \$ 8,273,824 |
| Other assets | 44,669,748 | - | - | 1,262,454 | 45,932,202 |
| Total assets | <u>\$ 46,468,734</u> | <u>\$ 95,000</u> | <u>\$ 1,360,000</u> | <u>\$ 6,282,292</u> | <u>\$ 54,206,026</u> |
| LIABILITIES AND NET POSITION | | | | | |
| Liabilities | \$ 17,273,369 | - | - | 2,096,075 | \$ 19,369,444 |
| Net position: | | | | | |
| Net investment in capital assets | 26,426,100 | - | - | - | 26,426,100 |
| Retained earnings: | | | | | |
| Restricted: | | | | | |
| Debt service | - | 95,000 | - | - | 95,000 |
| Unrestricted | 2,769,265 | - | 1,360,000 | 4,186,217 | 8,315,482 |
| Total net position | <u>29,195,365</u> | <u>95,000</u> | <u>1,360,000</u> | <u>4,186,217</u> | <u>34,836,582</u> |
| Total liabilities and net position | <u>\$ 46,468,734</u> | <u>\$ 95,000</u> | <u>\$ 1,360,000</u> | <u>\$ 6,282,292</u> | <u>\$ 54,206,026</u> |

The combining statement of revenues, expenses and changes in fund net position for the Sewer Utility Fund for the year ended June 30, 2014 is as follows:

| | <u>Sewer Utility</u> | <u>Sewer Sinking</u> | <u>Sewer Improvement</u> | <u>Sewer Construction</u> | <u>Total</u> |
|--|--------------------------|--------------------------|------------------------------|-------------------------------|----------------------|
| Operating revenues | \$ 6,467,327 | - | - | - | \$ 6,467,327 |
| Operating expenses | 5,977,849 | - | - | - | 5,977,849 |
| Operating income | 489,478 | - | - | - | 489,478 |
| Nonoperating revenue (expense), net | (200,110) | - | - | - | (200,110) |
| Income before capital contributions and grants and transfers | 289,368 | - | - | - | 289,368 |
| Capital contributions and grants | 4,878,867 | - | - | - | 4,878,867 |
| Transfers in | 2,748,937 | 1,452,000 | 500,000 | 4,364,866 | 9,065,803 |
| Transfers out | (4,353,616) | (1,452,000) | - | (619,286) | (6,424,902) |
| | <u>3,274,188</u> | <u>-</u> | <u>500,000</u> | <u>3,745,580</u> | <u>7,519,768</u> |
| Change in net position | 3,563,556 | - | 500,000 | 3,745,580 | 7,809,136 |
| Net position - Beginning of year, as restated | <u>25,631,809</u> | <u>95,000</u> | <u>860,000</u> | <u>440,637</u> | <u>27,027,446</u> |
| Net position - End of year | <u>\$ 29,195,365</u> | <u>\$ 95,000</u> | <u>\$ 1,360,000</u> | <u>\$ 4,186,217</u> | <u>\$ 34,836,582</u> |

Schedule of sewer rates/Customer census

| | |
|--------------------------|-------------------------|
| Rate of Usage: | <u>Fiscal year 2014</u> |
| Base charge | \$14.50 |
| Each 100 cubic foot unit | \$4.75 |

The Sewer Funds had 9,661 meters in service at June 30, 2014.

CITY OF OTTUMWA, IOWA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 18: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|-----------------------------|------------------------------|----------------------|
| General | Internal Service | \$ 386,712 |
| | Special Revenue: | |
| | Employee Benefits | 3,038,539 |
| | Non-major Governmental Funds | <u>180,825</u> |
| | | 3,606,076 |
| Special Revenue: | Internal Service | 271,345 |
| State Road Use Tax Fund | Special Revenue: | |
| | Local Option Sales Tax | 1,170,796 |
| | Employee Benefits | <u>512,190</u> |
| | | 1,954,331 |
| Capital Projects: | Special Revenue: | |
| Street Projects | Employee Benefits | <u>36,807</u> |
| Debt Service | Special Revenue: | |
| | Local Option Sales Tax | 1,214,300 |
| | Proprietary: | |
| | Solid Waste | 231,913 |
| | Sewer Utility | 129,250 |
| | Non-major Governmental Fund | <u>498,364</u> |
| | | 2,073,827 |
| Non-major Governmental Fund | General | 144,340 |
| | Special Revenue: | |
| | Employee Benefits | 685,502 |
| | Non-major Governmental Fund | <u>33,779</u> |
| | | 863,621 |
| Proprietary: | Debt Service | <u>225,000</u> |
| Solid Waste | Special Revenue: | |
| Sewer Utility | Local Option Sales Tax | 677,650 |
| | Proprietary: | |
| | Sewer Utility | 6,295,652 |
| | Non-major Governmental Fund | <u>2,092,501</u> |
| | | 9,065,803 |
| Events Center | General | 273,938 |
| | Debt Service | <u>1,190,000</u> |
| | | 1,463,938 |
| Non-major Proprietary | Debt Service | <u>31,000</u> |
| Internal Service | General | 194,100 |
| | Special Revenue: | |
| | State Road Use Tax | 253,400 |
| | Non-major Governmental Fund | <u>10,000</u> |
| | | 457,500 |
| Total | | \$ <u>19,777,903</u> |

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 19: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2014 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------|-------------------|
| General | Special Revenue: | |
| | Emergency | \$ 3,818 |
| | Tax Increment Financing | 247,960 |
| | | <u>251,778</u> |
| Special Revenue: | Special Revenue: | |
| Airport | Tax Increment Financing | 1,095 |
| | | <u>\$ 252,873</u> |

This balance results from an interfund loans to finance projects. Repayments will be made from future revenues.

NOTE 20: PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, it was determined that the West End Flood Control Capital Project should have originally been reported as part of the Sewer Utility proprietary fund. As a result, the following changes have been made to net position as of June 30, 2013:

| <u>Fund financial statements</u> | <u>Governmental</u> | <u>Proprietary</u> |
|---|--|----------------------|
| | <u>Capital Projects West End Flood Control</u> | <u>Sewer Utility</u> |
| As previously reported at June 30, 2013 | \$ (96,610) | \$ 27,124,056 |
| Adjustments | <u>96,610</u> | <u>(96,610)</u> |
| As restated at June 30, 2013 | \$ <u> =</u> | \$ <u>27,027,446</u> |

| <u>Government-wide financial statements</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| As previously reported at June 30, 2013 | \$ 56,912,113 | \$ 51,673,248 |
| Adjustments | <u>96,610</u> | <u>(96,610)</u> |
| As restated at June 30, 2013 | \$ <u>57,008,723</u> | \$ <u>51,576,638</u> |

NOTE 21: DEFICIT BALANCES

The Tax Increment Financing special revenue fund had deficit balance of \$242,409 at June 30, 2014. This deficit is a result of ongoing economic development projects, which will be eliminated by a variety of sources including property taxes, intergovernmental funds, donations, and funds on hand.

NOTE 22: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2013 have been reclassified to conform with the June 30, 2014 presentation.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 23: FUND BALANCE REPORTING

The detail of the City's governmental funds modified accrual basis fund balances at June 30, 2014, is as follows:

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Special Revenue</u> | <u>Permanent Funds</u> | <u>Total</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|
| Nonspendable: | | | | | | |
| inventory | \$ 3,745 | \$ - | \$ - | \$ 77,036 | \$ - | \$ 80,781 |
| Insurance | - | - | - | 242,395 | - | 242,395 |
| Cemetery perpetual care | - | - | - | - | 688,847 | 688,847 |
| Cemetery memorial | - | - | - | - | 101,370 | 101,370 |
| Total nonspendable | <u>3,745</u> | <u>-</u> | <u>-</u> | <u>319,431</u> | <u>790,217</u> | <u>1,113,393</u> |
| Restricted for: | | | | | | |
| Debt service | - | 1,416,590 | - | - | - | 1,416,590 |
| Road improvements | - | - | - | 2,470,752 | - | 2,470,752 |
| Local option sales tax | - | - | - | 1,936,510 | - | 1,936,510 |
| Employee benefits | - | - | - | 927,980 | - | 927,980 |
| Airport | - | - | - | 462,392 | - | 462,392 |
| Library/Library bequest | - | - | - | 545,206 | - | 545,206 |
| Cemetery | - | - | - | 117,789 | - | 117,789 |
| Block grants | - | - | - | 458,698 | - | 458,698 |
| Risk management | - | - | - | 812,086 | - | 812,086 |
| Fire | - | - | - | 24,466 | - | 24,466 |
| Retiree health insurance | - | - | - | 1,697,898 | - | 1,697,898 |
| Parks | - | - | - | 61,485 | - | 61,485 |
| Police | - | - | - | 78,952 | - | 78,952 |
| Historic preservation | - | - | - | 3,275 | - | 3,275 |
| Sidewalks | - | - | 194,504 | - | - | 194,504 |
| Airport projects | - | - | 391,742 | - | - | 391,742 |
| Street projects | - | - | 5,968,814 | - | - | 5,968,814 |
| Park projects | - | - | 236,496 | - | - | 236,496 |
| Other bond projects | - | - | 1,509,270 | - | - | 1,509,270 |
| Levee repairs | - | - | 15,424 | - | - | 15,424 |
| Cemetery perpetual care | - | - | - | - | 953 | 953 |
| Cemetery memorial | - | - | - | - | 30,513 | 30,513 |
| Total restricted | <u>-</u> | <u>1,416,590</u> | <u>8,316,250</u> | <u>9,597,489</u> | <u>31,466</u> | <u>19,361,795</u> |
| Unassigned | 3,315,849 | - | - | (242,409) | - | 3,073,440 |
| Total fund balances | \$ <u>3,319,594</u> | \$ <u>1,416,590</u> | \$ <u>8,316,250</u> | \$ <u>9,674,511</u> | \$ <u>821,683</u> | \$ <u>23,548,628</u> |

NOTE 24: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

NOTE 25: SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 24, 2014, the date the financial statements were available to be issued.

In August 2014, the City entered into an agreement with Iowa Finance Authority in connection with the issuance of a Sewer Revenue Capital Loan Note (Phase 5 construction) to borrow up to \$4.8 million with \$1.44 million forgivable and an interest rate at 1.75%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS) -
GOVERNMENTAL AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

| | Governmental Funds <u>Actual</u> | Proprietary Funds <u>Actual</u> | Total <u>Actual</u> |
|---|--|---------------------------------------|------------------------|
| <u>REVENUES:</u> | | | |
| Property tax | \$ 13,004,252 | \$ 447,248 | \$ 13,451,500 |
| Other city tax | 4,047,725 | - | 4,047,725 |
| Licenses and permits | 353,215 | - | 353,215 |
| Intergovernmental | 4,913,852 | 653,524 | 5,567,376 |
| Use of money and property | 901,850 | 99,489 | 1,001,339 |
| Charges for service | 4,578,621 | 9,564,989 | 14,143,610 |
| Other fines | 279,877 | - | 279,877 |
| Miscellaneous | 2,241,374 | 516,533 | 2,757,907 |
| Total revenues | <u>30,320,766</u> | <u>11,281,783</u> | <u>41,602,549</u> |
| <u>EXPENSES:</u> | | | |
| Current: | | | |
| Public safety | 7,473,888 | - | 7,473,888 |
| Public works | 8,253,352 | - | 8,253,352 |
| Health and social services | 749,610 | - | 749,610 |
| Culture and recreation | 2,562,871 | - | 2,562,871 |
| Community and economic development | 1,460,100 | - | 1,460,100 |
| General government | 3,090,264 | - | 3,090,264 |
| Capital projects | 3,526,950 | - | 3,526,950 |
| Debt service | 2,671,678 | - | 2,671,678 |
| Business-type activities | - | 15,446,716 | 15,446,716 |
| Total expenses | <u>29,788,713</u> | <u>15,446,716</u> | <u>45,235,429</u> |
| Excess (deficiency) of revenues over (under) expenses | <u>532,053</u> | <u>(4,164,933)</u> | <u>(3,632,880)</u> |
| Other financing sources, net | <u>3,686,311</u> | <u>5,574,957</u> | <u>9,261,268</u> |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 4,218,364 | 1,410,024 | 5,628,388 |
| Fund balance - Beginning of year, as restated | <u>19,330,264</u> | <u>6,103,062</u> | <u>25,433,326</u> |
| Fund balance - End of year | \$ <u>23,548,628</u> | \$ <u>7,513,086</u> | \$ <u>31,061,714</u> |

See Accompanying Independent Auditor's Report

| <u>Budgeted Amounts</u> | | <u>Final to Actual</u> |
|-------------------------|----------------------|------------------------|
| <u>Original</u> | <u>Final</u> | <u>Variance</u> |
| \$ 12,431,172 | \$ 12,431,172 | \$ 1,020,328 |
| 4,767,333 | 4,767,333 | (719,608) |
| 253,859 | 253,859 | 99,356 |
| 13,239,022 | 19,718,093 | (14,150,717) |
| 623,613 | 1,040,211 | (38,872) |
| 18,065,525 | 18,531,316 | (4,387,706) |
| 50,000 | 50,000 | 229,877 |
| <u>1,284,164</u> | <u>1,721,522</u> | <u>1,036,385</u> |
| <u>50,714,688</u> | <u>58,513,506</u> | <u>(16,910,957)</u> |
| 7,737,484 | 8,179,894 | 706,006 |
| 7,606,355 | 8,281,909 | 28,557 |
| 659,813 | 818,855 | 69,245 |
| 2,410,401 | 2,657,986 | 95,115 |
| 1,867,141 | 2,300,582 | 840,482 |
| 2,744,314 | 2,760,464 | (329,800) |
| 22,451,758 | 18,187,730 | 14,660,780 |
| 4,836,099 | 4,791,103 | 2,119,425 |
| <u>17,118,409</u> | <u>18,157,919</u> | <u>2,711,203</u> |
| <u>67,431,774</u> | <u>66,136,442</u> | <u>20,901,013</u> |
| <u>(16,717,086)</u> | <u>(7,622,936)</u> | <u>3,990,056</u> |
| <u>2,500,000</u> | <u>16,512,201</u> | <u>(7,250,933)</u> |
| (14,217,086) | 8,889,265 | (3,260,877) |
| <u>30,667,573</u> | <u>30,667,573</u> | <u>(5,234,247)</u> |
| \$ <u>16,450,487</u> | \$ <u>39,556,838</u> | \$ <u>(8,495,124)</u> |

CITY OF OTTUMWA, IOWA

BUDGET TO GAAP RECONCILIATION/
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

| | Proprietary Funds | | |
|-------------------------------------|---------------------|------------------------|----------------------|
| | Budget Basis | Budget Adjustments | GAAP Basis |
| Revenues | \$ 11,281,783 | \$ - | \$ 11,281,783 |
| Expenditures/expenses | <u>15,446,716</u> | <u>(2,764,348)</u> | <u>12,682,368</u> |
| Net | (4,164,933) | (2,764,348) | (1,400,585) |
| Other financing sources, net | 5,574,957 | (3,459,044) | 9,034,001 |
| Beginning net position, as restated | <u>6,103,062</u> | <u>(45,202,634)</u> | <u>51,305,696</u> |
| Ending net position | \$ <u>7,513,086</u> | \$ <u>(51,426,026)</u> | \$ <u>58,939,112</u> |

The budgetary comparison is presented as Required Supplementary Information in accordance with Government 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 modified accrual basis following required public notice and hearing for all funds, except the Internal Service Funds, as prescribed by Iowa statutes. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the modified accrual 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 or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Project Funds, Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment decreased budgeted disbursements by \$1,295,332. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements in the general government function exceeded the amount budgeted.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

| <u>Fiscal Year</u> | <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|--------------------|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 2009 | July 1, 2008 | \$ <u>-</u> | \$ <u>14,363,186</u> | \$ <u>14,363,186</u> | 0.00% | \$ <u>2,672,000</u> | 437.5% |
| 2010 | July 1, 2008 | \$ <u>-</u> | \$ <u>14,363,186</u> | \$ <u>14,363,186</u> | 0.00% | \$ <u>2,600,000</u> | 452.4% |
| 2011 | July 1, 2010 | \$ <u>-</u> | \$ <u>10,317,230</u> | \$ <u>10,317,230</u> | 0.00% | \$ <u>2,297,000</u> | 349.1% |
| 2012 | July 1, 2010 | \$ <u>-</u> | \$ <u>10,317,230</u> | \$ <u>10,317,230</u> | 0.00% | \$ <u>1,941,000</u> | 431.5% |
| 2013 | July 1, 2012 | \$ <u>-</u> | \$ <u>10,792,527</u> | \$ <u>10,792,527</u> | 0.00% | \$ <u>1,882,000</u> | 473.5% |
| 2014 | July 1, 2012 | \$ <u>-</u> | \$ <u>10,792,527</u> | \$ <u>10,792,527</u> | 0.00% | \$ <u>1,825,000</u> | 491.4% |

See Note 6 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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

Schedule 1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

| <u>ASSETS</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Permanent Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|---|--------------------------------------|---------------------------------------|----------------------------|--|
| Cash, cash equivalents and pooled investments | \$ 4,175,742 | \$ 2,420,985 | \$ 822,641 | \$ 7,419,368 |
| Receivables: | | | | |
| Property taxes | 1,739,067 | - | - | 1,739,067 |
| Accounts | 123,877 | 232,422 | - | 356,299 |
| Due from other governments | 162,970 | 74,660 | - | 237,630 |
| Due from other funds | 1,095 | - | - | 1,095 |
| Inventory | 38,339 | - | - | 38,339 |
| Prepaid insurance | 242,395 | - | - | 242,395 |
| Deposit | 25,000 | - | - | 25,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | \$ <u>6,508,485</u> | \$ <u>2,728,067</u> | \$ <u>822,641</u> | \$ <u>10,059,193</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES:</u> | | | | |
| Accounts payable | \$ 199,747 | \$ 151,959 | \$ 958 | \$ 352,664 |
| Wages and benefits payable | 32,900 | - | - | 32,900 |
| Unearned revenue | 172,396 | 228,672 | - | 401,068 |
| Due to other funds | 252,873 | - | - | 252,873 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>657,916</u> | <u>380,631</u> | <u>958</u> | <u>1,039,505</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | 1,549,997 | - | - | 1,549,997 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>FUND BALANCES:</u> | | | | |
| Nonspendable | 280,734 | - | 790,217 | 1,070,951 |
| Restricted | 4,262,247 | 2,347,436 | 31,466 | 6,641,149 |
| Unassigned | (242,409) | - | - | (242,409) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCES | <u>4,300,572</u> | <u>2,347,436</u> | <u>821,683</u> | <u>7,469,691</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ <u>6,508,485</u> | \$ <u>2,728,067</u> | \$ <u>822,641</u> | \$ <u>10,059,193</u> |

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA

Schedule 2

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|---|
| REVENUES: | | | | |
| Property tax | \$ 1,665,144 | \$ - | \$ - | \$ 1,665,144 |
| Intergovernmental | 972,619 | 428,280 | - | 1,400,899 |
| Use of money and property | 779,514 | 3,660 | 9,351 | 792,525 |
| Charges for service | 468,680 | 815 | 10,969 | 480,464 |
| Miscellaneous | <u>1,783,758</u> | <u>183,614</u> | <u>-</u> | <u>1,967,372</u> |
| Total revenues | <u>5,669,715</u> | <u>616,369</u> | <u>20,320</u> | <u>6,306,404</u> |
| EXPENDITURES: | | | | |
| Operating: | | | | |
| Public safety | 55,479 | 183,221 | - | 238,700 |
| Public works | 866,595 | - | - | 866,595 |
| Health and social services | - | 216,373 | - | 216,373 |
| Culture and recreation | 1,280,782 | 25,040 | - | 1,305,822 |
| Community and economic development | 1,022,860 | 30,129 | - | 1,052,989 |
| General government | 1,890,612 | - | - | 1,890,612 |
| Capital projects | - | 705,671 | - | 705,671 |
| Total expenditures | <u>5,116,328</u> | <u>1,160,434</u> | <u>-</u> | <u>6,276,762</u> |
| Excess (deficiency) of revenues over (under) expenditures | 553,387 | (544,065) | 20,320 | 29,642 |
| Other financing sources (uses): | | | | |
| Transfers in | 863,621 | - | - | 863,621 |
| Transfers out | (2,798,089) | - | (17,380) | (2,815,469) |
| General obligation bonds issued | <u>2,092,500</u> | <u>1,100,000</u> | <u>-</u> | <u>3,192,500</u> |
| Total other financing sources (uses) | <u>158,032</u> | <u>1,100,000</u> | <u>(17,380)</u> | <u>1,240,652</u> |
| Net change in fund balances | 711,419 | 555,935 | 2,940 | 1,270,294 |
| Fund balance - Beginning of year, as restated | <u>3,589,153</u> | <u>1,791,501</u> | <u>818,743</u> | <u>6,199,397</u> |
| Fund balance - End of year | \$ <u>4,300,572</u> | \$ <u>2,347,436</u> | \$ <u>821,683</u> | \$ <u>7,469,691</u> |

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

| <u>ASSETS</u> | <u>Airport</u> | <u>Emergency</u> | <u>Library</u> | <u>Cemetery</u> | <u>Block Grants</u> |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| Cash, cash equivalents and pooled investments | \$ 311,733 | \$ - | \$ 450,059 | \$ 136,239 | \$ 447,275 |
| Receivables: | | | | | |
| Property taxes | - | 163,717 | 393,023 | 136,576 | - |
| Accounts | 103,511 | - | - | 2,196 | 12,497 |
| Due from other governments | 57,555 | - | - | - | 75,415 |
| Due from other funds | 1,095 | - | - | - | - |
| Inventory | 38,339 | - | - | - | - |
| Prepaid insurance | 15,307 | - | 3,433 | 4,550 | - |
| Deposit | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 527,540</u> | <u>\$ 163,717</u> | <u>\$ 846,515</u> | <u>\$ 279,561</u> | <u>\$ 535,187</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES:</u> | | | | | |
| Accounts payable | \$ 7,102 | \$ - | \$ 5,321 | \$ 16,943 | \$ 63,992 |
| Wages and benefits payable | 4,400 | - | 19,500 | 6,700 | - |
| Unearned revenue | - | 159,899 | - | - | 12,497 |
| Due to other funds | - | 3,818 | - | - | - |
| TOTAL LIABILITIES | <u>11,502</u> | <u>163,717</u> | <u>24,821</u> | <u>23,643</u> | <u>76,489</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | | |
| Unavailable resources: | | | | | |
| Succeeding year property tax | - | - | 384,257 | 133,579 | - |
| <u>FUND BALANCES:</u> | | | | | |
| Nonspendable | 53,646 | - | 3,433 | 4,550 | - |
| Restricted | 462,392 | - | 434,004 | 117,789 | 458,698 |
| Unassigned | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>516,038</u> | <u>-</u> | <u>437,437</u> | <u>122,339</u> | <u>458,698</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 527,540</u> | <u>\$ 163,717</u> | <u>\$ 846,515</u> | <u>\$ 279,561</u> | <u>\$ 535,187</u> |

| <u>Tax Increment Financing</u> | <u>Risk Management</u> | <u>Fire Bequest</u> | <u>Retiree Health Insurance</u> | <u>Library Bequest</u> | <u>Park Bequest</u> | <u>Police Bequest</u> | <u>Historic Preservation</u> | <u>Total</u> |
|--------------------------------|------------------------|---------------------|---------------------------------|------------------------|---------------------|-----------------------|------------------------------|---------------------|
| \$ 1,115 | \$ 828,339 | \$ 25,795 | \$ 1,742,162 | \$ 118,851 | \$ 30,978 | \$ 79,921 | \$ 3,275 | \$ 4,175,742 |
| 692,067 | 353,684 | - | - | - | - | - | - | 1,739,067 |
| - | 1,673 | - | - | - | 4,000 | - | - | 123,877 |
| - | - | - | - | - | 30,000 | - | - | 162,970 |
| - | - | - | - | - | - | - | - | 1,095 |
| - | 219,105 | - | - | - | - | - | - | 38,339 |
| - | 25,000 | - | - | - | - | - | - | 242,395 |
| <u>693,182</u> | <u>1,427,801</u> | <u>25,795</u> | <u>1,742,162</u> | <u>118,851</u> | <u>64,978</u> | <u>79,921</u> | <u>3,275</u> | <u>6,508,485</u> |
| \$ - | \$ 48,685 | \$ 1,329 | \$ 44,264 | \$ 7,649 | \$ 3,493 | \$ 969 | \$ - | \$ 199,747 |
| - | 2,300 | - | - | - | - | - | - | 32,900 |
| - | - | - | - | - | - | - | - | 172,396 |
| <u>249,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>252,873</u> |
| <u>249,055</u> | <u>50,985</u> | <u>1,329</u> | <u>44,264</u> | <u>7,649</u> | <u>3,493</u> | <u>969</u> | <u>-</u> | <u>657,916</u> |
| <u>686,536</u> | <u>345,625</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,549,997</u> |
| - | 219,105 | - | - | - | - | - | - | 280,734 |
| - | 812,086 | 24,466 | 1,697,898 | 111,202 | 61,485 | 78,952 | 3,275 | 4,262,247 |
| <u>(242,409)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(242,409)</u> |
| <u>(242,409)</u> | <u>1,031,191</u> | <u>24,466</u> | <u>1,697,898</u> | <u>111,202</u> | <u>61,485</u> | <u>78,952</u> | <u>3,275</u> | <u>4,300,572</u> |
| \$ <u>693,182</u> | \$ <u>1,427,801</u> | \$ <u>25,795</u> | \$ <u>1,742,162</u> | \$ <u>118,851</u> | \$ <u>64,978</u> | \$ <u>79,921</u> | \$ <u>3,275</u> | \$ <u>6,508,485</u> |

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Airport</u> | <u>Emergency</u> | <u>Library</u> | <u>Cemetery</u> | <u>Block Grants</u> |
|--|-------------------|------------------|-------------------|-------------------|-------------------------|
| REVENUES: | | | | | |
| Property tax | \$ - | \$ 170,080 | \$ 390,314 | \$ 133,533 | \$ - |
| Intergovernmental | 146,396 | - | 34,743 | - | 752,981 |
| Use of money and property | 750,776 | - | 1,772 | 14,126 | - |
| Charges for service | - | - | 14,695 | 110,983 | - |
| Miscellaneous | 446,529 | - | 116,458 | 69,588 | 354,741 |
| Total revenues | <u>1,343,701</u> | <u>170,080</u> | <u>557,962</u> | <u>328,330</u> | <u>1,107,722</u> |
| EXPENDITURES: | | | | | |
| Operating: | | | | | |
| Public safety | - | - | - | - | - |
| Public works | 866,595 | - | - | - | - |
| Culture and recreation | - | - | 732,311 | 338,115 | - |
| Community and economic development | 171,391 | - | - | - | 786,730 |
| General government | - | - | - | - | - |
| Total expenditures | <u>1,037,986</u> | <u>-</u> | <u>732,311</u> | <u>338,115</u> | <u>786,730</u> |
| Excess (deficiency) of revenues over (under) expenditures | 305,715 | 170,080 | (174,329) | (9,785) | 320,992 |
| Other financing sources (uses): | | | | | |
| Transfers in | 57,042 | - | 183,162 | 76,198 | 11,720 |
| Transfers out | - | (170,080) | - | (10,550) | (10,745) |
| General obligation bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>57,042</u> | <u>(170,080)</u> | <u>183,162</u> | <u>65,648</u> | <u>975</u> |
| Net change in fund balances | 362,757 | - | 8,833 | 55,863 | 321,967 |
| Fund balance - Beginning of year | <u>153,281</u> | <u>-</u> | <u>428,604</u> | <u>66,476</u> | <u>136,731</u> |
| Fund balance - End of year | \$ <u>516,038</u> | \$ <u>-</u> | \$ <u>437,437</u> | \$ <u>122,339</u> | \$ <u>458,698</u> |

| <u>Tax Increment Financing</u> | <u>Risk Management</u> | <u>Fire Bequest</u> | <u>Retiree Health Insurance</u> | <u>Library Bequest</u> | <u>Park Bequest</u> | <u>Police Bequest</u> | <u>Historic Preservation</u> | <u>Total</u> |
|--------------------------------|------------------------|---------------------|---------------------------------|------------------------|---------------------|-----------------------|------------------------------|---------------------|
| \$ 612,159 | \$ 359,058 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,665,144 |
| - | - | - | - | - | 30,000 | - | 8,499 | 972,619 |
| 595 | 3,252 | 106 | 7,898 | 372 | 341 | 276 | - | 779,514 |
| - | - | - | 343,002 | - | - | - | - | 468,680 |
| - | 1,791 | 1,341 | 551,822 | 98,629 | 86,275 | 56,199 | 285 | 1,783,758 |
| <u>612,754</u> | <u>364,101</u> | <u>1,447</u> | <u>902,722</u> | <u>99,001</u> | <u>116,616</u> | <u>56,475</u> | <u>8,784</u> | <u>5,669,715</u> |
| - | 27,307 | 1,509 | - | - | - | 26,663 | - | 55,479 |
| - | - | - | - | - | - | - | - | 866,595 |
| - | - | - | - | 98,830 | 111,526 | - | - | 1,280,782 |
| 56,245 | - | - | - | - | - | - | 8,494 | 1,022,860 |
| - | 299,694 | - | 1,590,918 | - | - | - | - | 1,890,612 |
| <u>56,245</u> | <u>327,001</u> | <u>1,509</u> | <u>1,590,918</u> | <u>98,830</u> | <u>111,526</u> | <u>26,663</u> | <u>8,494</u> | <u>5,116,328</u> |
| 556,509 | 37,100 | (62) | (688,196) | 171 | 5,090 | 29,812 | 290 | 553,387 |
| 10,141 | 122,479 | - | 402,879 | - | - | - | - | 863,621 |
| (2,590,864) | (15,850) | - | - | - | - | - | - | (2,798,089) |
| 2,092,500 | - | - | - | - | - | - | - | 2,092,500 |
| <u>(488,223)</u> | <u>106,629</u> | <u>-</u> | <u>402,879</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>158,032</u> |
| 68,286 | 143,729 | (62) | (285,317) | 171 | 5,090 | 29,812 | 290 | 711,419 |
| (310,695) | 887,462 | 24,528 | 1,983,215 | 111,031 | 56,395 | 49,140 | 2,985 | 3,589,153 |
| \$ <u>(242,409)</u> | \$ <u>1,031,191</u> | \$ <u>24,466</u> | \$ <u>1,697,898</u> | \$ <u>111,202</u> | \$ <u>61,485</u> | \$ <u>78,952</u> | \$ <u>3,275</u> | \$ <u>4,300,572</u> |

CITY OF OTTUMWA, IOWA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014

| <u>ASSETS</u> | <u>Sidewalks</u> | <u>Airport Projects</u> | <u>Park Projects</u> |
|---|-------------------|-----------------------------|--------------------------|
| Cash, cash equivalents and pooled investments | \$ 190,754 | \$ 401,353 | \$ 265,496 |
| Receivables: | | | |
| Accounts | 3,750 | - | - |
| Due from other governments | <u>-</u> | <u>74,660</u> | <u>-</u> |
| TOTAL ASSETS | \$ <u>194,504</u> | \$ <u>476,013</u> | \$ <u>265,496</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES:</u> | | | |
| Accounts payable | \$ - | \$ 84,271 | \$ 29,000 |
| Unearned revenue | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>84,271</u> | <u>29,000</u> |
| <u>FUND BALANCES:</u> | | | |
| Restricted | <u>194,504</u> | <u>391,742</u> | <u>236,496</u> |
| TOTAL FUND BALANCES | <u>194,504</u> | <u>391,742</u> | <u>236,496</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>194,504</u> | \$ <u>476,013</u> | \$ <u>265,496</u> |

| <u>Other Bond Projects</u> | <u>Levee Repairs</u> | <u>Total</u> |
|--------------------------------|--------------------------|---------------------|
| \$ 1,547,958 | \$ 15,424 | \$ 2,420,985 |
| 228,672 | - | 232,422 |
| <u>-</u> | <u>-</u> | <u>74,660</u> |
| \$ <u>1,776,630</u> | \$ <u>15,424</u> | \$ <u>2,728,067</u> |
| | | |
| \$ 38,688 | \$ - | \$ 151,959 |
| <u>228,672</u> | <u>-</u> | <u>228,672</u> |
| <u>267,360</u> | <u>-</u> | <u>380,631</u> |
| | | |
| <u>1,509,270</u> | <u>15,424</u> | <u>2,347,436</u> |
| <u>1,509,270</u> | <u>15,424</u> | <u>2,347,436</u> |
| \$ <u>1,776,630</u> | \$ <u>15,424</u> | \$ <u>2,728,067</u> |

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Sidewalks</u> | <u>Airport Projects</u> | <u>Park Projects</u> |
|--|--------------------|-----------------------------|--------------------------|
| <u>REVENUES:</u> | | | |
| Intergovernmental | \$ - | \$ 414,301 | \$ - |
| Use of money and property | 1,024 | 1,449 | 1,150 |
| Charges for service | 590 | - | - |
| Miscellaneous | <u>4,000</u> | <u>38,000</u> | <u>51,041</u> |
| Total revenues | <u>5,614</u> | <u>453,750</u> | <u>52,191</u> |
| <u>EXPENDITURES:</u> | | | |
| Operating: | | | |
| Public safety | - | - | - |
| Health and social services | - | - | - |
| Culture and recreation | - | - | - |
| Community and economic development | - | - | - |
| Capital projects | <u>118,621</u> | <u>480,979</u> | <u>106,071</u> |
| Total expenditures | <u>118,621</u> | <u>480,979</u> | <u>106,071</u> |
| Excess (deficiency) of revenues over (under) expenditures | (113,007) | (27,229) | (53,880) |
| Other financing sources: | | | |
| General obligation bonds issued | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (113,007) | (27,229) | (53,880) |
| Fund balance - Beginning of year, as restated | <u>307,511</u> | <u>418,971</u> | <u>290,376</u> |
| Fund balance - End of year | \$ <u>194,504</u> | \$ <u>391,742</u> | \$ <u>236,496</u> |

| <u>Other Bond Projects</u> | <u>Levee Repairs</u> | <u>Total</u> |
|--------------------------------|--------------------------|---------------------|
| \$ - | \$ 13,979 | \$ 428,280 |
| - | 37 | 3,660 |
| 225 | - | 815 |
| <u>90,527</u> | <u>46</u> | <u>183,614</u> |
| <u>90,752</u> | <u>14,062</u> | <u>616,369</u> |
| 181,966 | 1,255 | 183,221 |
| 216,373 | - | 216,373 |
| 25,040 | - | 25,040 |
| 30,129 | - | 30,129 |
| - | - | 705,671 |
| <u>453,508</u> | <u>1,255</u> | <u>1,160,434</u> |
| (362,756) | 12,807 | (544,065) |
| <u>1,100,000</u> | <u>-</u> | <u>1,100,000</u> |
| 737,244 | 12,807 | 555,935 |
| <u>772,026</u> | <u>2,617</u> | <u>1,791,501</u> |
| \$ <u>1,509,270</u> | \$ <u>15,424</u> | \$ <u>2,347,436</u> |

CITY OF OTTUMWA, IOWA

Schedule 7

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

| | <u>Cemetery Perpetual Care</u> | <u>Cemetery Memorial</u> | <u>Total Nonmajor Permanent Funds</u> |
|---|--|------------------------------|---|
| <u>ASSETS</u> | | | |
| Cash, cash equivalents and pooled investments | \$ <u>690,758</u> | \$ <u>131,883</u> | \$ <u>822,641</u> |
| TOTAL ASSETS | \$ <u>690,758</u> | \$ <u>131,883</u> | \$ <u>822,641</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES:</u> | | | |
| Accounts payable | \$ <u>958</u> | \$ <u>0</u> | \$ <u>958</u> |
| <u>FUND BALANCES:</u> | | | |
| Nonspendable | 688,847 | 101,370 | 790,217 |
| Restricted | <u>953</u> | <u>30,513</u> | <u>31,466</u> |
| TOTAL FUND BALANCES | <u>689,800</u> | <u>131,883</u> | <u>821,683</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>690,758</u> | \$ <u>131,883</u> | \$ <u>822,641</u> |

CITY OF OTTUMWA, IOWA

Schedule 8

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
YEAR ENDED JUNE 30, 2014

| | Cemetery Perpetual Care | Cemetery Memorial | Total Nonmajor Permanent Funds |
|----------------------------------|-------------------------------|----------------------|---|
| <u>REVENUES:</u> | | | |
| Interest income | \$ 7,646 | \$ 1,705 | \$ 9,351 |
| Charges for service | <u>10,969</u> | <u>0</u> | <u>10,969</u> |
| Total revenues | <u>18,615</u> | <u>1,705</u> | <u>20,320</u> |
| Other financing uses: | | | |
| Transfers out | <u>(12,942)</u> | <u>(4,438)</u> | <u>(17,380)</u> |
| Net change in fund balances | 5,673 | (2,733) | 2,940 |
| Fund balance - Beginning of year | <u>684,127</u> | <u>134,616</u> | <u>818,743</u> |
| Fund balance - End of year | \$ <u>689,800</u> | \$ <u>131,883</u> | \$ <u>821,683</u> |

CITY OF OTTUMWA, IOWA

Schedule 9

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2014

| <u>ASSETS</u> | <u>Transit</u> | <u>Golf Course</u> | <u>Total Nonmajor Proprietary Funds</u> |
|--|----------------------------|--------------------------|---|
| Current assets: | | | |
| Cash, cash equivalents and pooled investments | \$ 344,557 | \$ - | \$ 344,557 |
| Receivables: | | | |
| Accounts | 6,769 | - | 6,769 |
| Property taxes | 440,555 | - | 440,555 |
| Due from other governments | 92,363 | - | 92,363 |
| Prepaid expenses | 9,783 | - | 9,783 |
| Total current assets | <u>894,027</u> | <u>-</u> | <u>894,027</u> |
| Capital assets: | | | |
| Land | - | 80,000 | 80,000 |
| Buildings | 1,295,718 | 174,855 | 1,470,573 |
| Improvements other than buildings | - | 893,562 | 893,562 |
| Machinery and equipment | 3,170,013 | 376,972 | 3,546,985 |
| Less accumulated depreciation | <u>(3,422,024)</u> | <u>(1,007,727)</u> | <u>(4,429,751)</u> |
| Total capital assets | <u>1,043,707</u> | <u>517,662</u> | <u>1,561,369</u> |
| TOTAL ASSETS | \$ <u>1,937,734</u> | \$ <u>517,662</u> | \$ <u>2,455,396</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u> | | | |
| <u>LIABILITIES:</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 7,684 | \$ 6,836 | \$ 14,520 |
| Wages and benefits payable | 25,100 | - | 25,100 |
| Compensated absences payable | 23,569 | - | 23,569 |
| Total current liabilities | <u>56,353</u> | <u>6,836</u> | <u>63,189</u> |
| Long-term liabilities: | | | |
| Other post employment benefits obligation | 67,987 | - | 67,987 |
| TOTAL LIABILITIES | <u>124,340</u> | <u>6,836</u> | <u>131,176</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | 430,516 | - | 430,516 |
| <u>NET POSITION:</u> | | | |
| Net investment in capital assets | 1,043,707 | 517,662 | 1,561,369 |
| Unrestricted | 339,171 | (6,836) | 332,335 |
| TOTAL NET POSITION | <u>1,382,878</u> | <u>510,826</u> | <u>1,893,704</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ <u>1,937,734</u> | \$ <u>517,662</u> | \$ <u>2,455,396</u> |

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA

Schedule 10

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Transit</u> | <u>Golf Course</u> | <u>Total Nonmajor Proprietary Funds</u> |
|--|---------------------|------------------------|---|
| Operating revenues: | | | |
| Charges for service | \$ 126,045 | \$ - | \$ 126,045 |
| Miscellaneous | <u>1,353</u> | <u>10,195</u> | <u>11,548</u> |
| Total operating revenues | <u>127,398</u> | <u>10,195</u> | <u>137,593</u> |
| Operating expenses: | | | |
| Operations | 1,051,325 | - | 1,051,325 |
| Depreciation | <u>427,030</u> | <u>31,118</u> | <u>458,148</u> |
| Total operating expenses | <u>1,478,355</u> | <u>31,118</u> | <u>1,509,473</u> |
| Operating loss | <u>(1,350,957)</u> | <u>(20,923)</u> | <u>(1,371,880)</u> |
| Nonoperating revenue: | | | |
| Interest income | 1,264 | - | 1,264 |
| Property taxes | 447,248 | - | 447,248 |
| Intergovernmental | <u>557,394</u> | <u>-</u> | <u>557,394</u> |
| Total nonoperating revenue | <u>1,005,906</u> | <u>-</u> | <u>1,005,906</u> |
| Loss before capital contributions and grants and transfers | (345,051) | (20,923) | (365,974) |
| Capital contributions and grants | 26,208 | - | 26,208 |
| Transfers in | <u>-</u> | <u>31,000</u> | <u>31,000</u> |
| Change in net position | (318,843) | 10,077 | (308,766) |
| Net position - Beginning of year | <u>1,701,721</u> | <u>500,749</u> | <u>2,202,470</u> |
| Net position - End of year | \$ <u>1,382,878</u> | \$ <u>510,826</u> | \$ <u>1,893,704</u> |

CITY OF OTTUMWA, IOWA

Schedule 11

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Transit</u> | <u>Golf Course</u> | <u>Total Nonmajor Proprietary Funds</u> |
|---|---------------------|--------------------|---|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Cash received from operations | \$ 133,402 | \$ 13,519 | \$ 146,921 |
| Cash paid to employees | (590,958) | - | (590,958) |
| Cash paid to suppliers | (434,476) | - | (434,476) |
| Cash used in operations | (1,025,434) | - | (1,025,434) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(892,032)</u> | <u>13,519</u> | <u>(878,513)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | | | |
| Property taxes | 447,275 | - | 447,275 |
| Intergovernmental | 465,031 | - | 465,031 |
| Transfers from other funds | - | 31,000 | 31,000 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>912,306</u> | <u>31,000</u> | <u>943,306</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | | |
| Payment of long term debt: | | | |
| General obligation bonds | - | (31,000) | (31,000) |
| Additions to property and equipment | (53,956) | (13,519) | (67,475) |
| Capital contributions and grants | 26,208 | - | 26,208 |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(27,748)</u> | <u>(44,519)</u> | <u>(72,267)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | |
| Interest income received | 1,264 | - | 1,264 |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS | <u>(6,210)</u> | <u>-</u> | <u>(6,210)</u> |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year</u> | <u>350,767</u> | <u>-</u> | <u>350,767</u> |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year</u> | <u>\$ 344,557</u> | <u>\$ -</u> | <u>\$ 344,557</u> |
| <u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | | | |
| Operating loss | \$ (1,350,957) | \$ (20,923) | \$ (1,371,880) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | |
| Depreciation | 427,030 | 31,118 | 458,148 |
| Changes in assets and liabilities: | | | |
| Decrease in receivables | 6,004 | - | 6,004 |
| Decrease in prepaid expenses | 17,948 | - | 17,948 |
| Increase (decrease) in accounts payable | (6,419) | 3,324 | (3,095) |
| Increase in wages and benefits payable | 5,100 | - | 5,100 |
| Decrease in due to other governments | (7,036) | - | (7,036) |
| Increase in compensated absences payable | 8,030 | - | 8,030 |
| Increase in other post employment benefits obligation | 8,268 | - | 8,268 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (892,032)</u> | <u>\$ 13,519</u> | <u>\$ (878,513)</u> |

CITY OF OTTUMWA, IOWA

Schedule 12

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

| | <u>Payroll</u> | <u>Equipment</u> | <u>Employee</u> | |
|---|-------------------|-------------------|---------------------|---------------------|
| | <u>Clearing</u> | <u>Purchasing</u> | <u>Insurance</u> | <u>Total</u> |
| <u>ASSETS</u> | | | | |
| Cash, cash equivalents and pooled investments | \$ <u>201,653</u> | \$ <u>889,838</u> | \$ <u>2,228,085</u> | \$ <u>3,319,576</u> |
| TOTAL ASSETS | \$ <u>201,653</u> | \$ <u>889,838</u> | \$ <u>2,228,085</u> | \$ <u>3,319,576</u> |
| <u>LIABILITIES AND NET POSITION</u> | | | | |
| <u>CURRENT LIABILITIES:</u> | | | | |
| Accounts payable | \$ <u>201,653</u> | \$ <u>2,462</u> | \$ <u>421,342</u> | \$ <u>625,457</u> |
| TOTAL LIABILITIES | <u>201,653</u> | <u>2,462</u> | <u>421,342</u> | <u>625,457</u> |
| <u>NET POSITION:</u> | | | | |
| Restricted | - | - | 1,806,743 | 1,806,743 |
| Unrestricted | <u>-</u> | <u>887,376</u> | <u>-</u> | <u>887,376</u> |
| TOTAL NET POSITION | <u>-</u> | <u>887,376</u> | <u>1,806,743</u> | <u>2,694,119</u> |
| TOTAL LIABILITIES AND NET POSITION | \$ <u>201,653</u> | \$ <u>889,838</u> | \$ <u>2,228,085</u> | \$ <u>3,319,576</u> |

CITY OF OTTUMWA, IOWA

Schedule 13

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Equipment Purchasing</u> | <u>Employee Insurance</u> | <u>Total</u> |
|--|---------------------------------|-------------------------------|-----------------------|
| <u>OPERATING REVENUES:</u> | | | |
| Charges for service and other operating revenues | \$ <u> -</u> | \$ <u> 3,211,143</u> | \$ <u> 3,211,143</u> |
| <u>EXPENSES:</u> | | | |
| Operations | <u> -</u> | <u> 3,086,830</u> | <u> 3,086,830</u> |
| Operating income | <u> -</u> | <u> 124,313</u> | <u> 124,313</u> |
| Nonoperating revenue: | | | |
| Interest income | <u> -</u> | <u> 9,227</u> | <u> 9,227</u> |
| Income before transfers | <u> -</u> | <u> 133,540</u> | <u> 133,540</u> |
| Transfers: | | | |
| Transfers in | <u> 457,500</u> | <u> -</u> | <u> 457,500</u> |
| Transfers out | <u> (658,057)</u> | <u> -</u> | <u> (658,057)</u> |
| Total transfers | <u> (200,557)</u> | <u> -</u> | <u> (200,557)</u> |
| Change in net position | <u> (200,557)</u> | <u> 133,540</u> | <u> (67,017)</u> |
| Net position - Beginning of year | <u> 1,087,933</u> | <u> 1,673,203</u> | <u> 2,761,136</u> |
| Net position - End of year | \$ <u> 887,376</u> | \$ <u> 1,806,743</u> | \$ <u> 2,694,119</u> |

CITY OF OTTUMWA, IOWA

Schedule 14

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

| | Payroll Clearing | Equipment Purchasing | Employee Insurance | Total Nonmajor Internal Service Funds |
|--|---------------------|-------------------------|-----------------------|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Cash received from operations | \$ - | \$ 8,794 | \$ 3,230,976 | \$ 3,239,770 |
| Cash received from employees | 181,834 | - | - | 181,834 |
| Cash paid to suppliers | - | - | (3,306,199) | (3,306,199) |
| Cash provided (used) by operations | 181,834 | - | (3,306,199) | (3,124,365) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 181,834 | 8,794 | (75,223) | 115,405 |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | | | | |
| Transfers from other funds | - | 457,500 | - | 457,500 |
| Transfers to other funds | - | (658,057) | - | (658,057) |
| NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES | - | (200,557) | - | (200,557) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Interest income received | - | - | 9,227 | 9,227 |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS | 181,834 | (191,763) | (65,996) | (75,925) |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year | 19,819 | 1,081,601 | 2,294,081 | 3,395,501 |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year | \$ 201,653 | \$ 889,838 | \$ 2,228,085 | \$ 3,319,576 |
| <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | | | | |
| Operating income | \$ - | \$ - | \$ 124,313 | \$ 124,313 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Changes in assets and liabilities: | | | | |
| Decrease in accounts receivable | - | 6,332 | - | 6,332 |
| Decrease in due from other governments | - | - | 19,833 | 19,833 |
| Increase (decrease) in accounts payable | 181,834 | 2,462 | (219,369) | (35,073) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 181,834 | \$ 8,794 | \$ (75,223) | \$ 115,405 |

CITY OF OTTUMWA, IOWA

Schedule 15

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

| <u>Grantor/Program</u> | <u>CFDA Number</u> | <u>Grant Number</u> | <u>Federal Expenditures</u> |
|---|------------------------|---------------------|---------------------------------|
| <u>Expenditures of Federal Awards</u> | | | |
| <u>Direct:</u> | | | |
| Department of Transportation: Airport Improvement Program | 20.106 | AIP-3-19-0073-16 | \$ <u>414,301</u> |
| <u>Indirect:</u> | | | |
| Department of Housing and Urban Development: Community Development Block Grant/Small Cities Program | 14.219 | 10-HM-119-65 | <u>144,308</u> |
| Community Development Block Grant/Entitlement Grants | 14.228 | - | <u>841,263</u> |
| Department of Transportation: Formula Grants for Other Than Urbanized Areas | 20.509 | - | <u>743,275</u> |
| Highway Planning and Construction | 20.205 | - | <u>511,186</u> |
| State and Community Highway Safety | 20.600 | - | <u>15,435</u> |
| Alcohol Grant | 20.601 | - | <u>11,245</u> |
| Department of Justice: Edward Byrne Memorial Formula Grant Program | 16.738 | - | <u>17,474</u> |
| Cops Grant | 16.710 | - | <u>167,331</u> |
| Department of Homeland Security: Interagency Hazardous Materials Public Sector Training and Planning | 20.703 | - | <u>26,949</u> |
| Disaster Grants - Public Assistance | 97.036 | - | <u>4,652,570</u> |
| Environmental Protection Agency: Brownfields Assessment and Cleanup Cooperative Agreements - ARRA | 66.818 | - | <u>90,123</u> |
| Total Expenditures of Indirect Federal Awards | | | <u>7,221,159</u> |
| Total Expenditures of Federal Awards | | | \$ <u>7,635,460</u> |

CITY OF OTTUMWA, IOWA

Schedule 15 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Ottumwa, Iowa and is presented on the accrual/modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

STATISTICAL SECTION

This part of the City of Ottumwa, Iowa'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 | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 79 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 90 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future. | 96 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 102 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 105 |

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

CITY OF OTTUMWA, IOWA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 UNAUDITED
 (Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Government Activities: | | | | | |
| Net investment in capital assets | \$ 19,610 | \$ 49,211 | \$ 32,195 | \$ 33,886 | \$ 27,558 |
| Restricted | 203 | 297 | 983 | 1,001 | 1,015 |
| Unrestricted | <u>8,115</u> | <u>3,065</u> | <u>8,000</u> | <u>8,645</u> | <u>15,578</u> |
| Total governmental activities net position | <u>\$ 27,928</u> | <u>\$ 52,573</u> | <u>\$ 41,178</u> | <u>\$ 43,532</u> | <u>\$ 44,151</u> |
| Business Type Activities: | | | | | |
| Net investment in capital assets | \$ 10,830 | \$ 11,774 | \$ 30,964 | \$ 33,644 | \$ 35,088 |
| Restricted | 1,544 | 1,453 | 95 | 95 | 95 |
| Unrestricted | <u>1,363</u> | <u>1,477</u> | <u>4,904</u> | <u>4,554</u> | <u>4,567</u> |
| Total business type activities net position | <u>\$ 13,737</u> | <u>\$ 14,704</u> | <u>\$ 35,963</u> | <u>\$ 38,293</u> | <u>\$ 39,750</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 30,440 | \$ 60,985 | \$ 63,159 | \$ 67,530 | \$ 62,646 |
| Restricted | 1,747 | 1,750 | 1,078 | 1,096 | 1,110 |
| Unrestricted | <u>9,478</u> | <u>4,542</u> | <u>12,904</u> | <u>13,199</u> | <u>20,145</u> |
| Total primary government net position | <u>\$ 41,665</u> | <u>\$ 67,277</u> | <u>\$ 77,141</u> | <u>\$ 81,825</u> | <u>\$ 83,901</u> |

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 34,381 | \$ 37,392 | \$ 39,873 | \$ 37,229 | \$ 33,537 |
| 1,036 | 1,099 | 1,075 | 1,098 | 2,238 |
| <u>14,795</u> | <u>15,222</u> | <u>14,677</u> | <u>18,682</u> | <u>21,596</u> |
| \$ <u>50,212</u> | \$ <u>53,713</u> | \$ <u>55,625</u> | \$ <u>57,009</u> | \$ <u>57,371</u> |
| | | | | |
| \$ 39,705 | \$ 41,334 | \$ 42,240 | \$ 46,277 | \$ 51,272 |
| 95 | 95 | 95 | 95 | 95 |
| <u>4,160</u> | <u>5,157</u> | <u>6,340</u> | <u>5,204</u> | <u>7,869</u> |
| \$ <u>43,960</u> | \$ <u>46,586</u> | \$ <u>48,675</u> | \$ <u>51,576</u> | \$ <u>59,236</u> |
| | | | | |
| \$ 74,086 | \$ 78,726 | \$ 82,113 | \$ 83,506 | \$ 84,809 |
| 1,131 | 1,194 | 1,170 | 1,193 | 2,333 |
| <u>19,779</u> | <u>20,379</u> | <u>21,017</u> | <u>23,886</u> | <u>29,465</u> |
| \$ <u>94,996</u> | \$ <u>100,299</u> | \$ <u>104,300</u> | \$ <u>108,585</u> | \$ <u>116,607</u> |

CITY OF OTTUMWA, IOWA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 UNAUDITED
 (Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|------------------|------------------|------------------|------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General government | \$ 2,509 | \$ 2,711 | \$ 2,565 | \$ 2,478 |
| Public safety | 5,555 | 5,684 | 6,436 | 6,780 |
| Public services | 5,421 | 6,859 | 5,798 | 6,817 |
| Culture and recreation | 984 | 1,982 | 2,288 | 2,319 |
| Community development | 1,896 | 1,467 | 1,674 | 1,508 |
| Interest on long-term debt | 609 | 634 | 714 | 768 |
| Total governmental activities expenses | <u>16,974</u> | <u>19,337</u> | <u>19,475</u> | <u>20,670</u> |
| Business Type Activities: | | | | |
| Solid waste | 1,889 | 1,686 | 2,037 | 1,886 |
| Sewer utility | 3,618 | 3,842 | 3,991 | 4,549 |
| Events center | - | - | 1,161 (1) | 1,755 |
| Other (Transit/Golf) | 1,615 | 1,731 | 1,793 | 1,943 |
| Total business type activities expenses | <u>7,122</u> | <u>7,259</u> | <u>8,982</u> | <u>10,133</u> |
| Total primary government expenses | <u>24,096</u> | <u>26,596</u> | <u>28,457</u> | <u>30,803</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for services: | | | | |
| General government | 1,211 | 1,537 | 1,491 | 1,598 |
| Public safety | 413 | 464 | 217 | 530 |
| Public services | 2,481 | 2,812 | 2,720 | 3,249 |
| Culture and recreation | 746 | 856 | 674 | 785 |
| Community development | 627 (3) | 1,691 (3) | 151 | 27 |
| Operating grants, contributions and restricted interest | 2,909 | 2,903 | 3,157 | 2,988 |
| Capital grants, contributions and restricted interest | 2,830 (2) | 5,152 (2) | 1,050 | 642 |
| Total governmental activities program revenues | <u>11,217</u> | <u>15,415</u> | <u>9,460</u> | <u>9,819</u> |
| Business Type Activities: | | | | |
| Charges for services: | | | | |
| Solid waste | 1,568 | 1,674 | 1,575 | 1,942 |
| Sewer utility | 3,235 | 3,911 | 3,783 | 4,264 |
| Events center | - | - | 293 | 526 |
| Other (Transit/Golf) | 675 | 717 | 660 | 634 |
| Operating grants, contributions and restricted interest | 239 | 469 | 651 | 666 |
| Capital grants, contributions and restricted interest | 519 | 567 | 6,621 (4) | 1,919 |
| Total business type activities program revenues | <u>6,236</u> | <u>7,338</u> | <u>13,583</u> | <u>9,951</u> |
| Total primary government program revenues | <u>\$ 17,453</u> | <u>\$ 22,753</u> | <u>\$ 23,043</u> | <u>\$ 19,770</u> |

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|---------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 2,609 | \$ 2,270 | \$ 2,454 | \$ 2,504 | \$ 2,022 | \$ 3,160 |
| | 7,160 | 7,418 | 7,878 | 7,957 | 8,269 | 8,217 |
| | 7,783 | 7,624 | 7,865 | 8,286 | 8,703 | 9,396 |
| | 2,415 | 2,459 | 2,607 | 3,086 | 2,807 | 2,925 |
| | 1,392 | 1,668 | 1,672 | 2,384 | 3,192 | 2,001 |
| | 734 | 878 | 472 | 510 | 539 | 328 |
| | <u>22,093</u> | <u>22,317</u> | <u>22,948</u> | <u>24,727</u> | <u>25,532</u> | <u>26,027</u> |
| | 2,179 | 1,941 | 2,118 | 2,124 | 2,269 | 3,112 |
| | 5,050 | 5,138 | 5,866 | 5,997 | 6,239 | 6,339 |
| | 1,765 | 1,817 | 1,684 | 2,041 | 1,801 | 1,701 |
| | 1,800 | 1,483 | 1,580 | 1,466 | 1,424 | 1,505 |
| | <u>10,794</u> | <u>10,379</u> | <u>11,248</u> | <u>11,628</u> | <u>11,733</u> | <u>12,657</u> |
| | <u>32,887</u> | <u>32,696</u> | <u>34,197</u> | <u>36,355</u> | <u>37,265</u> | <u>38,684</u> |
| | 1,563 | 1,767 | 1,825 | 1,721 | 1,770 | 2,268 |
| | 623 | 723 | 899 | 848 | 704 | 763 |
| | 2,970 | 3,184 | 4,060 | 3,292 | 3,966 | 3,996 |
| | 1,151 | 717 | 854 | 905 | 836 | 964 |
| | 12 | 36 | 76 | 162 | 19 | 455 |
| | 3,056 | 3,612 | 3,054 | 3,088 | 2,144 | 1,897 |
| | 409 | 5,259 | 2,061 | 2,151 | 3,565 | 3,017 |
| | <u>9,784</u> | <u>15,298</u> | <u>12,829</u> | <u>12,167</u> | <u>13,004</u> | <u>13,360</u> |
| | 1,952 | 2,099 | 2,419 | 2,751 | 2,542 | 2,545 |
| | 5,039 | 5,670 | 5,723 | 5,993 | 6,090 | 6,207 |
| | 583 | 655 | 746 | 867 | 961 | 687 |
| | 428 | 191 | 203 | 154 | 167 | 126 |
| | 679 | 792 | 1,280 | 549 | 567 | 654 |
| | 791 | 3,920 | 1,023 | 782 | 880 | 4,905 |
| | <u>9,472</u> | <u>13,327</u> | <u>11,394</u> | <u>11,096</u> | <u>11,207</u> | <u>15,124</u> |
| \$ | <u>19,256</u> | \$ <u>28,625</u> | \$ <u>24,223</u> | \$ <u>23,263</u> | \$ <u>24,211</u> | \$ <u>28,484</u> |

CITY OF OTTUMWA, IOWA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-----------------|------------------|-----------------|-----------------|-----------------|
| Net (expense) revenue: | | | | | |
| Governmental activities | \$ (5,757) | \$ (3,922) | \$ (10,015) | \$ (10,852) | \$ (12,309) |
| Business type activities | <u>(886)</u> | <u>79</u> | <u>4,601</u> | <u>(181)</u> | <u>(1,322)</u> |
| Total primary government net expense | <u>(6,643)</u> | <u>(3,843)</u> | <u>(5,414)</u> | <u>(11,033)</u> | <u>(13,631)</u> |
| General Revenues and Other Changes In Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | 9,721 | 9,920 | 10,833 | 11,042 | 11,258 |
| Sales taxes | 2,359 | 2,791 | 2,783 | 2,847 | 2,839 |
| Other taxes | 921 | 917 | 574 | 582 | 568 |
| Investment earnings | 195 | 268 | 363 | 390 | 259 |
| Miscellaneous | 138 | 22 | 49 | 17 | 60 |
| Transfers | <u>(135)</u> | <u>(359)</u> | <u>(5,563)</u> | <u>(1,673)</u> | <u>(2,056)</u> |
| Total governmental activities | <u>13,199</u> | <u>13,559</u> | <u>9,039</u> | <u>13,205</u> | <u>12,928</u> |
| Business Type Activities: | | | | | |
| Property taxes | 324 | 336 | 354 | 352 | 372 |
| Investment earnings | 154 | 169 | 258 | 267 | 167 |
| Miscellaneous | - | - | 103 | 220 | 184 |
| Transfers | <u>135</u> | <u>383</u> | <u>5,563</u> | <u>1,673</u> | <u>2,056</u> |
| Total business type activities | <u>613</u> | <u>888</u> | <u>6,278</u> | <u>2,512</u> | <u>2,779</u> |
| Total primary government | <u>13,812</u> | <u>14,447</u> | <u>15,317</u> | <u>15,717</u> | <u>15,707</u> |
| Change in Net Position: | | | | | |
| Government activities | 7,442 | 9,637 | (976) | 2,354 | 619 |
| Business type activities | <u>(273)</u> | <u>967</u> | <u>10,879</u> | <u>2,330</u> | <u>1,457</u> |
| Total primary government | \$ <u>7,169</u> | \$ <u>10,604</u> | \$ <u>9,903</u> | \$ <u>4,684</u> | \$ <u>2,076</u> |

- (1) The Bridge View Events Center opened December 31, 2006. During construction from 2004 to 2006 it was accounted for in a capital projects fund.
- (2) Included \$1,137 and \$4,583 Vision Iowa grant revenue for construction of the Bridge View Events Center for fiscal years 2005 and 2006, respectively.
- (3) Included \$322 and \$1,321 donations for construction of the Bridge View Events Center for fiscal years 2005 and 2006, respectively.
- (4) Included \$2,662 for construction of the Bridge View Events Center and \$3,673 for sewer separation.

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | (7,019) | \$ (10,121) | \$ (12,561) | \$ (12,528) | \$ (12,667) |
| | <u>2,949</u> | <u>145</u> | <u>(532)</u> | <u>(526)</u> | <u>2,467</u> |
| | <u>(4,070)</u> | <u>(9,976)</u> | <u>(13,093)</u> | <u>(13,054)</u> | <u>(10,200)</u> |
| | 11,371 | 11,821 | 12,450 | 12,912 | 13,004 |
| | 2,770 | 3,075 | 3,060 | 3,093 | 3,367 |
| | 583 | 611 | 607 | 665 | 681 |
| | 136 | 102 | 95 | 101 | 54 |
| | 58 | 48 | 45 | 49 | 53 |
| | <u>(1,837)</u> | <u>(2,036)</u> | <u>(2,180)</u> | <u>(2,909)</u> | <u>(4,129)</u> |
| | <u>13,081</u> | <u>13,621</u> | <u>14,077</u> | <u>13,911</u> | <u>13,030</u> |
| | 379 | 389 | 380 | 440 | 447 |
| | 74 | 56 | 61 | 79 | 99 |
| | - | - | - | - | 517 |
| | <u>1,837</u> | <u>2,036</u> | <u>2,180</u> | <u>2,909</u> | <u>4,129</u> |
| | <u>2,290</u> | <u>2,481</u> | <u>2,621</u> | <u>3,428</u> | <u>5,192</u> |
| | <u>15,371</u> | <u>16,102</u> | <u>16,698</u> | <u>17,339</u> | <u>18,222</u> |
| | 6,062 | 3,500 | 1,516 | 1,383 | 363 |
| | <u>5,239</u> | <u>2,626</u> | <u>2,089</u> | <u>2,902</u> | <u>7,659</u> |
| \$ | <u>11,301</u> | \$ <u>6,126</u> | \$ <u>3,605</u> | \$ <u>4,285</u> | \$ <u>8,022</u> |

CITY OF OTTUMWA, IOWA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

| <u>Fiscal Year</u> | <u>Utility Replacement</u> | <u>Property Taxes</u> | <u>Sales Taxes</u> | <u>Other Taxes</u> | <u>Total</u> |
|------------------------|--------------------------------|---------------------------|------------------------|------------------------|--------------|
| 2005 | \$ 431 | \$ 9,721 | \$ 2,359 | \$ 490 | \$ 13,001 |
| 2006 | 418 | 9,920 | 2,791 | 499 | 13,628 |
| 2007 | 445 | 10,388 | 2,783 | 574 | 14,190 |
| 2008 | 434 | 10,612 | 2,847 | 582 | 14,475 |
| 2009 | 426 | 10,833 | 2,839 | 567 | 14,665 |
| 2010 | 412 | 11,337 | 2,770 | 583 | 15,102 |
| 2011 | 382 | 11,828 | 3,075 | 611 | 15,896 |
| 2012 | 380 | 12,472 | 3,061 | 607 | 16,520 |
| 2013 | 394 | 12,957 | 3,093 | 665 | 17,109 |
| 2014 | 388 | 12,458 | 3,367 | 681 | 16,894 |

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|------------------------------------|----------------------|----------------------|-----------------|
| General Fund: | | | |
| Reserved | \$ 110 | \$ 113 | \$ 142 |
| Unreserved | 1,389 | 1,757 (2) | 2,244 |
| Nonspendable | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total general fund | \$ <u>1,499</u> | \$ <u>1,870</u> | \$ <u>2,386</u> |
| All Other Governmental Funds: | | | |
| Reserved | \$ 16,846 (1) | \$ 9,905 (1) | \$ 8,076 |
| Unreserved, report in: | | | |
| Special revenue funds | 1,001 | 1,235 (2) | 1,342 |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Unassigned | - | - | - |
| Total all other governmental funds | \$ <u>17,847 (1)</u> | \$ <u>11,140 (1)</u> | \$ <u>9,418</u> |

- (1) Includes Events Center Construction Fund balances of \$9,729 and \$2,399 for June 30, 2005 and 2006, respectively.
- (2) Fiscal years June 30, 2006 and earlier reported compensated absences as liabilities in the governmental funds. The General Fund had \$362 and the other governmental funds had \$94 reported as liabilities as of June 30, 2006. Those liabilities have been removed from the governmental fund financial statements and prior year fund balances have not been restated.
- (3) The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions in fiscal year 2011.

| <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011 (3)</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 142 | \$ 142 | \$ 8 | \$ - | \$ - | \$ - | \$ - |
| 2,431 | 2,431 | 2,130 | - | - | - | - |
| - | - | - | 4 | 3 | 6 | 4 |
| - | - | - | 257 | - | - | - |
| - | - | - | 2,650 | 2,919 | 3,225 | 3,316 |
| <u>\$ 2,573</u> | <u>\$ 2,573</u> | <u>\$ 2,138</u> | <u>\$ 2,911</u> | <u>\$ 2,922</u> | <u>\$ 3,231</u> | <u>\$ 3,320</u> |
| \$ 8,940 | \$ 8,940 | \$ 11,503 | \$ - | \$ - | \$ - | \$ - |
| 1,530 | 1,530 | 1,908 | - | - | - | - |
| - | - | - | 1,010 | 1,081 | 1,058 | 1,109 |
| - | - | - | 11,649 | 11,414 | 15,352 | 19,362 |
| - | - | - | - | (34) | (311) | (242) |
| <u>\$ 10,470</u> | <u>\$ 10,470</u> | <u>\$ 13,411</u> | <u>\$ 12,659</u> | <u>\$ 12,495</u> | <u>\$ 16,099</u> | <u>\$ 20,229</u> |

CITY OF OTTUMWA, IOWA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-----------------|-------------------|---------------|-----------------|
| Revenues | | | | |
| Taxes | \$ 13,001 | \$ 13,628 | \$ 14,190 | \$ 14,472 |
| Licenses and permits | 334 | 366 | 277 | 315 |
| Intergovernmental | 5,739 | 8,055 | 3,930 | 3,630 |
| Money and property | 930 | 1,277 | 1,075 | 1,123 |
| Charges for services | 3,647 | 4,030 | 3,942 | 4,252 |
| Fines | 125 | 128 | 119 | 260 |
| Miscellaneous | 798 | 1,862 | 662 | 493 |
| Total revenues | <u>24,574</u> | <u>29,346</u> | <u>24,195</u> | <u>24,545</u> |
| Expenditures | | | | |
| General government | 2,442 | 2,651 | 2,484 | 2,320 |
| Public safety | 5,805 | 5,606 | 5,823 | 5,877 |
| Public works | 4,844 | 5,423 | 5,135 | 5,971 |
| Health and social services | 380 | 561 | 491 | 522 |
| Culture and recreation | 2,040 | 2,254 | 2,155 | 2,125 |
| Community and economic development | 533 | 684 | 676 | 441 |
| Capital outlay | 5,649 (1) | 15,196 (1) | 3,167 | 2,226 |
| Debt service: | | | | |
| Principal | 3,205 | 2,633 | 1,916 | 2,124 |
| Interest | 666 | 655 | 674 | 796 |
| Total expenditures | <u>25,564</u> | <u>35,663</u> | <u>22,521</u> | <u>22,402</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(990)</u> | <u>(6,317)</u> | <u>1,674</u> | <u>2,143</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 6,092 | 6,633 | 7,022 | 9,160 |
| Transfers out | (6,268) | (7,153) | (12,648) | (10,731) |
| Bond proceeds | 2,335 | 500 | 4,710 | 680 |
| Bond issue costs | (32) | - | (21) | (13) |
| Refunding bond payments | - | - | - | - |
| Total other financing sources (uses) | <u>2,127</u> | <u>(20)</u> | <u>(937)</u> | <u>(904)</u> |
| Total changes in fund balances | \$ <u>1,137</u> | \$ <u>(6,337)</u> | \$ <u>737</u> | \$ <u>1,239</u> |
| Debt service as a percentage of noncapital expenditures | 19.4 % | 16.1 % | 13.3 % | 14.5 % |

(1) The Bridge View Events Center was completed December 31, 2006. Capital outlay included \$2,127 and \$13,475 for fiscal years 2005 and 2006, respectively.

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|---------------|-----------------|----------------|-------------------|-----------------|-----------------|
| \$ | 14,665 | \$ 14,724 | \$ 15,507 | \$ 16,117 | \$ 16,670 | \$ 17,052 |
| | 296 | 269 | 304 | 360 | 324 | 353 |
| | 3,464 | 8,871 | 5,115 | 5,238 | 5,709 | 4,914 |
| | 930 | 780 | 636 | 643 | 534 | 902 |
| | 4,217 | 4,271 | 5,126 | 4,414 | 4,590 | 4,579 |
| | 334 | 289 | 340 | 381 | 303 | 280 |
| | 791 | 583 | 960 | 1,215 | 1,538 | 2,241 |
| | <u>24,697</u> | <u>29,787</u> | <u>27,988</u> | <u>28,368</u> | <u>29,668</u> | <u>30,321</u> |
| | 2,407 | 2,289 | 2,409 | 2,386 | 2,449 | 3,090 |
| | 6,020 | 6,236 | 7,337 | 7,432 | 7,179 | 7,474 |
| | 5,862 | 5,626 | 6,582 | 6,911 | 7,280 | 8,253 |
| | 547 | 606 | 541 | 590 | 622 | 750 |
| | 2,172 | 2,396 | 2,529 | 2,770 | 2,411 | 2,563 |
| | 783 | 1,069 | 1,087 | 1,810 | 2,619 | 1,460 |
| | 2,050 | 7,154 | 5,396 | 4,964 | 2,213 | 3,527 |
| | 3,523 | 2,525 | 3,238 | 2,543 | 2,691 | 2,345 |
| | 1,035 | 773 | 469 | 522 | 442 | 327 |
| | <u>24,399</u> | <u>28,674</u> | <u>29,588</u> | <u>29,928</u> | <u>27,906</u> | <u>29,789</u> |
| | <u>298</u> | <u>1,113</u> | <u>(1,600)</u> | <u>(1,560)</u> | <u>1,762</u> | <u>532</u> |
| | 7,866 | 7,478 | 9,310 | 12,030 | 15,216 | 8,534 |
| | (10,065) | (9,300) | (11,404) | (14,486) | (18,322) | (12,463) |
| | 5,165 | - | 8,424 | 2,944 | 7,540 | 7,493 |
| | (49) | - | (69) | (37) | (5) | 122 |
| | - | - | (4,640) | - | (2,245) | - |
| | <u>2,917</u> | <u>(1,822)</u> | <u>1,621</u> | <u>451</u> | <u>2,184</u> | <u>3,686</u> |
| \$ | <u>3,215</u> | \$ <u>(709)</u> | \$ <u>21</u> | \$ <u>(1,109)</u> | \$ <u>3,946</u> | \$ <u>4,218</u> |
| | 21.6 % | 12.9 % | 18.2 % | 12.3 % | 15.0 % | 10.2 % |

CITY OF OTTUMWA, IOWA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 UNAUDITED
 (In Thousands of Dollars)

| Fiscal Year Ended <u>June 30</u> | Real Property | | | Personal <u>Property</u> | Total Assessed <u>Value</u> | Less: (2) Tax Exempt <u>Real Property</u> |
|--|---------------------------------|--------------------------------|-------------------------------|-----------------------------|-----------------------------------|---|
| | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Other Property (1)</u> | | | |
| 2005 (3) | \$ 462,608 | \$ 161,992 | \$ 64,683 | \$ - | \$ 689,283 | \$ 248,288 |
| 2006 | 464,815 | 176,776 | 64,926 | - | 706,517 | 251,106 |
| 2007 (4) | 522,207 | 183,813 | 63,515 | - | 769,535 | 291,873 |
| 2008 | 526,914 | 183,139 | 66,595 | - | 776,648 (5) | 303,516 |
| 2009 | 585,903 | 186,441 | 66,648 | - | 838,992 (5) | 335,562 |
| 2010 | 588,920 | 187,484 | 67,397 | - | 843,801 (5) | 330,259 |
| 2011 | 627,402 | 200,662 | 72,184 | - | 900,248 (5) | 358,118 |
| 2012 | 630,288 | 232,338 | 77,523 | - | 940,149 (5) | 354,217 |
| 2013 | 631,214 | 250,868 | 80,623 | - | 962,705 (5) | 340,349 |
| 2014 | 635,438 | 242,249 | 81,538 | - | 959,225 (5) | 329,091 |

(1) Utilities, industrial and railroad property.

(2) Residential property is subject to a statewide formula that "rolls back" the assessed value. The formula has ranged from 51.39% in FY 2005 to 52.82% in FY 2014.

(3) State ordered increase of 5% to residential and 17% to commercial values.

(4) State ordered increase of 12% to residential values.

(5) Does not include captured TIF increment. Captured TIF increment for FY 2014 amounted to 14.2 million taxable (252.0 million assessed value).

| | <u>Total Taxable Value</u> | | <u>Total Direct Tax Rate</u> | | <u>Taxable Value to Assessed Value</u> |
|----|------------------------------------|----|--------------------------------------|----|--|
| \$ | 440,995 | \$ | 21.434 | \$ | 64.0 |
| | 455,411 | | 21.593 | | 64.5 |
| | 477,662 | | 21.614 | | 62.1 |
| | 473,132 | | 22.080 | | 61.3 |
| | 503,330 | | 21.058 | | 60.0 |
| | 513,542 | | 20.793 | | 60.9 |
| | 542,130 | | 20.456 | | 60.2 |
| | 585,932 | | 20.034 | | 62.3 |
| | 622,356 | | 20.340 | | 64.7 |
| | 630,134 | | 20.304 | | 65.7 |

CITY OF OTTUMWA, IOWA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
 UNAUDITED

| Fiscal Year | City of Ottumwa | | | Overlapping Wapello County | | |
|----------------|-------------------|-------------------------|---------------|-------------------------------|-------------------------|---------------|
| | Operating Levy | Debt Service Levy | Total Levy | Operating Levy | Debt Service Levy | Total Levy |
| 2005 | \$ 17.296 | \$ 4.138 | \$ 21.434 | \$ 8.131 | \$ 0.260 | \$ 8.391 |
| 2006 | 18.243 | 3.350 | 21.593 | 8.837 | 0.218 | 9.055 |
| 2007 | 18.377 | 3.237 | 21.614 | 9.638 | 0.210 | 9.848 |
| 2008 | 18.281 | 3.789 | 22.070 | 10.085 | - | 10.085 |
| 2009 | 17.473 | 3.589 | 21.058 | 9.591 | - | 9.591 |
| 2010 | 17.194 | 3.599 | 20.793 | 9.411 | 0.326 | 9.737 |
| 2011 | 17.006 | 3.450 | 20.456 | 8.809 | 0.308 | 9.117 |
| 2012 | 16.914 | 3.120 | 20.034 | 8.502 | 0.293 | 8.795 |
| 2013 | 17.108 | 3.231 | 20.339 | 8.104 | 0.276 | 8.380 |
| 2014 | 17.109 | 3.195 | 20.304 | 7.455 | 0.650 | 8.105 |

Source: Wapello County Auditor's Office

* For fiscal years 2005, 2006 and 2007, the school debt was paid from School Infrastructure Local Option Sales Tax (SILO)

| <u>Rates</u> | | | | | <u>Total Direct and Overlapping Rates</u> |
|--|----------------------------------|-----------------------|-------------------------|----|---|
| <u>Ottumwa Community School District</u> | | | | | |
| <u>Operating Levy</u> | <u>Debt Service Levy</u> | <u>Total Levy</u> | <u>Other Levies</u> | | |
| \$ 14.851 | \$ * | \$ 14.851 | \$ 1.205 | \$ | 45.881 |
| 14.945 | * | 14.945 | 1.293 | | 46.886 |
| 13.858 | * | 13.858 | 1.375 | | 46.695 |
| 14.086 | 0.501 | 14.587 | 1.260 | | 48.002 |
| 13.944 | 1.000 | 14.944 | 1.281 | | 46.874 |
| 13.944 | 1.000 | 14.944 | 1.362 | | 46.836 |
| 13.970 | 1.000 | 14.970 | 1.427 | | 45.970 |
| 13.876 | 0.921 | 14.797 | 1.617 | | 45.242 |
| 13.547 | 1.142 | 14.689 | 1.466 | | 44.874 |
| 13.444 | 1.125 | 14.659 | 1.499 | | 44.567 |

CITY OF OTTUMWA, IOWA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

(Amounts Expressed in Thousands)

| Taxpayer | 2014 | | | 2005 | | |
|--|--|------|--|--|------|--|
| | January 1, 2012 Taxable Value | Rank | Percentage of Total Taxable Value | January 1, 2003 Taxable Value | Rank | Percentage of Total Taxable Value |
| RCHP - Ottumwa Inc. | \$ 40,234 | 1 | 6.23 % | \$ - | - | - % |
| Interstate Power and Light | 29,139 | 2 | 4.52 | 15,537 | 1 | 3.35 |
| Cargill Meat Solutions | 16,091 | 3 | 2.49 | 15,311 | 2 | 3.30 |
| Regional Retirement Living-Ottumwa LLC | 12,145 | 4 | 1.88 | 10,993 | 5 | 2.37 |
| Walmart Real Estate Business Trust | 11,263 | 5 | 1.75 | 13,226 | 3 | 2.85 |
| Menard Inc. | 9,621 | 6 | 1.49 | 10,197 | 6 | 2.20 |
| Mid American Energy | 8,608 | 7 | 1.33 | 6,757 | 8 | 1.46 |
| Ottumwa Medical Clinic Inc. | 7,377 | 8 | 1.14 | 6,596 | 9 | 1.42 |
| John Deere Ottumwa Works | 7,194 | 9 | 1.11 | 9,263 | 7 | 2.00 |
| Developers Diversified Realty | 7,150 | 10 | 1.11 | 11,362 | 4 | 2.45 |
| Qwest Corp. | - | - | - | 4,868 | 10 | 1.05 |
| Totals | \$ 148,822 | | 23.05 % | \$ 104,110 | | 22.45 % |

Source: Wapello County Auditor's Office

CITY OF OTTUMWA, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

| Fiscal Year Ended <u>June 30</u> | Total Tax Levy for (1) Fiscal Year | <u>Collected Within the</u> <u>Fiscal Year of the Levy</u> | | Collections in Subsequent <u>Years</u> | <u>Total Collections to Date</u> | |
|--|--|---|-------------------------------------|--|----------------------------------|-------------------------------------|
| | | <u>Amount</u> | <u>Percentage</u> <u>of Levy</u> | | <u>Amount</u> | <u>Percentage</u> <u>of Levy</u> |
| 2005 | \$ 10,517 | \$ 10,464 | 99.5 % | 12 | \$ 10,476 | 99.6 % |
| 2006 | 10,621 | 10,662 | 100.0 | 11 | 10,673 | 100.0 |
| 2007 | 10,676 | 10,663 | 99.9 | 2 | 10,665 | 99.9 |
| 2008 | 10,954 | 10,610 | 96.9 | 1 | 10,611 | 96.9 |
| 2009 | 11,646 | 11,645 | 99.9 | 2 | 11,657 | 100.0 |
| 2010 | 11,797 | 11,746 | 99.6 | 3 | 11,749 | 99.6 |
| 2011 | 12,108 | 12,136 | 100.2 | 19 | 12,155 | 100.4 |
| 2012 | 12,864 | 12,832 | 99.9 | 18 | 12,850 | 99.9 |
| 2013 | 13,428 | 13,333 | 99.3 | 13 | 13,346 | 99.4 |
| 2014 | 13,415 | 13,403 | 99.9 | - | 13,403 | 99.9 |

(1) Includes TIF and Utility Replacement Taxes

CITY OF OTTUMWA, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | <u>Business Type Activities</u> | | <u>Total Primary Government</u> | <u>Percentage of Personal Income (1)</u> | <u>Per Capita (1)</u> |
|--------------------|---------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|--|-----------------------|
| | <u>General Obligation Bonds</u> | <u>Sewer Bonds</u> | <u>General Obligation Bonds</u> | <u>Sewer Bonds</u> | | | |
| 2005 | \$ 16,786 | \$ 9,223 | \$ 750 | \$ 26,759 | 2.81 % | \$ 1,070 | |
| 2006 | 14,653 | 8,623 | 625 | 23,901 | 2.46 | 964 | |
| 2007 | 8,664 | 7,790 | 11,054 | 27,508 | 2.86 | 1,109 | |
| 2008 | 7,245 | 7,020 | 11,367 | 25,632 | 2.62 | 1,060 | |
| 2009 | 8,575 | 8,071 | 14,534 | 31,180 | 3.02 | 1,257 | |
| 2010 | 6,130 | 9,552 | 13,036 | 28,718 | 3.48 | 1,158 | |
| 2011 | 6,610 | 12,060 | 11,043 | 29,713 | 3.73 | 1,187 | |
| 2012 | 6,998 | 12,494 | 8,940 | 28,432 | 3.54 | 1,136 | |
| 2013 | 9,639 | 11,280 | 6,601 | 27,520 | 3.64 | 1,100 | |
| 2014 | 14,817 | 10,053 | 6,562 | 31,432 | N/A | 1,256 | |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Demographic and Economic Statistics on page 102 for personal income and population data.

CITY OF OTTUMWA, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value of Property (1)</u> | <u>Per Capita (2)</u> |
|--------------------|---------------------------------|---|--------------|---|-----------------------|
| 2005 | \$ 16,786 | \$ 203 | \$ 16,583 | 2.41 % | \$ 662 |
| 2006 | 14,653 | 297 | 14,356 | 2.03 | 579 |
| 2007 | 16,949 | 244 | 16,705 | 2.17 | 674 |
| 2008 | 18,612 | 248 | 18,364 | 2.36 | 759 |
| 2009 | 23,109 | 256 | 22,853 | 2.72 | 915 |
| 2010 | 19,166 | 369 | 18,797 | 2.23 | 777 |
| 2011 | 17,653 | 316 | 17,337 | 1.92 | 693 |
| 2012 | 15,938 | 276 | 15,662 | 1.67 | 626 |
| 2013 | 16,240 | 279 | 15,961 | 1.62 | 623 |
| 2014 | 21,380 | 371 | 21,009 | 2.19 | 840 |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 90 and 91 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 102.

CITY OF OTTUMWA, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2014

UNAUDITED

(Amounts Expressed in Thousands)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Wapello County | \$ 5,045 | 56.02 % | \$ 2,826 |
| Ottumwa Community Schools | 675 | 78.36 | <u>529</u> |
| Subtotal, overlapping debt | | | 3,355 |
| City of Ottumwa direct debt | | | <u>14,817</u> |
| Total direct and overlapping debt | | | \$ <u><u>18,172</u></u> |

Source: Debt outstanding was obtained from Ottumwa Community Schools and Wapello County. Assessed value data used to estimate applicable percentages were provided by Wapello County Auditor's Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ottumwa. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
 UNAUDITED
 (Amounts Expressed in Thousands)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|------------------|------------------|------------------|------------------|
| Debt Limit | \$ 35,950 | \$ 36,656 | \$ 39,854 | \$ 40,211 |
| Total net debt applicable to limit | <u>17,333</u> | <u>14,981</u> | <u>19,718</u> | <u>18,612</u> |
| Legal debt margin | \$ <u>18,617</u> | \$ <u>21,675</u> | \$ <u>20,136</u> | \$ <u>21,599</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 48.21 % | 40.87 % | 49.48 % | 46.29 % |

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2014

| | |
|---|-------------------|
| Total assessed value | \$ <u>975,493</u> |
| Debt limit (5% of total assessed value) | \$ <u>48,775</u> |
| Debt applicable to limit: | |
| General obligation bonds | 21,380 |
| Less: Amount set aside for repayment of general obligation debt | <u>371</u> |
| Total net debt applicable to limit | <u>21,009</u> |
| Legal debt margin | \$ <u>27,766</u> |

Note: Under state finance law, the City of Ottumwa, Iowa's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By Law, the general obligation debt subject to the limitation may be offset by amounts set aside for repayment of general obligation

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|---------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 43,669 | \$ 43,899 | \$ 46,070 | \$ 48,200 | \$ 49,091 | \$ 48,775 |
| | <u>23,109</u> | <u>19,166</u> | <u>17,653</u> | <u>15,662</u> | <u>15,961</u> | <u>21,009</u> |
| \$ | <u>20,560</u> | \$ <u>24,733</u> | \$ <u>28,417</u> | \$ <u>32,538</u> | \$ <u>33,130</u> | \$ <u>27,766</u> |
| | 52.91 % | 43.66 % | 38.32 % | 32.50 % | 32.51 % | 43.07 % |

CITY OF OTTUMWA, IOWA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
 UNAUDITED
 (Amounts Expressed in Thousands)

| <u>Fiscal Year</u> | <u>Sewer Revenue Bonds</u> | | | | | | <u>Coverage</u> |
|--------------------|--------------------------------|---------------------------------|------------------------------|---------------------|-----------------|------|-----------------|
| | <u>Sewer Charges and Other</u> | <u>Less: Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Debt Service</u> | | | |
| | | | | <u>Principal</u> | <u>Interest</u> | | |
| 2005 | \$ 3,299 | \$ 2,444 | \$ 855 | \$ 723 | \$ 415 | 0.75 | |
| 2006 | 3,993 | 2,701 | 1,292 | 751 | 359 | 1.16 | |
| 2007 | 3,973 | 2,724 | 1,249 | 802 | 283 | 1.15 | |
| 2008 | 4,317 | 2,834 | 1,483 | 831 | 234 | 1.39 | |
| 2009 | 5,087 | 3,119 | 1,968 | 860 | 229 | 1.81 | |
| 2010 | 5,491 | 3,193 | 2,298 | 1,612 | 274 | 1.22 | |
| 2011 | 5,452 | 3,413 | 2,039 | 997 | 325 | 1.54 | |
| 2012 | 5,819 | 3,075 | 2,744 | 1,089 | 365 | 1.89 | |
| 2013 | 5,919 | 2,978 | 2,914 | 1,214 | 334 | 1.88 | |
| 2014 | 6,173 | 3,290 | 2,883 | 1,237 | 376 | 1.78 | |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Sewer charges and other includes investment income. Operating expenses do not include interest or depreciation.

CITY OF OTTUMWA, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Fiscal Year</u> | <u>Population</u> | | <u>Personal Income</u> <u>(In Thousands)</u> | <u>Per Capita Personal Income (1)</u> | <u>Median Age (1)</u> | <u>Education Level in Years of Formal Schooling (1)</u> | <u>School Enrollment (2)</u> | <u>Unemployment Rate (3)</u> |
|--------------------|-------------------|---------------|---|---------------------------------------|-----------------------|---|------------------------------|------------------------------|
| | <u>City</u> | <u>County</u> | | | | | | |
| 2005 | 24,998 | 35,793 | \$ 951,425 | \$ 26,581 | 38.2 | 12.7 | 4,860 | 5.7 % |
| 2006 | 24,798 | 35,965 | 970,839 | 26,994 | 38.2 | 12.7 | 4,768 | 4.5 |
| 2007 | 24,800 | 36,010 | 961,035 | 26,688 | 38.2 | 12.7 | 4,745 | 4.1 |
| 2008 | 24,187 | 35,513 | 979,768 | 27,589 | 38.2 | 12.7 | 4,591 | 4.4 |
| 2009 | 24,962 | 35,334 | 1,032,177 | 29,212 | 38.2 | 12.7 | 4,582 | 8.9 |
| 2010 | 24,195 | 35,965 | 824,030 | 22,912 | 38.2 | 12.7 | 4,856 | 8.2 |
| 2011 | 25,023 | 35,625 | 797,145 | 22,376 | 39.8 | 12.7 | 4,530 | 7.9 |
| 2012 | 25,023 | 35,625 | 804,056 | 22,570 | 39.8 | 12.7 | 4,751 | 7.9 |
| 2013 | 25,023 | 35,625 | 756,319 | 21,230 | 39.8 | 12.7 | 4,675 | 7.7 |
| 2014 | 25,023 | 35,625 | N/A | N/A | 39.9 | 12.7 | 4,577 | 5.4 |

Data Sources:

(1) Bureau of Census

(2) School District

(3) Iowa Workforce Development

Note: Personal income and per capita personal income are based on Wapello County statistics. City of Ottumwa figures are not readily available.

CITY OF OTTUMWA, IOWA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

| <u>Employer</u> | <u>2014</u> | | | <u>2005</u> | | |
|--------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Cargill Meat Solutions | 2,400 | 1 | 12.45 % | 2,050 | 1 | 10.34 % |
| John Deere Ottumwa Works | 1,000 | 2 | 5.19 | 950 | 3 | 4.79 |
| RCHP - Ottumwa, Inc. | 950 | 3 | 4.93 | - | - | - |
| Ottumwa Community Schools | 700 | 4 | 3.63 | 700 | 4 | 3.53 |
| Indian Hills Community College | 420 | 5 | 2.17 | 330 | 5 | 1.66 |
| Walmart Super Center | 383 | 6 | 1.98 | 210 | 8 | 1.05 |
| City of Ottumwa | 250 | 7 | 1.29 | 310 | 6 | 1.56 |
| Winger | 250 | 8 | 1.29 | 200 | 10 | 1.00 |
| HyVee Corporation | 190 | 9 | 0.98 | 270 | 7 | 1.36 |
| Winbco | 165 | 10 | 0.85 | - | - | - |
| Great Prairie AEA | - | - | - | 200 | 9 | 1.00 |
| Ottumwa Regional Health Center | - | - | - | 960 | 2 | 4.84 |
| | <u>6,708</u> | | <u>34.76 %</u> | <u>6,180</u> | | <u>31.13 %</u> |

Source: Official statements for bond issues and prior City annual reports.

CITY OF OTTUMWA, IOWA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
 UNAUDITED

| <u>Function</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> | <u>2014</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 12 | 13 | 13 | 13 | 12 | 12 | 12 | 11 | 11 | 11 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 36 | 36 | 36 | 36 | 37 | 40 | 40 | 40 | 40 | 41 |
| Civilians | 10 | 10 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 |
| Firefighters | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 32 | 32 | 32 |
| Public Services: | | | | | | | | | | |
| Engineering | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Maintenance | 34 | 34 | 34 | 31 * | 31 * | 27 * | 28 * | 28 * | 28 * | 27 * |
| Health and Social Services | 6 | 6 | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 7 |
| Culture and Recreation: | | | | | | | | | | |
| Parks/Beach | 26 | 26 | 26 | 23 * | 23 * | 23 * | 23 * | 23 * | 23 * | 21 * |
| Cemetery | 7 | 7 | 7 | 4 | 5 | 4 | 4 | 3 | 3 | 3 |
| Library | 10 | 11 | 11 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Community Development | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Solid Waste | 13 | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 12 |
| Sewer | 22 | 22 | 22 | 22 | 22 | 23 | 24 | 21 | 21 | 21 |
| Transit/Golf | 19 | 18 | 20 | 23 | 25 | 18 | 19 | 17 | 17 | 17 |
| | | | | | | | | | | |
| Total | <u>240</u> | <u>242</u> | <u>244</u> | <u>239</u> | <u>241</u> | <u>232</u> | <u>236</u> | <u>228</u> | <u>228</u> | <u>227</u> |

Source: City Personnel Budget

* Decrease due to contracting out some seasonal employees.

CITY OF OTTUMWA, IOWA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Function | | | | | | | | | | |
| Police: (1) | | | | | | | | | | |
| 1. Physical arrests | 3,623 | 3,607 | 3,788 | 3,606 | 3,963 | 3,780 | 3,925 | 3,987 | 3,775 | 3,899 |
| 2. Traffic tickets | 4,277 | 4,675 | 5,222 | 4,620 | 5,406 | 5,179 | 4,168 | 4,042 | 4,554 | 3,041 |
| 3. Parking citations | 3,158 | 2,587 | 2,623 | 2,747 | 2,473 | 2,212 | 2,300 | 2,129 | 479 | 1,508 |
| Fire: (1) | | | | | | | | | | |
| 4. Number of calls answered | 2,223 | 2,297 | 2,450 | 2,684 | 2,534 | 2,364 | 2,617 | 2,507 | 2,999 | 2,954 |
| 5. Fire prevention activities | 145 | 137 | 360 | 307 | 229 | 194 | 197 | 210 | 210 | 319 |
| Highways and Streets: (1) | | | | | | | | | | |
| Street resurfacing (miles) | (2) | (2) | 2.91 | 4.53 | 405 | 3.50 | 2.50 | 4.30 | 3.39 | 2.60 |
| Pot holes repaired | (2) | (2) | 3,002 | 3,102 | 4,653 | 10,546 | 9,791 | 16,680 | 12,246 | 16,000 |
| Utility patches repaired | (2) | (2) | 157 | 149 | 78 | 74 | 56 | 39 | (3) | (3) |
| City Sanitation: | | | | | | | | | | |
| Refuse collected (tons) | 6,587 | 6,641 | 6,828 | 7,027 | 6,922 | 7,127 | 7,101 | 7,066 | 5,895 | 7,255 |
| Recyclables collected (tons) | 1,069 | 1,074 | 1,049 | 1,090 | 1,089 | 1,155 | 1,117 | 1,065 | 1,046 | 1,031 |
| Solid Waste: | | | | | | | | | | |
| Landfill tonnage | 35,670 | 37,793 | 43,930 | 35,958 | 36,005 | 37,771 | 38,001 | 42,971 | 39,732 | 39,864 |
| Recycling tonnage | 2,993 | 2,968 | 2,666 | 3,049 | 3,360 | 2,770 | 3,187 | 2,854 | 2,844 | 2,310 |
| Health Department: | | | | | | | | | | |
| Number of inspections | (2) | 2,495 | 2,490 | 2,503 | 3,287 | 4,856 | 4,928 | 4,758 | 4,872 | 6,971 |
| Nuisance complaints | (2) | 2,926 | 2,916 | 2,659 | 2,373 | 2,269 | 2,034 | 2,136 | 2,097 | 3,882 |
| Culture and Recreation: | | | | | | | | | | |
| Beach Ottumwa admissions | (2) | (2) | (2) | 19,830 | 25,487 | 21,042 | 23,861 | 21,863 | 22,183 | 22,094 |
| Golf rounds played (1) | 30,740 | 31,112 | 30,134 | 27,260 | 25,066 | 25,113 | 24,325 | 26,829 | 26,280 | 22,205 |
| Wastewater: (1) | | | | | | | | | | |
| Average sewage treatment (thousands of gallons) | 5,621 | 4,768 | 6,499 | 6,423 | 7,495 | 7,483 | 6,745 | 5,151 | 4,250 | 5,044 |

Sources: Various City Departments.

(1) Police, Fire, Highways and Streets, Golf and Wastewater statistics are for the previous calendar year

(2) Information not readily available

(3) The City no longer does utility patch repairs.

CITY OF OTTUMWA, IOWA

CITY OF OTTUMWA, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Function: | | | | | |
| Public Safety: | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 10 | 10 | 10 | 10 | 10 |
| Fire stations | 2 | 2 | 2 | 2 | 2 |
| Public Works: | | | | | |
| Highways and Streets: | | | | | |
| Streets (miles) | (2) | (2) | 156.2 | 156.2 | 156.2 |
| Streetlights | 2,358 | 2,358 | 2,359 | 2,359 | 2,359 |
| Traffic signals | (2) | 27 | 27 | 26 | 26 |
| Culture and Recreation: (1) | | | | | |
| Parks acreage | 533 | 533 | 533 | 533 | 533 |
| Parks | 19 | 19 | 19 | 22 | 22 |
| Playgrounds | 11 | 11 | 11 | 12 | 12 |
| Tennis courts | 10 | 10 | 10 | 10 | 10 |
| Softball/baseball diamonds | 20 | 20 | 20 | 20 | 20 |
| Library: | | | | | |
| Items in collection | 67,217 | 71,077 | 79,432 | 83,093 | 89,148 |
| Cemeteries: | | | | | |
| Facilities | 3 | 3 | 3 | 3 | 3 |
| Acreage | 88 | 88 | 88 | 88 | 88 |
| Sewer: | | | | | |
| Sanitary sewers (miles) | (2) | (2) | 48.8 | 48.8 | 48.8 |
| Storm sewers (miles) | (2) | (2) | 13.5 | 15.9 | 18.3 |
| Combined sewers | (2) | (2) | 66.86 | 64.46 | 62.06 |
| Maximum daily treatment capacity (thousands of gallons) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

(1) The City also owns one golf course (Cedar Creek) and one water recreation park (Beach Ottumwa)

(2) Information not readily available

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 |
| 10 | 10 | 10 | 10 | 10 |
| 2 | 2 | 2 | 2 | 2 |
| 156.2 | 156.2 | 156.2 | 156.2 | 156.2 |
| 2,359 | 2,359 | 2,359 | 2,359 | 2,359 |
| 26 | 26 | 26 | 26 | 26 |
| 533 | 533 | 533 | 533 | 533 |
| 22 | 22 | 22 | 22 | 22 |
| 12 | 13 | 13 | 13 | 14 |
| 10 | 10 | 10 | 10 | 10 |
| 20 | 20 | 20 | 20 | 20 |
| 87,725 | 63,505 | 64,652 | 65,123 | 62,905 |
| 3 | 3 | 3 | 3 | 3 |
| 88 | 88 | 88 | 88 | 88 |
| 48.8 | 48.8 | 48.8 | 48.8 | 48.8 |
| 21.5 | 25.4 | 26.4 | 27.5 | 29.9 |
| 58.90 | 55.00 | 54.00 | 52.88 | 50.48 |
| 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |

CITY OF OTTUMWA, IOWA



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members
of the City Council
City of Ottumwa, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Ottumwa, Iowa's basic financial statements and have issued our report thereon dated December 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ottumwa, 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 the City of Ottumwa, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ottumwa, Iowa's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Ottumwa, Iowa's Response to Findings

The City of Ottumwa, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Ottumwa, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ottumwa, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin + Co. P.C.

Ottumwa, Iowa
December 24, 2014



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"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members
of the City Council
The City of Ottumwa, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Ottumwa, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Ottumwa, Iowa's major federal programs for the year ended June 30, 2014. The City of Ottumwa, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ottumwa, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ottumwa, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Ottumwa, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Ottumwa, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control over Compliance

Management of the City of Ottumwa, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ottumwa, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
December 24, 2014

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part I: Summary of the Independent Auditor's Results

- a. Unmodified opinions were issued on the financial statements.
- b. No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.
- d. No material weaknesses in internal control over major programs were noted.
- e. An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. Major programs were as follows:

CFDA Number

| | |
|--------|--|
| 14.228 | Community Development Block Grant/Entitlement Grants |
| 20.106 | Airport Improvement Program |
| 20.205 | Highway Planning and Construction |
| 20.509 | Formula Grants for Other Than Urbanized Areas |
| 97.036 | Disaster Grants - Public Assistance |

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The City of Ottumwa, Iowa qualifies as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No material weaknesses in internal control over the major programs were noted.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amount budgeted in the general government function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-14 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-14 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-14 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|------------------------------------|---------------|
| Larry Seals, Public Works Director Dixie's Cleaning Service (Spouse is Owner) | Cleaning | \$ 5,093 |

The transactions with Dixie's Cleaning Service do not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

IV-E-14 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 that coverage is adequate for current operations.

IV-F-14 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-14 Financial Condition - Note 21 to the financial statements reported a deficit fund balance at June 30, 2014.

Recommendation - The City should investigate alternatives to the eliminate fund deficit in order to return the account to a sound financial position.

Response - We are aware of the deficit balance. See Note 21 for further explanation.

Conclusion - Response accepted.

IV-H-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-I-14 Revenue Bonds/Notes - No instances of non-compliance with the revenue bond/note provisions were noted.